



NUCLEUS
SOFTWARE

BUILDING A **DIGITAL FUTURE** WITH A HUMAN TOUCH

ANNUAL
REPORT | 2019-20

» DRIVING INNOVATION IN FINANCIAL SERVICES GLOBALLY



3 DECADES

OF BANKING
DOMAIN
EXPERTISE



200

FINANCIAL INSTITUTIONS
SUPPORTED ACROSS
50 COUNTRIES



26 M

TRANSACTIONS
PROCESSED
PER DAY



\$200B

VALUE OF
LOANS
MANAGED



1

NEW LOAN
BOOKED
EVERY SECOND



3 OF TOP 20

GLOBAL BANKS
ARE OUR
CUSTOMERS

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

**S.M. ACHARYA**

CHAIRMAN

» DEAR SHAREHOLDERS,

When the Fortune 500 was first published in 1955 General Motors was ranked number 1. It is still on the list, at number 13, but most of the other 499 original members have not been so fortunate. In the last 65 years nearly 90% of them have disappeared through bankruptcy, merger or by not keeping up in revenue terms.

This creative destruction – a term first coined by the Austrian economist Joseph Schumpeter in 1942 – is not new. But what is new is the rate of change. In 2016, the late Pierre Nanterme, then Chairman and CEO of Accenture said that new digital business models are the principal reason why just over half of the companies on the Fortune 500 have disappeared since the year 2000.

In theory, being successful in business is simple – if you give your customers what they want at a price they find attractive and a cost that is profitable for you, then you will thrive. However, there are lots of moving parts, and they are constantly changing – customers' needs evolve, competition changes and technology advances.

» TECHNOLOGY ADVANCES

While businesses have always used technology to help them serve their customers better, the rate of change is accelerating. The telephone took 50 years to reach 50 million users, and the mobile phone took 12 years, but Pokemon Go reached that milestone in only 19 days.

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WHILE BUSINESSES
HAVE ALWAYS USED
TECHNOLOGY TO HELP
THEM SERVE THEIR
CUSTOMERS BETTER,
THE RATE OF CHANGE IS
ACCELERATING

Over the last 10 years, cloud, analytics and technologies empowering digital experience have steadily disrupted IT operations, business models and markets. Though these are now familiar their impact cannot be overstated even as it continues to evolve. Recently, three new technologies – blockchain, cognitive and digital reality (AR, VR, IoT, and others) – have taken up the disruptor mantle. Today, each is poised to become a distinct macro force in its own right, according to Deloitte. In a fast changing world, where customers have more choice than ever before and less time how do they know who to trust? This is where the power of branding comes in. First used to denote ownership, brands evolved to indicate where goods came from and to provide levels of quality assurance.

Over the last 10 years, cloud, analytics and technologies empowering digital experience have steadily disrupted IT operations, business models and markets



» THE POWER OF BRANDING

Today, brands have continued to evolve beyond functional benefits into emotional, experiential or self – expressive benefits. Indeed, many brands, especially consumer brands, are seeking to share a set of values with their customers.

And for some, it is really working. In May 2019, Forbes reported that Apple was the world's most valuable brand – for the 9th year in row – and that it had become the first company with a brand value of more than \$200 billion.

Today's biggest brands are technology firms with platforms and ecosystems. Apple, Google, Microsoft and Amazon for example use their ecosystems to reinforce the power of their brand – the more people use them, the more attractive they become. However, the world of branding is continuing to evolve.

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IT MAY BE EASIER AND CHEAPER TO SET UP COMPANIES AND REACH CUSTOMERS TODAY – COMPANIES CAN TARGET ADVERTISING AT SPECIFIC SEGMENTS RATHER THAN TRYING TO GAIN THE ATTENTION OF DWINDLING AUDIENCES ON EXPENSIVE TRADITIONAL MEDIA.



100M

ACTIVE LOANS
MANAGED ON OUR
SYSTEMS GLOBALLY

Not only does globalization mean that companies can operate across borders more cost effectively than before but technology means that new companies can be created much more rapidly than before. In an era where consumers regularly seek and share peer reviews before, during and after buying, the power and position of brands is uncertain.



3

DECADES OF
BANKING DOMAIN
EXPERTISE

It may be easier and cheaper to set up companies and reach customers today - companies can target advertising at specific segments rather than trying to gain the attention of dwindling audiences on expensive traditional media.



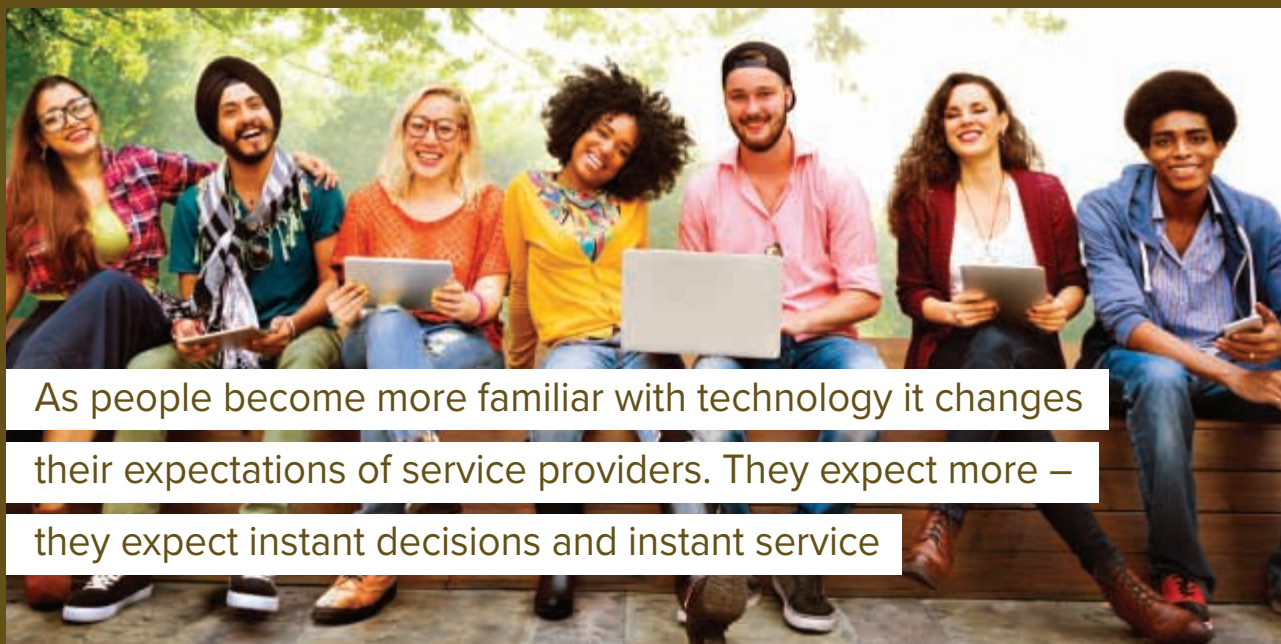
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NEW LOAN
BOOKED
EVERY SECOND

In many industries the number of competitors is sky rocketing. The number of choices being put in front of customers is exploding. As late as the 1990s, a typical grocery store carried 7,000 items, now it's 40,000 to 50,000. However, as consumers are bombarded with offers from countless professional looking firms, people are changing.

» PEOPLE ARE CHANGING

Every generation is different. Parents say their kids are different and the kids say they will never be like their parents – or so they say. The reality is more complicated – for example, the job hopping millennials is a myth – research shows that about the same percentage of millennials and Generation X stayed with their current employers for roughly the same length of time. Trust is changing. The Deloitte Millennial Survey points to a lack of trust in business and business leaders – with only 55% believing that business has a positive impact on society and 24% have ZERO trust in business leaders. There is some good news – 42% would start or deepen their relationship with a business if that business had products or services that positively impact the environment / society.



As people become more familiar with technology it changes their expectations of service providers. They expect more – they expect instant decisions and instant service

As people become more familiar with technology, it changes their expectations of service providers. They expect more – they expect instant decisions and instant service. They are much more inclined to share their experiences and indeed their entire lives online. They feel as if they have less time. Despite the fact that they are working fewer hours than previous generations, there is growing evidence that says that the way we live our lives is contributing to this feeling of time poverty. People are less certain about what they want – mainly because they are bombarded with more choice than ever before. Faced with all this complexity, what are the ingredients for success in the digital era?

» SUCCESS IN THE DIGITAL ERA

Many of the ingredients for success in the digital era are the same as before – focusing relentlessly on customers and delivering the outcomes they need. In addition, companies will need to anticipate the future and leverage the right technology at the right time. People with deep business and technical expertise will be more crucial than ever before and the war for talent will only intensify. While much has been made of the replacement of humans by technology – AI, Robots – the future will be mixed.



Instead of artificial intelligence completely replacing humans we will have AI helping humans, delivering augmented intelligence. Humans and machines will work together – delivering a digital future with a human touch.

Your company is committed to keeping ahead of these challenges with agile business models powered by innovative technologies. Not only must we execute on today's priorities, but we need to continue to innovate and transform ourselves for the future. Your trust is what drives us. I thank you for the confidence you have placed in our company. We are looking forward to the continued support of all stakeholders in this journey.

S.M. ACHARYA

Chairman

Date: 12 June 2020

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WHILE MUCH HAS BEEN MADE OF THE REPLACEMENT OF HUMANS BY TECHNOLOGY – AI, ROBOTS – THE FUTURE WILL BE MIXED. INSTEAD OF ARTIFICIAL INTELLIGENCE COMPLETELY REPLACING HUMANS WE WILL HAVE AI HELPING HUMANS, DELIVERING AUGMENTED INTELLIGENCE.

**VISHNU R DUSAD**

MANAGING DIRECTOR

» DEAR SHAREHOLDERS,

Since our founding more than three decades ago, Nucleus Software has been focused on helping financial services firms achieve their business ambitions. We have always been driven by a vision of using technology to enable financial services firms to deliver the innovative products and services their customers need. At the root of this has been a vision to help make access to financial services easy for all people, regardless of personal circumstances.

The financial services landscape has changed tremendously – first liberalization and globalization increased the number of competitors and more recently the rise of neobanks and fintech companies has turbo charged the change. Unencumbered by legacy technologies, the new entrants have rapidly gained market share. In the UK alone, Accenture's Digital Banking Tracker shows that the neobanks added more than 6 million customers in the second half of 2019, ending the year with 19.6 million customers.

THE COVID-19 PANDEMIC

COVID-19 has had a profound and immediate impact on individuals, businesses and society at large. By April 2nd more than half of humanity had been asked or ordered to stay at home by their governments, and by May 28th more than 40 million people had filed for unemployment benefits in the United States, leading to rates not seen since the Great Depression in the 1930s.

Amid all the doom and gloom there are rays of light – people have for the most part, reacted well, accepting lockdowns as the price for protecting other people.

Across a wide range of essential sectors, from hospitals to grocery stores, heroic endeavors are happening every day. Walmart hired more than 90,000 people and Amazon reported that it hired 100,000 people in 4 weeks and was pledging to hire 75,000 more.

Human creativity, persistence and ingenuity will ensure we overcome this challenge. We all have a role to play and we are confident that Nucleus Software will emerge stronger than ever before. Our history is one of innovation, focus and flexibility – we've overcome challenges in the past and we are confident that our future is bright.

Indeed we have already helped some of our customers address their challenges and we are looking at how our product roadmaps can be tailored to provide even more help.

In 2019, AT Kearney predicted the demise of one in ten European banks over the next five years, as millions of people move to more agile digital challengers. Their research showed that up to 85 million Europeans will be customers of these banking models by 2023.

Gartner has reported that by 2030, 80% of heritage financial firms will go out of business, become commoditized or exist only formally. While the financial services industry has been powered by 1s and 0s for decades, and it has been leveraging IT to work since the dawn of the IT industry, it is now much more digital. Technology is causing these seismic shocks, which leads to the question, is technology the problem or the solution?

» TECHNOLOGY – THE PROBLEM OR THE SOLUTION ?

In July 2019, Gartner reported that the banking industry would spend \$387 billion on IT worldwide, and that the banks were expected to invest \$65.3 billion on software. As one of the earliest major investors in technology it is little wonder that banks spend so much today. The consequences of decades of investment as new waves of technology came and often went, is a complex set of barely connected systems. Merely maintaining this patchwork, let alone rolling out new capabilities, is tremendously difficult, expensive and risky.

In October, politicians in the United Kingdom published a report following a series of high-profile disruptions to financial services firms. The report from the powerful Treasury Select Committee made a number of recommendations and said that “the current level and frequency of disruption and consumer harm is unacceptable”. The new entrants, including the fintechs, do not have these kinds of problems. As a result of being able to start from scratch they could take a customer-oriented, mobile-first, experience-driven approach. They are in a position to deliver the instant service their customers expect.

“

FINANCE IS INCREASINGLY SHIFTING TO REAL-TIME, INSTANT – WHETHER IT IS NATIONAL / GLOBAL FASTER PAYMENT INITIATIVES, OR ONLINE, INSTANT LOAN APPROVALS OR THE ABILITY TO INSTANTLY SHIFT MONEY FROM ONE SIDE OF THE WORLD TO ANOTHER. FINANCE IS INCREASINGLY INSTANT AND TECHNOLOGY IS ENABLING IT

The next shift will be to machine intelligence – from robotic process automation to machine learning and artificial intelligence.

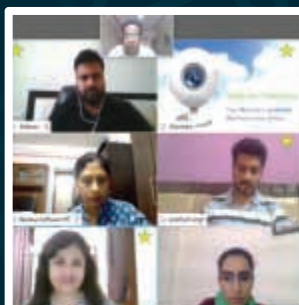
We have already embedded many of these new tools into our solutions

THE COVID-19 PANDEMIC

OUR RESPONSE »



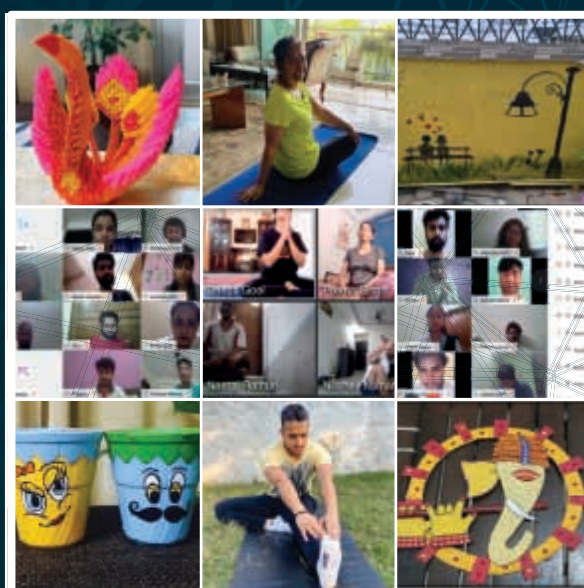
WORK FROM HOME

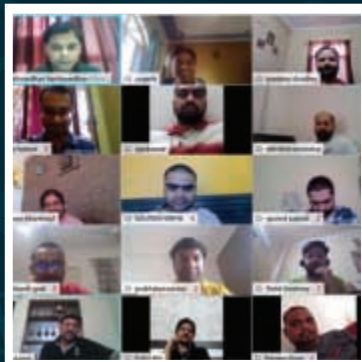


VIRTUAL JOINING

FUN @WORK

As our working lives have become more virtual we are working to ensure that the human touch is not lost. In addition to using video and instant messaging to stay in touch for business, we are also using them for fun – online yoga sessions and weekly puzzles, creative writing and photo competitions. And it is not just about Nucleites we are also including their families.





REMOTE TRAININGS

SUPPORTING OUR CUSTOMERS

We are continuing to support over 200 customers across the globe. Our customer production support service levels are being maintained at the same levels. Project 'Go Lives' as well as customer training are happening remotely.



OUR COVID WARRIORS

Our lean Facilities team is in our campus ensuring that the critical systems – fire systems, power back up and electromechanical systems are up and running. Our Security team is ensuring that our campus is secure and our IT team is providing critical IT support.



Finance is increasingly shifting to real-time, instant – whether it is national / global faster payment initiatives, or online, instant loan approvals or the ability to instantly shift money from one side of the world to another. Finance is increasingly instant and technology is enabling it.

The next shift will be to machine intelligence – from robotic process automation to machine learning and artificial intelligence. We have already embedded many of these new tools into our solutions and our research and development teams are constantly scanning the market for the technologies that can be used to help our customers achieve their business goals. The careful evaluation, selection and application of the right technology at the right time to help solve pressing business challenges, has been a core part of our brand for three decades and we see that becoming even more important.

» OUR BRAND

For three decades we have worked hard to establish our credentials as a values-driven company. We are relentlessly focused on delivering results for our customers. To deliver those results we work in collaboration with our customers, bringing innovation to bear when solving problems. And above all we work with integrity and respect.



We have built our business on these values and we believe that they are the reason we are successful. In a fast moving world, where technology is changing rapidly and customer expectations are shifting, we believe that these values are even more important than ever before. Many years ago I talked about our vision to make a Rs 100 loan possible by bringing down the cost of lending through technology. We continue to pursue this ambition in all areas of our business.

In addition to leveraging advanced technology in FinnOne Neo and FinnAxia, we launched PaySe – India's first offline payment solution targeted at customers in areas where mobile data connectivity is still a challenge. We see PaySe as much more than a business – we see it as something we should do for our country. We bring this belief in being a force for positive change to other areas as well. The foundation of intellectual property lies in our people.



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FINANCIAL INSTITUTIONS
CUSTOMERS ACROSS
50 COUNTRIES

» OUR PEOPLE, OUR SUCCESS

As a pioneer in the creation of intellectual property software products in India, we remain firmly committed to enhancing our brand worldwide. As we build next-gen technology, we are fortunate to have a diversified team, a combination of people with extensive experience and a growing team of digital natives. Working together, combining their respective talents, they are helping us transform the way we serve customers. Our people are the source of our success, they are our pride and they are our family.

As the financial services ecosystem continues to rapidly evolve, our values-driven approach powered by an outstanding team is what will continue to increase productivity, generate value and deliver sustained results. We believe in providing our team with opportunities in an empowered and entrepreneurial work culture. We were delighted to be awarded, a Great Place to Work® Certification, we achieved this 'Employer-of-Choice' recognition for the second year in a row.

“

AS THE FINANCIAL SERVICES ECOSYSTEM CONTINUES TO RAPIDLY EVOLVE OUR VALUES-DRIVEN APPROACH POWERED BY AN OUTSTANDING TEAM IS WHAT WILL CONTINUE TO INCREASE PRODUCTIVITY, GENERATE VALUE AND DELIVER SUSTAINED RESULTS



The certification is recognized the world over by employees and employers alike and considered the 'Gold Standard' in identifying and recognizing outstanding companies. As we move into a new decade, I would like to convey my gratitude to all our customers for giving us the opportunity to be of service to them and for coming back to us, year after year, decade after decade.

My gratitude also goes to our Nucleites, for their commitment to delivering outstanding solutions, creating sustainable value and profitable growth for our stakeholders and enabling us to be worthy corporate citizens.

VISHNU R DUSAD

Managing Director

Date: 12 June 2020

**RP SINGH**

CHIEF EXECUTIVE OFFICER

» DEAR SHAREHOLDERS,

As a solutions company, we need to constantly reflect on whether we are providing our customers with what they need. In our relentless focus on delivering an outstanding customer experience, we must review every aspect of our company, renewing, refreshing and refocusing where appropriate.

I'm delighted to report that this year, your company has continued to deliver. During the year we recorded more than 30 product orders and reached an extremely significant milestone by gaining our 50th cloud customer, bringing the number of financial institutions we serve to over 200.

During the year, our revenue was INR 520.83 crore (USD 73.75 Million) and EBITDA was INR 93.10 crore (USD 13.18 Million). Consolidated net profit after tax (PAT) stood at INR. 88.99 crore (USD 12.60 Million) and Earnings per share (EPS) for the year was at INR. 30.64 (USD 0.43)

THE COVID-19 PANDEMIC

As the COVID-19 situation unfolded in February we knew that we needed to move quickly and deliberately, and so we set up a taskforce. The team members used their diverse expertise and experience to investigate the evolving situation, anticipate its likely impacts and plan for those impacts. The taskforce moved rapidly and made a number of recommendations, including running a large scale pilot project to ensure that our staff could work from home.

The pilot project was so successful that we were able to shift to 100% work from home before the March 22nd announcement of the voluntary public curfew, which in turn was followed on March 24th by the nationwide lockdown.

Priority 1 has been and remains keeping our staff safe and I am really proud of the work done by the taskforce to get us to this situation.

Priority 2 – helping our customers – is vitally important to us, and here too the taskforce has laid the foundations for success. In addition to devising processes and procedures to continue to deliver seamless support, we have communicated to our customers, reassuring them of our ongoing commitment. We have also looked at how our solutions can help, for example by helping our customers' staff work from home and by implementing repayment pauses, holidays and moratoriums.

As I write this we are still all working from home and looking at the likely economic impacts of the pandemic. We remain positive. We are continuing to rollout projects for our existing customers and we know that our solutions can help in a post COVID-19 world. However, we are carefully evaluating the changing circumstances, anticipating what the impacts are likely to be. We are cautious – optimistic but cautious.

We are in continuous discussion with our customers to help them recalibrate their business strategies, leveraging advanced technology to capitalize on evolving business dynamics. Every day, more than 300,00 users from 200 financial institutions across 50 countries log into our solutions to provide services for millions of consumers. Our customers cover the financial services landscape – from banks to non-bank financial companies, from single site to multi-country implementations and from gigantic, global brands to focused, niche players.

» INVESTING IN TECHNOLOGY


Technology transforms. It always has and it always will. However, the pace of change of technology is increasing, making it more challenging for our customers to separate the latest marketing hype from the truly transformative innovation. For 3 decades we've been doing precisely that – carefully evaluating the latest technologies and selectively applying the ones that will benefit our customers. In the past year we continued to enhance our flagship solutions – FinnOne Neo and FinnAxia. Our strategy of providing updates every 6 months delivers agility, while also streamlining and simplifying the upgrade process for our customers. It ensures that our customers can gain access to new capabilities quickly and it eases the upgrade process.

During the year, we added new capabilities in FinnOne Neo including: a comprehensive pack of 265 APIs designed to deliver a seamless digital lending experience, a centralized API management portal API Centre. An enriched extension layer; support for email based underwriter approvals, back dated closures, transfer of loans across branches, products and schemes, and enhanced automation capabilities through sophisticated STP. FinnOne Neo now includes capabilities such as Split loans, HEM computation and KYC with Green ID, which have been designed specifically for Australia. We also added Gold Loans as a new line of business and launched Geo Tracker, a web based location tracking solution to help lenders make data driven decisions.

This year, voice assisted loan servicing via Google Home and Chatbots was added along with a new service channel WhatsApp in FinnOne Neo. We also introduced an intelligent process controller matrix for loan operations in FinnOne Neo to boost efficiency for bulk processing while raising the security and performance benchmarks to new heights.

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WE LAUNCHED NEW VERSIONS OF OUR AWARD WINNING LENDING SOLUTION – FINNONE NEO. THE NEW VERSIONS COMES WITH A WIDE RANGE OF FEATURES THAT WILL HELP LENDERS CAPITALIZE QUICKLY ON RAPIDLY EVOLVING MARKET TRENDS AND CHANGING CUSTOMER REQUIREMENTS AND, ABOVE ALL, TO TURN THE DIGITAL OPPORTUNITIES INTO PROFITS.



The pace of change of technology is increasing, making it more challenging for our customers to separate the latest marketing hype from the truly transformative innovation

To support the growing importance of real-time treasury management we added a range of advanced capabilities to FinnAxia which will help corporate banks deliver the products and services their corporate treasurers need. A sophisticated virtual account management (VAM) solution was added to FinnAxia which allows banks to replace physical current accounts with virtual accounts. In addition to reducing costs, the new solution improves transaction visibility, supports real-time liquidity and delivers a more customer-friendly service.

To combat the growing threat of fraud, we introduced a revolutionary real-time AI-enabled anomaly detection solution, which enables financial institutions to detect fraudulent and duplicate transactions early. In addition to supporting instant payments, FinnAxia is also SWIFT gpi-enabled allowing businesses to track the status of their transactions in real-time. As corporates also become increasingly dependent on their supply chains, FinnAxia introduced a range of supply chain finance instruments such as dynamic discounting to ensure a disruption-free and a more collaborative ecosystem.

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IN THE PAST YEAR WE CONTINUED TO ENHANCE OUR FLAGSHIP SOLUTIONS – FINN ONE NEO AND FINNAXIA. OUR STRATEGY OF PROVIDING UPDATES EVERY 6 MONTHS DELIVERS AGILITY WHILE STREAMLINING THE UPGRADE PROCESS FOR OUR CUSTOMERS.

During the year we continued to make great progress with PaySe – the world’s first secure offline and online digital cash solution. Building on our authorization by RBI to issue semi-closed Pre-paid Payment Instruments in India and on the power of offline payments to enable digital transformation for the last mile, we were selected to participate in RBI’s Sandbox on retail payments. We also participated in a number of State/Central Government digital payment initiatives in some rural canteens and sugar mills in Haryana. Among the many enhancements we launched, was an improved version of the PaySe device which reduced the dependency on NFC-enabled smartphones. We also continued to seek synergies with FinnOne Neo in order to enable our vision to make a Rs 100 loan possible as well as profitable.

Yesterday’s science fiction often becomes today’s science fact. For example, released in 2002, the movie Minority Report showed a future with personalized geo-located ads, facial recognition, self-driving cars, voice-controlled homes, gesture-based computing and of course predictive policing.

Facial recognition and voice-controlled homes are commonplace and at least 20 police forces in the United States are using software to predict where crime will take place. How did Hollywood do it? How did they predict the future? Before making the film, Steven Spielberg gathered together a team of no fewer than 16 scientists – from places like MIT and DARPA. They looked at what was happening in the world and made educated guesses about what the future would look like. We adopt a similar approach – our experts review where technology is going, we interact with experts from MIT and other research labs. We take all this as input in order to ensure that our solutions deliver the benefits our customers need.



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» ELEVATING OUR BRAND

Communicating the business benefits that our solutions offer and the benefits of our decades of focus, is vitally important. We do this in a number of ways. For example, during the year our teams travelled worldwide to demonstrate our expertise and product offerings at industry events, roundtables and briefings. We showcased our capabilities in many countries including Australia, India, Indonesia, Nigeria, Singapore, the Philippines, the USA and the United Kingdom. We continued our focused campaigns in Australia, speaking at events including the Australian Banking Innovation Summit 2019 and the Australian Mortgage Innovation Summit 2020.

In the United States of America, our experts participated in the Digital Banking Summit in Texas and demonstrated how our transaction banking product suite enables leading banks worldwide to swiftly address their corporate customers' ever changing requirements. We continued to share our transaction banking expertise including our views on the increasing importance of Hyper Agility, at Sibos 2019 in London. In South East Asia, we demonstrated insights on how we help leading organizations drive innovation at the 2019 Vietnam Retail Banking Forum. We addressed the Mortgage Loans Innovation Conference in Singapore on "Transforming Lending for Tomorrow – Going Beyond Digital."



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IN OUR ANNUAL NUCTECH EVENT WE GIVE PASSIONATE TEAMS THE OPPORTUNITY TO RESEARCH AND SHARE THEIR LEARNINGS ABOUT EMERGING TECHNOLOGIES. WE ALSO INTRODUCED THE NUCTECH CLUB, AN INTERACTIVE FORUM, TO FACILITATE DEEP AND ENRICHING TECHNOLOGY-DRIVEN DISCUSSIONS BY BUILDING SYNERGY ACROSS DIFFERENT FUNCTIONS.

In Africa, we hosted a round table for financial institutions on 'The Road Ahead for Corporate Lending' in Lagos. At the Middle East Banking Innovation Summit 2019, we presented our insights on 'Getting Ready for Hyper Banking – The Time is now'. In India, we have run a number of exclusive roundtables for banks and NBFCs, including roundtables focused on Co-origination in Lending and on leveraging cloud to 'Profit from digital in lending'.

We demonstrated our advanced technologies at the Technology Senate Bangla conference in Kolkata, and showcased how FinnOne Neo is helping NBFCs drive innovation in lending, at the 7th NBFC100 Tech Summit in Chennai. Also in Chennai we were proud to be the technology partner at the 8th Microfinance & NBFCs Exhibition and Conference (MiNE 2019). Face to face events are an important way for us to share how we help banks and other financial institutions but they are not the only way we communicate our capabilities. We share our expertise via blogs, whitepapers and articles in leading publications worldwide. In addition, we also regularly interact with industry analysts and consultants.

BELOW ARE A FEW STORIES OF COMPANIES, REAL FINANCIAL INSTITUTIONS HELPING REAL PEOPLE TO ACHIEVE THEIR GOALS

ROHA HOUSING FINANCE

A leading FinTech Housing Finance Company in India disrupted the housing finance segment using an innovative business approach powered by FinnOne Neo Cloud. The company attained a 50% reduction in the time taken for credit processing and achieved a 97% reduction in the time taken for credit assessment while deploying 100% automated credit decision making and extending 'responsible lending' across the masses. This implementation, completed very quickly in 4 months, won the Best Lending Implementation Award at the IBS FinTech Innovation Awards 2019.

ESSKAY FINCORP

One of India's leading Non-Banking Finance Companies focused on retail and SME lending, transformed their business processes end-to-end with FinnOne Neo. With this project, Esskay reduced their loan processing turnaround time by 50% and experienced a 160% growth in loan book. In this project, Esskay migrated their INR 8 billion loan book in just 7 days. Subsequently Esskay completed a project to upgrade to the latest version of FinnOne Neo Cloud and as a result of this project they recorded a 180% increase in loan book numbers and a 200% growth in loan book value.

ASIA COMMERCIAL BANK

Vietnam's largest private bank, became the first bank in the country to go live with a production transaction banking platform. Going live in just 5 months, the bank not only increased its addressable customer base by a factor of 150X – an additional 300,000 small-medium enterprises – but also improved operational efficiency by ensuring a 300% reduction in its payment authorization turnaround times.

BANK RAKYAT INDONESIA

One of Indonesia's largest banks chose FinnAxia to provide customized payment and receivable solutions for their corporate and SME customers along with ensuring seamless scalability in their operations. Close to 600 customers of the bank have been on-boarded and the system has processed over USD 4 Million worth of payments and over USD 211 Million worth of collections till now. The bank has already witnessed a dramatic turnaround in their operational efficiency with a 45% reduction in their transaction processing time. Additionally, PT Bank Rakyat Indonesia has recently gone live with our Global Liquidity Management solution enabling it to provide comprehensive cash management solutions to corporates.

» EMPOWERING OUR PEOPLE

Our people are the foundation of our success – our innovative solutions are the result of their creativity, our successful implementations are the result of their relentless focus on helping our customers succeed and our growth is driven by their vision and passion. While individual effort will always be important, as complexity and sophistication increase, the need for collaboration and team-based problem solving will intensify. That's why we place as much emphasis on soft skills as we do on technical skills and business expertise.

The Nucleus School of Banking Technology (NSBT) was launched in 2010 with a goal to provide World Class training, with offerings targeted at developing professionals in the area of Banking Technology. Since its inception, more than 2000 young minds have been ignited to perform at their best and were merged seamlessly into the Nucleus culture. Some of them are now the pillars of our Product Build team, while others are working tirelessly to bring a smile on the face of our customers – be it through the Global Customer Care or Implementation teams.

What started as a unit focused on grooming fresh college graduates to be taken into the fold of delivery teams, has branched out into multiple areas of development for Nucleites. These include e-learning content for our products, training courses on business and technology and product certification modules for all Nucleites. The NSBT team has also trained some of our Partners and Cloud customers.

As the Greek philosophy Heraclitus said “the only constant in life is change”. If we do not adapt to change, we will be left behind by it. We believe that no-one has a monopoly on good ideas and so we have developed a culture of ‘wanting to improve’ where everyone participates by coming up with and implementing ideas. For example, in our annual NucTech event we give passionate teams the opportunity to research and share their learnings about emerging technologies. We also introduced the NucTech Club, an interactive forum, to facilitate deep and enriching technology-driven discussions by building synergy across different functions.

Our teams are lean and agile, bringing
a collaborative and experimentation-oriented
mindset to their work



We use Cross Functional Teams, with team members from across the company, to focus on major initiatives such as enhancing customer experience. Our teams are lean and agile, bringing a collaborative and experimentation-oriented mindset to their work. I am delighted that say that we have been once again certified as a Great Place to Work. This is a testament to the high trust and high performance culture in Nucleus. We work hard to create this environment, running a range of initiatives under the umbrella ‘Enhance Employee Experience’.

For example, in addition to our open door policy and regular open house sessions, we have deployed an Ask Management portal, we conduct Manager’s Meets and P&L Head floor sessions. I regularly hold ‘Chat with RP’ sessions to ensure I hear what our employees are saying, directly from them. I am delighted to report that our Employee Referral program is contributing 30% of our new hires. We are a family who dreams big, never gives up and has a shared passion for success. We share a set of deeply held values, values that bond us together as one team.

Lastly, my sincere gratitude goes to all Nucleities for the contributions they have made to the Nucleus journey – they are a key driver of our success. Passionate people are crucial to our success. I consider it a great honour to lead them and I look forward to shaping an environment that creates positive challenges and opportunities to excel.

R P SINGH

Chief Executive Officer

Date: 12 June 2020



THE CHANGE IS
DRIVEN PRIMARILY
BY THE GROWING
USE OF
SMARTPHONES,
UBIQUITOUS HIGH
SPEED INTERNET
ACCESS AND
RAPIDLY EVOLVING
CUSTOMER
EXPECTATIONS



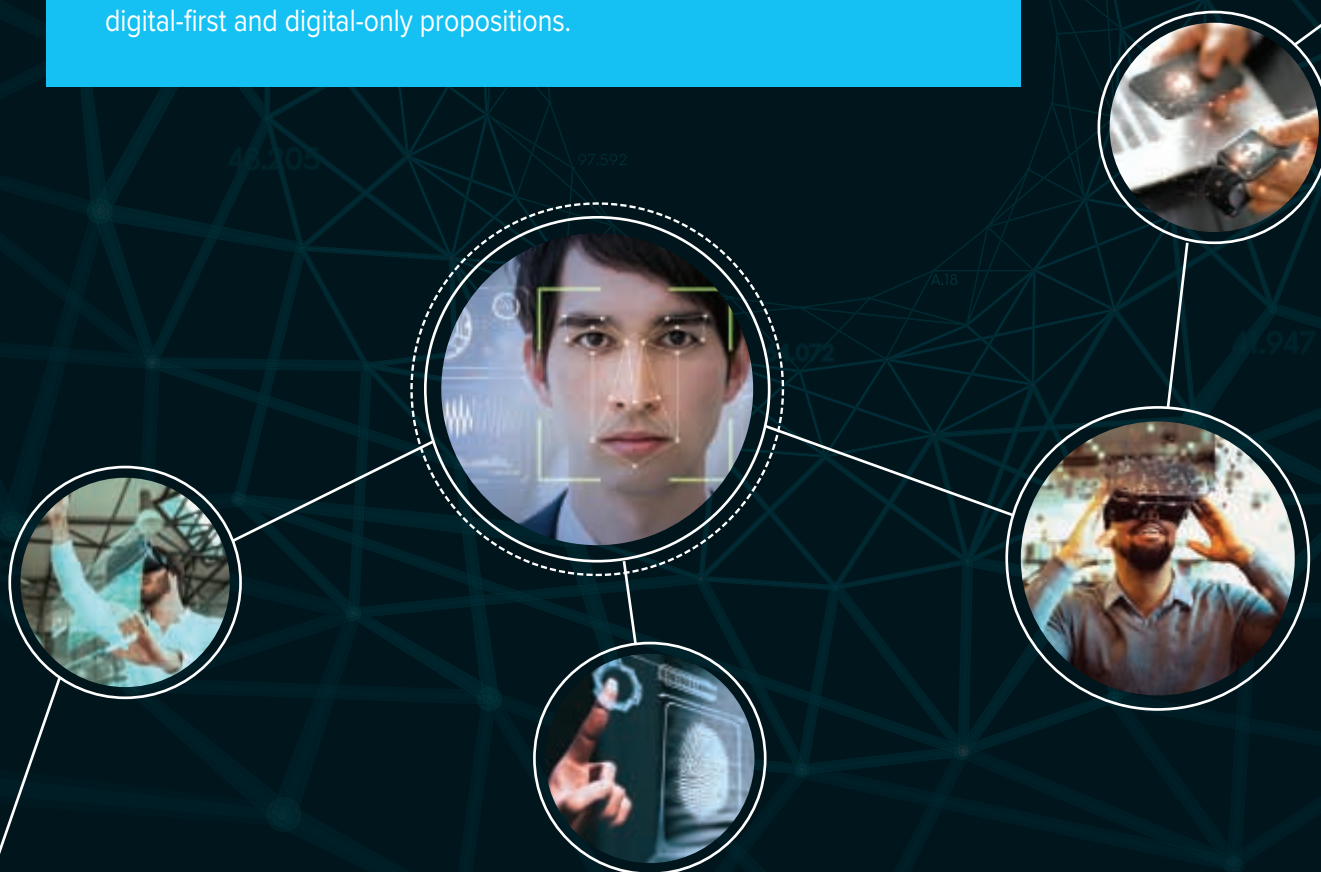
NUCLEUS WINS
THE 'BEST
LENDING
IMPLEMENTATION'
AWARD AT THE
IBS INTELLIGENCE
FINTECH
INNOVATION
AWARDS 2019

» BUILDING A DIGITAL FUTURE WITH A HUMAN TOUCH

Digitization is transforming industries all over the world, including financial services.

Banks are investing heavily in sophisticated technologies such as Artificial Intelligence, Blockchain, Robotic Process Automation, Big Data, Analytics, and Facial recognition. The change is driven primarily by the growing use of smartphones, ubiquitous high speed internet access and rapidly evolving customer expectations.

Today's customers expect to be able to interact with their financial services providers via whatever device they are using at the time – mobile, tablet or laptop. Moreover, customers increasing familiarity and comfort with accessing services online, has paved the way for an explosion of digital-first and digital-only propositions.



» AS BUSINESSES CONTINUE TO THEIR DIGITAL FUTURE JOURNEY, OUR ONGOING INVESTMENT IN THE LATEST TECHNOLOGIES CONTINUES TO POSITION US WELL TO DELIVER EVER MORE VALUE TO OUR CUSTOMERS «

“

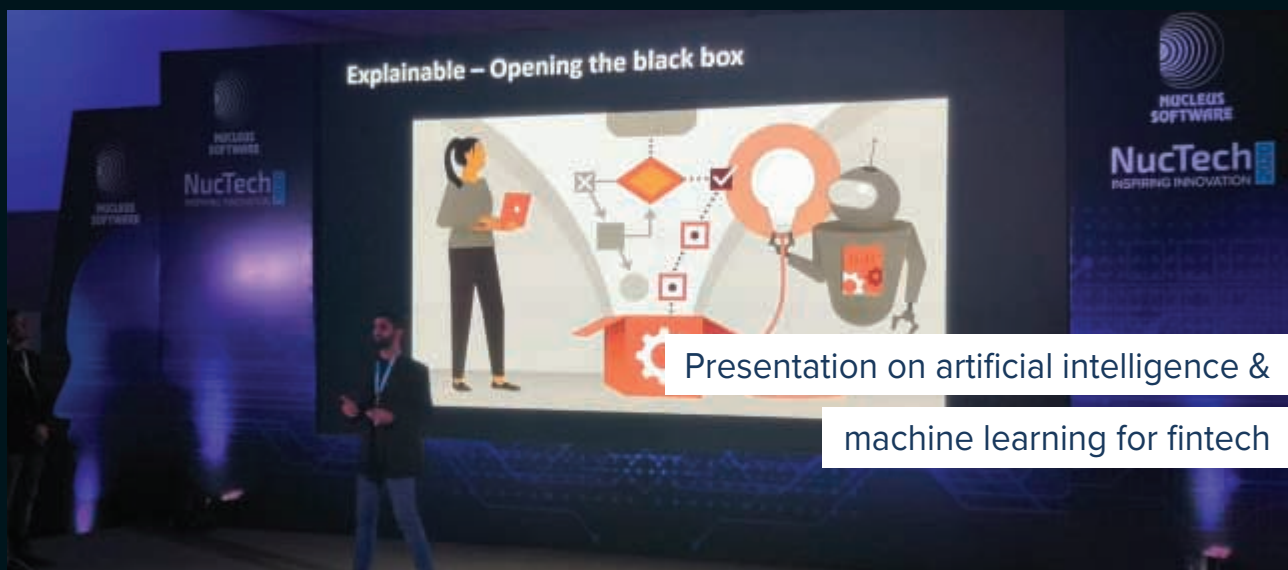
I joined straight from university and now I'm working in product management – helping bring new ideas to life. From researching business trends and mapping process flows, to designing and implementing solutions to customers' business issues – I'm involved in it from end to end and I find the experience to be unparalleled.



ANCHIT VERMA
Sr. Product Specialist,
Nucleus Software

The new entrants, FinTechs, BigTechs and indeed the digital arms of established players are not burdened by the traditional limitations imposed by legacy technologies. But what might this digital future look like? Consider the home buying experience. A survey in 2018 found that 40% of Americans say that buying a home is the most stressful event in modern life and 33% admitted to shedding tears at some point in the process. Surely technology could help?

Most home buyers visit the homes they would like to buy many times, with the real estate agent and without them. In the near future on such a visit, the digital concierge, powered by AI, in your mobile phone might say “I see you are outside number 32 again and I see that it is for sale. I know, from looking at your financial records, that you can afford the asking price so I've taken the liberty of inquiring about mortgages for you. I've narrowed the list down to the following 3 options, which I've negotiated on your behalf.



“

I joined Nucleus more than 30 years ago straight out of college. Less than 2 months later I was onsite and was soon handling a team for a large implementation project in India. With each passing year my roles and responsibilities changed – I handled a turnkey Retail Lending assignment overseas, developed our first ever product, managed a large engagement in Japan, led IT Infrastructure and Internal systems. More recently I moved back to product development for our transaction banking solution FinnAxia and now I lead the entire Product build team across the company for all products. Nucleus Software is a great place to work – where you are given tremendous support and encouragement – the only limit is your own imagination!



PARAG BHISE
EVP Build
Nucleus Software

I would recommend option 2 because you'll get discounts on the local gym and your favourite coffee store. Would you like to proceed?". And when you authorize it by saying yes, the AI completes the transaction for you and an Amazon drone delivers the keys the next day. Sounds like science fiction? Well most of the high tech things we take for granted today sounded like science fiction a few short years ago, and in fact most of the technology needed to make the above example come true already exist today.

As businesses continue to their digital future journey, our ongoing investment in the latest technologies continues to position us well to deliver ever more value to our customers. Our systems offer greater speed to revenue generation, effective operations and better customer experience. FinnOne Neo, 10-time winner of world's best-selling lending solution, is a next-generation lending solution built on an advanced technology platform. It provides the foundation that lenders need to compete and win the digital future.

Cloud is providing businesses of all sizes – from startups to established players – with access to the latest technologies at affordable prices. With our FinnOne Neo Cloud solution we have leaned into this trend and we gained 50 customers during the year. With the rise of instant payment infrastructures across the globe, businesses being hyper-connected and supply chain ecosystems becoming more complex, corporate banks are under increasing pressure to deliver real-time, integrated financial services across multiple channels. They are also expected to play an advisory role and provide guidance around future investments.



Nucleites celebrating along with NUCO
on our Annual Day - NUCDAY

“

AS LEADERS, INNOVATORS, ALL OF US NEED TO THINK ABOUT HOW WE CAN USE THE BEST OF TECHNOLOGY TO BRING OUT THE BEST IN PEOPLE. AND BUSINESSES NEED TO INVEST IN PEOPLE'S UNIQUELY HUMAN ATTRIBUTES, TO ENSURE THEM A MEANINGFUL FUTURE

Among the many initiatives designed to adapt the digital future, we launched NucTech for the second consecutive year with the theme of ‘inspiring innovation’

“

Throughout my 15 years with Nucleus, I have always had the opportunity to work on innovative, value driven projects. Most recently I've been using tools such as Redis and Swagger, working on technologies such as AI and ML, and I've been focused on challenging projects like Code Generator – an automatic script generator. I feel empowered to execute my responsibilities in my own way with full accountability for delivering the results.



RATNA M. DASH
Product Engineering
Manager,
Nucleus Software

For instance if a corporate is looking to export to a new market, they would be looking at information from their banks pertaining to trade finance products suitable for that country, and also some guidance on the export routes and the supply chain options. There is also an increasing focus on co-creation of solutions between the bank and corporates to create hyper-personalized products – products which would help fulfill the corporate's distinct operational and strategic objectives. The dramatic rise in real-time, digital transactions has also made financial services more vulnerable to payments fraud and cyberattacks.

To counter the threat it has become imperative for financial institutions to modernize their technology infrastructure to enhance security and resilience while also improving speed and efficiency. We continuously enhance FinnAxia based on valuable inputs and use cases from our customers as they, in turn, embark on their digitization journey. This journey which will enable them to not just react to the business customers' current focus on real-time treasury but also adapt to a changing world where global supply chains become more local and lead in tomorrow's API economy, by enabling hyper-fast and hyper-personalized banking.

Among the many initiatives designed to adapt the digital future, we launched NucTech for the second consecutive year with the theme of 'Inspiring Innovation'. Some of the topics covered were on Design Thinking, API, IoT, AI, New Age UI, Robotics, Security, Architecture Resilience, Neuromorphic Computing, Quantum Computing, Distributed Systems, Code Synthesis, Reactive Programming. Reflecting the ongoing impact of digital trends changing the world, we will continue to create a confluence of the digital realms of knowledge, skill and experience.

To address the requirements of citizens at the bottom of the pyramid, we had launched Payse, the digital wallet which is India's first offline payment solution designed to disrupt the card payments market. The solution is targeted at customers and merchants in the rural and semi urban areas where mobile data connectivity is still a challenge. Payse solutions have been enhanced as an ideal solution payment solution for both the connected and non-connected world.

Our software powers the operations of more than 200 financial institutions in over 50 countries, supporting retail lending, corporate banking, cash management, mobile and internet banking, automotive finance and other business areas. We are proud to help our customers leverage innovative and digitized technologies to help them become market leaders. With an explosive digital transformation predicted this year in the financial services arena, as this transition picks up speed, we need to see how much paper, time and cost technology will be able to eliminate through an increased focus on innovative financial services.

“

As a senior software engineer, I got a chance to manage the production support for UAT. Interacting with cross functional teams, I upgraded my technical knowledge with hands-on experience of tools to analyse thread dumps and logs more efficiently. I particularly like the way Nucleus supports internal movement, because when I moved from FinnAxia to FinnOne Neo, not only did it help me learn about a new business area but I also got the opportunity to learn more about Spring Framework and caching tools such as Redis and various logging frameworks.



SHUBHANGI

Sr. Software Engineer
Manager,
Nucleus Software

FAREDGE - INTELLIGENT TRANSACTION ANOMALY DETECTOR



**ANOMALY
DETECTOR**



**FAULT
DETECTION**



**FRAUD
DETECTION**



**DATA
VISUALIZATION**



**INTELLIGENT
TRANSACTION
PROCESSOR**



**INTERACTIVE
ANALYTICS
PLATFORM**



**DEVICE
IDENTITY
MANAGER**



**INDEXED
BASED
RESEARCH**



THE CHALLENGE IS
WHAT DO WE
DIGITIZE AND WHAT
DO WE RESERVE
FOR A HUMAN
TOUCH?
WITH THE PACE OF
CHANGE
ACCELERATING, THE
CHALLENGE WILL
BECOME EVER
GREATER



NUCLEUS
FINNONE NEO
RECOGNIZED
AS THE MARKET
LEADER IN
LENDING BY
IBS INTELLIGENCE

» BUILDING A DIGITAL FUTURE WITH A HUMAN TOUCH

Technology is magical. Its capabilities are nearly limitless. As Arthur C. Clarke said “any sufficiently advanced technology is indistinguishable from magic.”



However, we should never forget that technology is useless unless it is designed to solve problems for humans. And while there are examples of new technologies completely replacing humans, in most cases technology is used alongside humans. Take for example autopilot in airlines.

Despite the fact that the average pilot of a commercial plane manually flies the plane for between three and six minutes of the whole flight – the passengers still want a human in charge. In financial services the rise of the ATM did not completely eliminate bank tellers but it did reduce their numbers and affected their roles, reducing the amount of service and increasing the amount of advice and sales.



» ARTIFICIAL INTELLIGENCE'S BIGGEST IMPACT WON'T BE TO REPLACE HUMANS BUT IN FACT WILL BE TO CREATE AUGMENTED INTELLIGENCE - WHERE INTELLIGENT MACHINES AND HUMANS WORK TOGETHER «

At Nucleus Software we believe that technologies such as machine learning and robotic process automation will continue this trend – reducing the amount of manual effort, freeing up time and staff for higher value activities. We believe that artificial intelligence's biggest impact won't be to replace humans but in fact will be to create augmented intelligence – where intelligent machines and humans work together.

The challenge is what do we digitize and what do we reserve for a human touch? With the pace of change accelerating, the challenge will become ever greater. However, the right combination of technology with the right human touch, at the right time is what drives authentic customer relationships, collaborative work environments and sustainable long-term differentiation.

Designing these “digital and human” systems, requires a combination of skills – people who grew up as digital natives and people who grew up before the digital revolution. As we build next-gen technology, we are fortunate to have a team of diversified talents. We believe in providing an entrepreneurial and work culture that nurtures their tale, fuels their passion and rewards their commitment.

FinnOne Neo is our next generation lending solution built on an advanced technology platform designed to shape the future of lending. Though the ever changing digital dynamics has led to a continuum evolution of the product, it is the human intelligence that drives it with a combination of both cognitive and sensory abilities, something that AI – despite its speed and computational power – still struggles with.

“

Before joining Nucleus in 1999, as a Software Engineer, I was aware of the company's reputation for creating learning opportunities and exposing staff to different technologies. However what I found was so much more. I found a value-driven organization staffed by extremely passionate people, driven by a shared sense of purpose. In the intervening two decades I have been involved in many transformational projects, in different countries and covering a wide range of products. Most importantly I have been delighted to work with a wide range of mentors. Today, I am the head of the Cloud Business – a business that was founded three years ago and has already grown to more than 50 customers.



SARABPREET ANAND

Vice President,
Cloud Business,
Nucleus Software



Designing these “digital and human” systems, requires a combination of skills - people who grew up as digital natives and people who grew up before the digital revolution

AI and robotics are here to stay, but so is this truth: organizations are ultimately a collective of people, working and making decisions together. As leaders, innovators, all of us need to think about how we can use the best of technology to bring out the best in people. And businesses need to invest in people's uniquely human attributes, to ensure them a meaningful future.

We strongly believe that as responsible citizens, we should act as a force for positive changes in the society. Through the Nucleus Software Foundation, we run a number of initiatives to help improve the lives of people in the community around us. Our people share our passion in philanthropy and the Nucleus Software Foundation helps channelize their efforts and contributions to create a meaningful impact.

Our people are volunteers with an NGO with 65 underprivileged kids, who study at their learning centre in a formal environment. Children of ages 5-13 years of age are taught to further their education and after completion of class 5 syllabus, they are assisted in continuing their studies at private schools through scholarships and tuitions.

“

One of the best things about Nucleus is that no two days are the same. One day I can be looking at the latest technologies and design principles, to make sure we stay ahead of the curve. The next day I can be involved in our high impact customer engagements and workshops.



SREERAM NARAYAN
Product Manager
Nucleus Software

“

I joined Nucleus 23 years ago as a Software Engineer. The opportunities for growth are immense as the leadership team empowers us to take risks and to challenge our limits. What inspires me is the strong value system, a culture of innovation and a relentless focus on building lasting partnerships with customers based on delivering the results they need for their business.



ASHWANI ARORA

SVP, Global Customer
Success Team,
Nucleus Software

The Nucleus Software Foundation and our volunteers also support nine families of Central Reserve Police Force (CRPF) who were killed in line of duty and we sponsor their children's school fees and any other need based assistance.

Our values have created a family culture in the organization and we have created an environment where our people feel at home. From policies on work-life balance, to building connect through varied discussion forums and fun activities to engagement on wellness and fitness, there is synergy between our people and management for bonding, learning and growing together.

Digitization and automation are already transforming the way we work. For example, data analytics, the Internet of Things and drones are already being used in many industries to make production processes better, faster, more accurate, cheaper and to make them available 24x7.

“

THROUGH THE NUCLEUS SOFTWARE FOUNDATION, WE RUN A NUMBER OF INITIATIVES TO HELP IMPROVE THE LIVES OF PEOPLE IN THE COMMUNITY AROUND US. OUR PEOPLE SHARE OUR PASSION IN PHILANTHROPY AND THE NUCLEUS SOFTWARE FOUNDATION HELPS CHANNELIZE THEIR EFFORTS AND CONTRIBUTIONS TO CREATE A MEANINGFUL IMPACT.



We strongly believe that as responsible citizens, we should act as a force for positive changes in the society

“

59% OF OUR PEOPLE HAVE BEEN WITH THE COMPANY FOR MORE THAN 3 YEARS. 325 PEOPLE HAVE BEEN PART OF THE NUCLEUS FAMILY FOR MORE THAN 10 YEARS. WITHOUT TALENTED, PASSIONATE AND COMMITTED PEOPLE, OUR LONG-TERM SUCCESS WOULD NOT HAVE BEEN POSSIBLE.

However, the human touch adds value to the digital economy to increase welfare and to gain the full benefits of digitization. Advances in automation will mean that people will increasingly work side by side with robots, smart automation and artificial intelligence. Humans and machines combined can generate more value than either one alone.

“

I have been with Nucleus for the last 8 years and work as a graphic designer. Prior to Nucleus, I was a data entry executive and since I am differently abled (deaf and mute), I did not think I would get an opportunity from being a data typist to now designing business collaterals and help in showcasing our product in an interactive way. Nucleus has shaped my future and has given me the strength to believe in myself and be ready for any challenges that come my way

**MUKESH GUPTA**

Graphic Designer,
Nucleus Software

CORPORATE SOCIAL RESPONSIBILITY

The Nucleus Software Foundation (NSF) team continued their good work to help improve educational standards at government primary schools and NGO-aided schools, by leveraging advanced technologies. We are particularly proud of our unique benchmark remedial program, NSF Hybrid Learning Program.

The foundation team worked with many schools last year and designed an English Program that was used by 2412 students. The program starts with an emphasis on phonics and progresses to higher levels. It aims to bring children closer to the learning levels appropriate for their assigned classes, and helps the learning process through the use of well-curated learning material, practice notebooks, engaging digital content, and intelligent assessments. The digital content on the tablets is mapped to the remedial program which we have designed based on the learning level of the student.

» BOARD OF DIRECTORS



MR. S.M. ACHARYA

CHAIRMAN,
NON-EXECUTIVE
INDEPENDENT DIRECTOR



MR. VISHNU R DUSAD

MANAGING DIRECTOR



MR RP SINGH

EXECUTIVE DIRECTOR
& CEO



MR. PRITHVI HALDEA

NON-EXECUTIVE
INDEPENDENT DIRECTOR



PROF. TRILOCHAN SASTRY

NON-EXECUTIVE
INDEPENDENT DIRECTOR



MRS. ELAINE MATHIAS

NON-EXECUTIVE
INDEPENDENT DIRECTOR



DR. RITIKA DUSAD

NON-EXECUTIVE
DIRECTOR



MR. PARAG BHISE

ADDITIONAL EXECUTIVE
DIRECTOR

Board of Directors

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

Mr. Vishnu R Dusad
Managing Director

Mr. R P Singh
Executive Director & CEO

Dr. Ritika Dusad
Non-Executive Director

Mr. Prithvi Haldea
Non-Executive, Independent Director

Mrs. Elaine Mathias
Non-Executive, Independent Director

Mr. Parag Bhise
Additional Executive Director

Prof. Trilochan Sastry
Non-Executive, Independent Director

Board Committees

Audit Committee

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

Nomination & Remuneration / Compensation Committee

- Mr. Prithvi Haldea, Committee Chairman
- Mrs. Elaine Mathias
- Prof. Trilochan Sastry

Stakeholder Relationship Committee

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

Corporate Social Responsibility Committee

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

Culture Committee

- Mr. S. M. Acharya, Committee Chairman
- Prof. Trilochan Sastry
- Mr. R. P. Singh

Offices

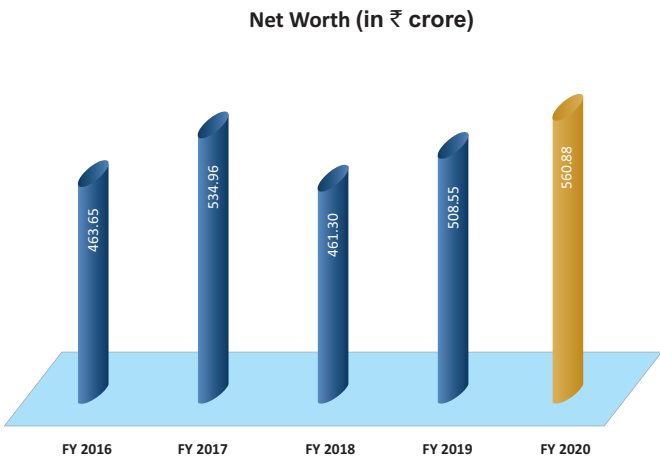
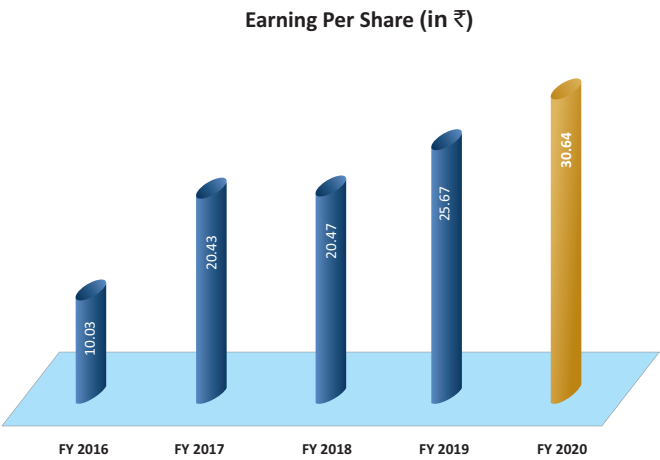
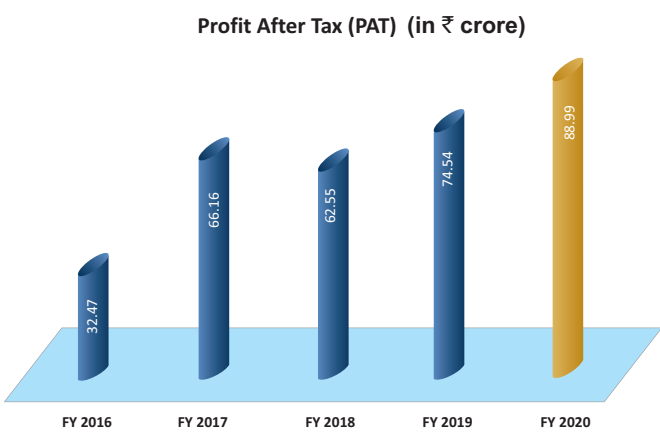
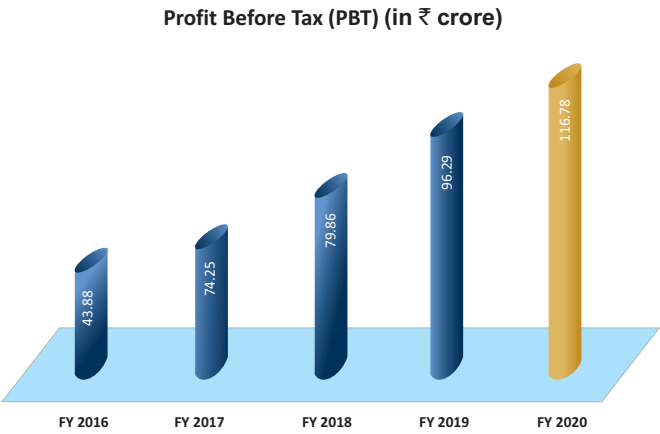
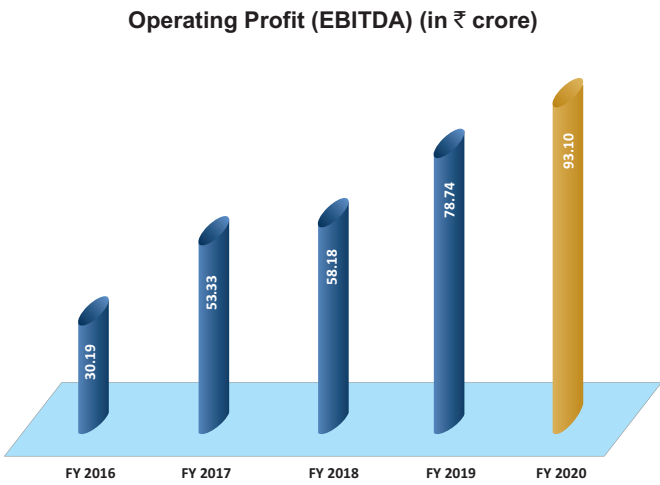
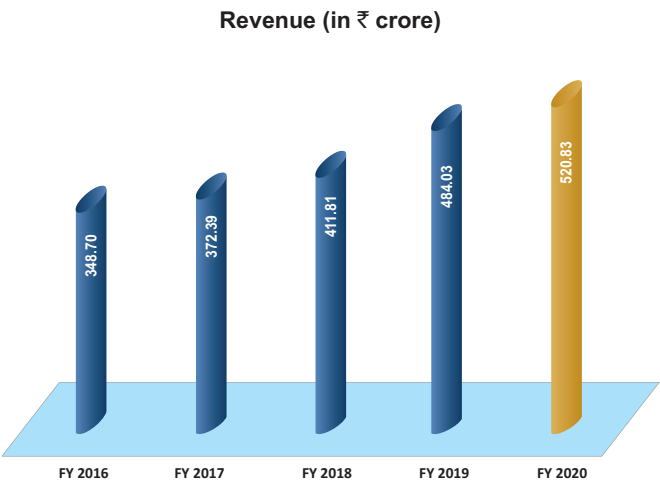
Registered Office

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

Corporate Office

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

Graphical Representation



Years at a Glance

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

Consolidated Performance

For the Year Ended March 31,	2020	2019	2018	2017	2016
Revenue from Operations	520.83	484.03	411.81	372.39	348.70
Operating Profit (EBITDA)	93.10	78.74	58.18	53.33	30.19
Depreciation	13.55	9.93	7.04	11.22	12.22
Other Income (inclusive of foreign exchange gain/loss)	37.23	27.48	28.72	32.14	25.91
Tax expense	27.79	21.75	17.31	8.09	11.41
Profit After Tax (PAT)	88.99	74.54	62.55	66.16	32.47
EBITDA as a % of Revenue from Operations	17.88	16.27	14.13	14.32	8.66
PAT as a % of Revenue from Operations	17.09	15.40	15.19	17.77	9.31
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	21.84	19.86	16.03	14.87	9.73
Return on Average Networth (%)	16.64	15.37	12.56	13.25	7.20

As at March 31,	2020	2019	2018	2017	2016
Share Capital	29.04	29.04	29.04	32.39	32.39
Reserves and Surplus	531.84	479.51	432.26	502.57	431.26
Net Worth	560.88	508.55	461.30	534.96	463.65
Property, Plant and equipment and Other intangible assets	36.03	46.53	45.17	45.11	52.42
Cash & Cash Equivalents including Current Investments	332.19	259.00	214.97	300.36	247.38
Working Capital	256.55	190.73	140.25	256.34	242.43
No. of Shares (Face Value of ₹ 10.00)	29,040,724	29,040,724	29,040,724	32,383,724	32,383,724
Market Capitalisation	521.72	987.09	1,164.10	797.29	626.14
No. of Shareholders	16,236	14,856	14,856	18,951	17,257

Per Share data

Earning Per Share (in ₹)	30.64	25.67	20.47	20.43	10.03
Dividend Per Share (in ₹)	-	9.00	8.00	5.00	5.00
Book Value Per Share (In ₹)	193.14	175.12	158.85	165.19	143.17

Notes:

1. While calculating figures of group, intergroup transactions have been ignored
2. Previous year figures have been regrouped/reclassified wherever necessary
3. The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2017. Consequently the results for the year ended March 31, 2020 have been restated to comply with Ind-AS to make them comparable

Years at a Glance

All figures in USD'000 except per share data

Consolidated Performance

For the Year Ended March 31,	2020	2019	2018	2017	2016
Revenue from Operations	73,751	70,015	63,424	55,135	53,367
Operating Profit (EBITDA)	13,183	11,390	8,960	7,896	4,621
Depreciation	1,919	1,436	1,084	1,661	1,871
Other Income (inclusive of foreign exchange gain/loss)	5,272	3,975	4,423	4,759	3,965
Tax Expense	3,935	3,146	2,666	1,198	1,746
Profit After Tax (PAT)	12,601	10,782	9,633	9,795	4,969
EBITDA as a % of Revenue from Operations	17.88	16.27	14.13	14.32	8.66
PAT as a % of Revenue from Operations	17.09	15.40	15.19	17.77	9.31
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	21.84	19.86	16.03	14.87	9.73
Return on Average Networth (%)	16.64	15.37	12.56	13.25	7.20
US\$ Exchange Rate (In ₹)*	70.62	69.13	64.93	67.54	65.34

As at March 31,	2020	2019	2018	2017	2016
Share Capital	3,838	4,199	4,456	4,995	4,888
Reserves and Surplus	70,284	69,333	66,318	77,498	65,086
Net Worth	74,122	73,532	70,774	82,492	69,974
Property, Plant and equipment and Other intangible assets	4,761	6,728	6,930	6,957	7,911
Cash Equivalents & Current Investments	43,900	37,450	32,981	46,316	37,335
Working Capital	33,904	27,578	21,518	39,528	36,587
No. of Shares (Face Value of ₹ 10.00)	29,040,724	29,040,724	29,040,724	32,383,724	32,383,724
Market Capitalisation	68,947	142,726	178,597	122,943	94,497
US\$ Exchange Rate (In ₹)#	75.67	69.16	65.18	64.85	66.26
Ratios - per share					
Earning Per Share	0.43	0.37	0.32	0.30	0.15
Dividend Per Share	-	0.13	0.12	0.07	0.08
Book Value Per Share	2.73	2.53	2.44	2.55	2.16

Notes:

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

DIRECTORS' REPORT

Directors' Report

Dear Members,

We are pleased to present your Company's Thirty First Annual Report, together with the Audited Statement of Accounts, for the year ended March 31, 2020.

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

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

The consolidated financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act. The accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard, requires a change in the accounting policy hitherto in use. The Management takes into

cognisance all new as well as revised accounting standards on an ongoing basis.

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

a) Consolidated Operations

Revenue from consolidated operations for the year was ₹ 520.83 crore, as compared to ₹ 484.03 crore in the previous year, an increase of 8%. As the Company continued its focus on strategic initiatives for new products, focused sales, market development and hiring of senior experienced personnel to help drive transformation, the overall Operational Expense for the year increased to ₹ 427.73 crore, against ₹ 405.29 crore in the previous year. The Operating Profit (EBITDA) was at ₹ 93.10 crore, 18% of revenue, against ₹ 78.74 crore, 16% of revenue in the previous year. Profit after Tax for the year was at ₹ 88.99 crore, 17% of revenue, against ₹ 74.54 crore, and 15% of revenue in the previous year.

Consolidated financial results are as below:

(₹ In crore)

For the Year Ended March 31,	2020	% of Revenue	2019	% of Revenue	Growth (%)
Revenue from Operations	520.83	100	484.03	100	7.60
Expenses					
a) Employee benefit expense	322.29	61.88	313.53	64.77	2.79
b) Operating and other expenses	104.32	20.03	91.25	18.85	14.32
c) Finance costs (Bank charges)	1.12	0.22	0.51	0.11	119.61
Total Expenses	427.73	82.12	405.29	83.73	5.54
Operating Profit (EBITDA)	93.10	17.88	78.74	16.27	18.24
Depreciation	13.55	2.60	9.93	2.05	36.46
Operating Profit after Interest and Depreciation	79.55	15.27	68.81	14.22	15.61
Other Income	37.23	7.15	27.48	5.68	35.48
Profit Before Tax	116.78	22.42	96.29	19.89	21.28
Taxation	27.79	5.34	21.75	4.49	27.77
Profit After Tax	88.99	17.09	74.54	15.40	19.39
Other Comprehensive Income	(7.47)	(1.43)	0.26	0.05	(2,973.08)
Total Comprehensive Income for the period	81.52	15.65	74.8	15.45	8.98

b) Standalone Operations

Revenue from the standalone operations for the year was ₹ 432.27 crore against ₹ 396.76 crore in the previous year, an increase of 9%. Total Operational Expense for the year was ₹ 363.15 crore against ₹ 336.52 crore in the previous year, an increase of 8%. Operating Profit (EBITDA) for the year was at ₹ 69.12 crore, 16% of revenue, against ₹ 60.24 crore, 15% of revenue, in the previous year. Profit after Tax for the year was at ₹ 96.04 crore, 22% of revenue, against ₹ 75.63 crore, 19% of revenue in the previous year.

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Standalone financial results are as below:

(₹ in crore)

For the Year Ended March 31,	2020	% of Revenue	2019	% of Revenue	Growth (%)
Revenue from Operations	432.27	100	396.76	100	8.95
Expenses					
a) Employee benefit expense	258.00	59.68	246.95	62.24	4.47
b) Operating and other expenses	104.53	24.18	89.27	22.5	17.09
c) Finance costs (Bank charges)	0.62	0.14	0.30	0.08	106.67
Total Expenses	363.15	84.01	336.52	84.82	7.91
Operating Profit (EBITDA)	69.12	15.99	60.24	15.18	14.74
Depreciation	9.87	2.28	7.01	1.77	40.80
Operating Profit after Interest and Depreciation	59.25	13.71	53.23	13.42	11.31
Other Income	62.93	14.56	40.29	10.15	56.19
Profit Before Tax	122.18	28.26	93.52	23.57	30.65
Taxation	26.14	6.05	17.89	4.51	46.12
Profit After Tax	96.04	22.22	75.63	19.06	26.99
Other Comprehensive Income	(8.37)	(1.94)	(0.19)	(0.05)	4,305.26
Total Comprehensive Income for the period	87.67	20.28	75.44	19.01	16.21

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

2. COVID-19 and Your Company

Humanity is facing one of the greatest challenges in the modern history. COVID-19 virus has impacted every nation and every walk of life on this planet. Your Company is also up against this humongous challenge and is committed to protect its people and business.

During these trying times, one always goes back to "Nucleus" values to draw strength. Exercising collaboration and backed by empowerment, some Nucleites formed a team (later called Nucleus Taskforce COVID-19) in late February itself. The Task Force decided to undertake a comprehensive review and study the situation across the globe. It soon surmised that something like a lockdown is imminent and it is just a matter of time that it would be the only way to protect the nation from COVID-19.

The goal of the Task Force was clear – "Ensure Safety of Nucleites and Ensure 100% Business Continuity". Many initiatives were taken up by the team, showcasing an excellent display of empowerment by the management. The execution had to be right – No one knew when and if the lockdown will ever take place. Extraordinary planning, careful considerations, graded approach and extreme agility had to be in place to ensure that the goal is met.

Key initiatives that were taken by the Task Force were:

- Safe Workplace – Ensuring that Nucleus offices across the world are geared up for social distancing and new hygiene requirements.
- Availability of masks, sanitizers and temperature measurement instruments

- Frequent sanitization of office
- Social distancing in cafeteria and meetings
- Closure of Gym and crèche
- Restrictions on domestic and international travel
- Restrictions on visitors and new compliance process
- Compliance with new rules and directions from the government
- 100% Business Continuity – Many innovative approaches, ground up thinking and tireless work went in to make sure that every Nucleite is able to work seamlessly even when the lock down happens.

Key achievements:

- o Upgrade of network connectivity and VPN solution.
- o Online collaboration tools rollout
- When one has to work in the virtual environment for a long time then considerations changes. In line with this, our people initiatives were also rolled out seamlessly in virtual environment, such as New SOP for staying in touch with every Nucleite, especial considerations for unwell associates.
 - o Virtual NucClub (Social Club) and wellness sessions in virtual normal.
 - o Stay, Visa and Travel arrangement for folks who are away from home location.

Any measure without the participation and cooperation of every one of the Nucleites would have proven futile. Taskforce decided to take the route of frequent but actionable advisories to our fellow Nucleites.

Directors' Report

We are glad to report that 100% of your Company's workforce has been working from home after the lockdown was put in place and your Company has been able to meet all the committed deliverables to the customers, earning appreciations by many customers. We are constantly scanning the environment to catch changes and recognize new opportunities early.

Nucleites are aware of their social responsibilities and have contributed significantly to the PM-CARES fund. The long-drawn journey to the lockdown is only half way through – we have a long way to go before we can all feel safe again. The world is never going to be the same again. The Task Force is also now planning the scenario for "Back to office".

Although the situation we are in, is unprecedented and the future is uncertain however, we are gearing ourselves to be agile enough to respond to a fast unfolding situation. The Company's policy to maintain sufficient liquidity and initiatives taken in cost optimization, would help in navigating any challenges ahead.

3. TRANSFER TO RESERVES

In order to augment resources for unforeseen future emergencies, your Directors do not propose to transfer any amount to reserves. Appropriation to retained earnings for the financial year ended March 31, 2020 as per financial statements given below:

(₹ in crore)

Retained Earnings	Closing Balance as on March 31, 2020
Opening balance	427.33
Profit for the period	96.04
Dividend Paid	(26.14)
Corporate Dividend tax	(3.05)
Remeasurement of the defined benefit plans, net	(0.92)
Closing balance	493.26

4. SHARE CAPITAL

Issued and Paid-up Share Capital

The Paid-Up Share Capital of the Company, as on March 31, 2020, is 29,040,724 equity shares of ₹ 10 each, similar to the paid up share capital as on March 31, 2019.

Shares under Compulsory Dematerialization

The shares of the Company are under compulsory dematerialization ("Demat") category and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Of the entire paid up shares, 28,981,021 shares (99.80%) are in dematerialized form as at March 31, 2020. The International Securities Identification Number (ISIN) allotted to the Company's shares is INE096B01018.

5. LISTING

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

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

6. LIQUIDITY AND CASH EQUIVALENTS

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

- Use cash to provide sufficient working capital to manage business operations of the Company to be able to add value to all our stakeholders and continuously enhance the same.
- Maintain sufficient cash as reserves that will aid the Company in capturing meaningful business opportunities, including acquisitions.
- Invest surplus funds in low-risk bank deposits, debt schemes of mutual funds, preference shares and tax-free secured bonds of Public Sector Enterprises.

Cash and cash equivalent along with other bank balance and current investments at a consolidated level of ₹ 332.19 crore, constitute 59% of the shareholders' funds at the year end, against ₹ 259.00 crore, 51% of the shareholders' funds at the close of the previous year. In addition, the Company holds tax-free bonds issued by public sector enterprises at amortised cost of ₹ 87.14 crore against ₹ 87.38 crore in the previous year, long-term fixed maturity plans of mutual funds at amortised cost of ₹ 68.69 crore against ₹ 64.05 crore last year, Preference shares of ₹ 50.50 crore against ₹ 56.94 crore last year, mutual funds at FVTPL (fair value through profit and loss) of ₹ 264.71 crore against ₹ 207.36 crore in the previous year and Investment in equity shares of a listed company (at FVOCI) at ₹ 3.71 crore against ₹ 8.70 crore in the previous year.

7. DIVIDEND

The Board of Directors in their meeting held on 16th March 2020 had recommended payment of interim dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each). However soon thereafter, due to the rapidity of the pandemic's spread of Covid 19, the Company felt it imperative to prepare itself for the significantly changed long term when all resources, human, financial, services, business, infrastructural – needed to be husbanded to ensure that the very likely decline in the volume of business can be weathered till the world returned to its normal rhythm. The Board and Management being of the united belief that Company had to be ready for a difficult future, resolved to save, to ensure a better future.

The difficult times and the uncertain future casts a responsibility over the Company and its Board to be mindful of the emerging impact of all those who are closely invested in the Company,

Directors' Report

even if it means denying one segment of the stakeholders a transitory pecuniary advantage in exchange for a long-term lucrative relationship.

Post ascertaining the position in law and taking into account the need to conserve every rupee in such extraordinary circumstances worldwide, the Board unanimously resolved in its meeting held on March 28, 2020 that revocation of the Interim Dividend for FY 2019-20 as declared at the Board meeting held on March 16, 2020, is in the best long-term interests of all stakeholders of the Company.

The Board of Directors have not recommended any final dividend for FY 2019-20.

8. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

9. DEPOSITS FROM PUBLIC

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

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

12. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR 2020 AND DATE OF THIS REPORT

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

13. CHANGE IN THE NATURE OF BUSINESS

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

14. MANAGEMENT DISCUSSION & ANALYSIS

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

15. REVIEW OF BUSINESS & OUTLOOK

Your Company continues its journey as a preferred partner for banking and financial organizations worldwide, helping them succeed by providing pioneering products, innovative services and above all, solutions for their business needs. Our software presently powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas. Your Company continued investments into Products Development to ensure these remain functionally and technologically advanced to achieve higher acceptance in the market. During the year, your Company won 32 orders including 1 in Japan, 3 in South East Asia, 2 in Middle East, 1 in Australia and 25 in India; which included 22 new customers. We will continue to focus on our key markets, including India, South East Asia, the Middle East and Africa, as well as our growing markets in Australia and Europe.

Nucleus Software- Worldwide Presence



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

Overall, the Indian IT companies had a satisfactory year in terms of financial performance, driven by factors such as digitisation and non-linear growth models. Indian IT firms continue to move up the value chain by providing more end-to-end solutions and engaging more closely with the clients. However, as we turned the corner and moved into FY2020-21, the entire world was facing one of the most unprecedented and unbelievable situations. With the rapidity of the COVID-19 spread, it was clear that the Business Plans required serious reconsideration. We could see the possibility of our customers, who are in the BFSI sector, coming under immense difficulties. Pressures of defaults, cash flow disturbances due to re-scheduling (both customer-requested or government mandated e.g. the moratoriums announced). Pressures of lower demand on retail loans has come due to job losses, salary cuts and the general sentiment. The probability is now high that these developments could push the Financial Institutions into relooking at their investments. Mindsets could change from 'purchasing for growth' to 'purchasing for survival'.

Directors' Report

Due to the adverse impact of COVID-19, the annual growth of the India IT & business services market is expected to grow 6.5 per cent to reach \$14 billion by December 2020, according to a forecast from International Data Corporation (IDC). *(The IT Services market contributed 76.3 per cent of the IT and business services market in second half of 2019 and grew by 8.5 per cent year-over-year during the same period).* The COVID-19 pandemic has resulted in a slowdown in the overall economy, and also in the IT services market, said the report. Although new contracts, as well as contract renewals in IT services, are expected to be affected during the crisis, it is also expected that consulting services, modern collaborative applications, managed security services, network management services and hosting services will represent higher revenue-generating opportunities in the calendar year 2020.

According to a forecast by Gartner, Inc. - Worldwide IT spending is projected to total \$3.4 trillion in 2020, a decline of 8% from 2019. The coronavirus pandemic and effects of the global economic recession are causing CIOs to prioritize spending on technology and services that are deemed "mission-critical" over initiatives aimed at growth or transformation.

Since the rise of FinTech, the world of lending has been abuzz with the power of "digital" – FinTechs positioned themselves as offering "digital only" and "neo-digital" experiences, while traditional lenders focused on adding a digital flavor to their services. Digital trends such as autonomous things, blockchain, digital twins and smart spaces are rapidly approaching maturity. This continuous technology innovation will enable the alignment of the physical and digital worlds and create competitive advantage for some. As we have entered a new decade, one thing is certain: cloud adoption will continue to rise as companies embrace flexible consumption through both hybrid and multi-cloud environments. Clients are welcoming these developments, expecting that their lending experiences will change for the better.

16. NEW PRODUCT LAUNCHES

During the year, we have continued to enhance our solutions to take advantage of market trends, most significant being the increasing digitization of financial services. We have leveraged digital capabilities like Virtual Assistants, messaging applications, augmented channel-based acquisition capability and Geo tracking to offer end to end digitization of the Loan lifecycle.

As part of our 6-monthly plan, we released FinnOne™ Neo 4.0 in May 2019 and FinnOne Neo 4.5 in November 2019. These releases now support Gold Loans, Overdrafts and packaged loan application – single application multiple product category.

We also launched a Geo tracking application for microfinance sourcing channel – mFin and mobile collection channel – mCollect. This application empowers the sales team and field collections team to be efficient in data capturing, planning customer visits and field collections. This channel's capability is fully extended to the core application processing platform FinnOne Neo CAS.

As a part of the ongoing development program this year, we also launched the latest versions of our Transaction Banking solution FinnAxia™ 6.5 and FinnAxia™ 7.0 which introduce a

sophisticated virtual account management (VAM) solution- designed to enable banks to open virtual accounts for their corporate customers. These virtual accounts can replace real current accounts and instantly route payments and collections to a linked 'master' current account. Reducing the number of physical accounts helps streamline the corporate accounts receivable process, ensuring faster payee identification, error-free reconciliation, reduced days sales outstanding (DSO) and improved working capital management. With FinnAxia VAM, corporate banks can tap into new markets while also putting more power in their customers' hands with a range of intuitive self-service solutions. They can centralize cash operations for their corporate customers thereby providing real-time visibility and better control of liquidity positions along with enhanced forecasting capabilities for faster and more informed decision making.

FinnAxia VAM enables banks to provide an enhanced customer experience, reduce their operational costs through high STP rates combined with low IT expenses, and also improve their compliance to regulations such as BASEL III.

During the year PaySe, world's first offline digital cash solution got selected by RBI to participate in RBI Sandbox on retail payments. The regulator is also appreciating the power of offline payments and digital transformation solution for the last mile. The solution introduced an enhanced version of PaySe device which can reduce dependency of NFC enabled smartphones, thus offering a low-cost NFC solution for end customers.

PaySe is also gaining traction in a number of State/Central Government digital payment initiatives.

17. NOTABLE ACCOLADES RECEIVED DURING THE YEAR

- FinnOne Neo has been recognized as the **"#1 Leader in the Lending Solutions Category in the Indian Domestic Sales League Table 2019"** and recognized as **"#2 Leader in the Lending Solutions Category in the Global Sales League Table 2019"** by IBS Intelligence.
- FinnOne Neo also won the **"Best Lending Implementation"** award for the project at Roha Housing Finance in the IBS Intelligence FinTech Innovation Awards 2019". Powered by our solution, RattanIndia Finance wins the Celent Model Bank Award 2020 for Retail Lending powered by FinnOne Neo.
- Annual Report FY18-19 won the **Platinum Award for excellence within the Industry** - Technology-Software and a ranking of # 21 amongst the top 100 Annual Reports worldwide by League of American Communications Professionals LLC (LACP).
- Your Company received an award in **Mid Corporate Segment-for Excellence in IT & IT Enabled Services**, at SME Business Excellence Awards, 2019, organized by Dun & Bradstreet Information Services India Pvt. Ltd (D&B).

18. SUBSIDIARY COMPANIES

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

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The following table provides a list of all these subsidiaries as on March 31, 2020:

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

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

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

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

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

a) Nucleus Software Solutions Pte. Ltd.

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

b) Nucleus Software Inc.

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

c) Nucleus Software Japan Kabushiki Kaisha

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

d) VirStra i- Technology Services Ltd.

VirStra i- Technology Services Ltd. is based in Pune, India. It

was incorporated in 2004 to provide software development services, targeted at the Japanese market.

e) Nucleus Software Netherlands BV

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

f) Nucleus Software Ltd.

Nucleus Software Ltd. (NSL) has operations in Jaipur with registered office in New Delhi. It was incorporated in 2008 for facilitating delivery to larger clients through operations in a Special Economic Zone. NSL acquired 17.41 acre of land in the Mahindra World Special Economic Zone, Jaipur and has co-developed a 250-seater facility.

g) Nucleus Software Australia Pty. Ltd.

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

h) Nucleus Software South Africa Pty. Ltd.

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

i) Avon Mobility Solutions Pvt. Ltd.

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

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

Directors' Report

19. MERGER OF WHOLLY OWNED SUBSIDIARIES

The Board of Directors in FY 2018-19, approved a scheme of amalgamation pursuant to Sections 230 to 232 read with Section 234 and other relevant provisions of the Companies Act, 2013, providing for the merger of its wholly owned subsidiaries, Virstra I Technology Services Ltd., and Avon Mobility Solutions Pvt. Ltd., with Nucleus Software Exports Ltd. During the year, the petition was filed with National Company Law Tribunal (NCLT) for approval of the scheme of amalgamation and necessary approvals were taken from the shareholders at the NCLT-convened Shareholders meeting held on July 8, 2019. The petition for merger has since been approved by the NCLT on 18 March 2020. As on date of the report, the Company is awaiting for certified copy of this order along with the approved scheme of merger from the NCLT.

20. INFRASTRUCTURE

Your Company, along with its subsidiaries, has offices at several locations across the globe. The office space and seating capacity of these offices as on March 31, 2020 is detailed below:

Office Location	Area in sq. ft.	Seating Capacity
		- No. of Persons
India		
Noida	208,122	1,677
Jaipur	22,312	250
Pune	9,573	114
Chennai	12,286	134
New Delhi	4,200	40
Mumbai	3,250	31
Overseas		
Singapore	4,807	61
Dubai, UAE	1,290	17
Tokyo, Japan	735	15
Manila, Philippines	102	3
Jakarta, Indonesia	97	3
London, UK	226	2
Sydney, Australia	130	2
New Jersey, USA	146	4
	267,276	2,353

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

21. QUALITY PROCESSES

Your Company is committed to ensure the highest level of quality for its products and services. The key focus for this year was to standardize and quantify the quality processes with the transformational journey of the organisation. Process improvement initiatives were centred on 'Process Optimization'. The FinnEdge implementation methodology emerged as standard implementation methodology for New Products. Extension to FinnEdge i.e. Rapid was implemented in projects and has helped the implementation of solution in quick time

for Greenfield customers. Processes were improved basis the feedback from various CFTs in the organisation.

To improve and measure Product Quality, a project control framework was introduced and piloted in projects and IDMS (Integrated Defect Management System) was rolled out and continuously improved with inclusion of different types of analysis. Teams were enabled with Root Cause Analysis to improve quality and customer satisfaction.

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

22. BRAND VISIBILITY

In FY 2020, your Company continued to grow its marketing operations and activities in support of its strategic aspirations.

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

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

Industry Interactions

During the year, your Company participated in number of leading Industry fora globally in order to showcase our expertise and product offerings. Such key fora include:

Digital Presence and Visibility

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

Communicating the business benefits that our solutions offer and the benefits of our decades of focus is vitally important. We do this in a number of ways. For example, during the year, our teams travelled worldwide to demonstrate our expertise and product offerings at industry events, roundtables and briefings. We showcased our capabilities in many countries including Australia, India, Indonesia, Nigeria, Singapore, the Philippines, the USA and the United Kingdom. Such key forums include the following:

- We continued our focused campaigns in Australia, speaking at events including the Australian Banking Innovation

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Summit 2019 and the Australian Mortgage Innovation Summit 2020.

- In the United States of America, our experts participated in the Digital Banking Summit in Texas and demonstrated how our transaction banking product suite enables leading banks worldwide to swiftly address their corporate customers' ever-changing requirements.
- We continued to share our transaction banking expertise including our views on the increasing importance of Hyper Agility, at Sibos 2019 in London.
- In South East Asia, we demonstrated insights on how we help leading organizations drive innovation at the 2019 Vietnam Retail Banking Forum. We addressed the Mortgage Loans Innovation Conference in Singapore on "Transforming Lending for Tomorrow – Going Beyond Digital."
- In Africa, we hosted a round table for financial institutions on 'The Road Ahead for Corporate Lending' in Lagos.
- At the Middle East Banking Summit 2019, we presented our insights on 'Getting Ready for Hyper Banking – The Time is Now'.
- In India, we have run a number of exclusive roundtables for banks and NBFCs, including roundtables focused on Co-origination in Lending and on leveraging cloud to 'Profit from digital in lending'. We demonstrated our advanced technologies at the Technology Senate Bangla Conference in Kolkata, and showcased how FinnOne Neo is helping NBFCs drive innovation in lending at the 7th NBFC100 Tech Summit in Chennai. Also, in Chennai we were proud to be the technology partner at the 8th Microfinance & NBFCs Exhibition and Conference (MiNE 2019).

Though face to face events are an important way for us to share how we help banks and other financial institutions, these are not the only way we communicate our capabilities. We share our expertise via blogs, whitepapers and articles in leading publications worldwide. In addition, we also regularly interact with industry analysts and consultants.

23. HUMAN RESOURCE MANAGEMENT

Your Company is determined to accelerate its growth story by corresponding to the changing needs of diverse workgroups by fostering an engaging work environment, to constantly build the unique capabilities and skills of the people. The global employee strength of the Company at the end of FY 2020, was 2,134.

During the year, there were many new launches and continuation of monitoring the effectiveness of organization-wide initiatives to ensure high-performing and engaged workforce, like:

1. Delivering Business Excellence – Frequent connect sessions with associates largely targeting the high potentials
 - a. Gathering insights about the workplace, culture & opportunities offered & sharing them with the business heads for preventive action

- b. Acting as strategic business partner by regularly sharing HR metrics in the form of dashboard and meeting for actions on a monthly and quarterly basis
 - c. Launch & closure of Trust Survey
 - d. Closure of actions of last year Trust Survey
 - e. Gearing up for making it "One of the Great Places to Work for"
 - f. Launch of Business HR (BUHR) group connect
2. Employee Assist – Conceptualize & execute suitable interventions to keep associates motivated with a key objective of "Enhancing Employee Experience"
 - a. Revamping referral program to attract talent from the industry
 - b. Aligning the annual performance management process (NucEDGE19) to the industry standards
 - c. Day care in Nucleus Software premises & discussion on extension of the same
 - d. Coffee sessions with Senior Leadership
 - e. Launch of Skillsoft's e-learning modules organization wide, as a platform to improve technology skills and soft skills
 - f. Redesigned Manager's meet to help them to overcome the bottlenecks of people related issues/concerns
 - g. Focus on leadership development via:
 - i. Leadership Engagement Action & Development (LEAD) and Young Leaders' Program (YLP) programs-
 - LEAD and YLP PROGRAMS have been one of the most significant learning initiatives across the organization. They contributed immensely towards building the organizational culture, individual effectiveness and leadership competencies.
 - ii. E- Learning initiatives: iLearn and Percipio are the e-learning platforms launched in Nucleus
 - **iLearn courses** are in the areas of technology and soft skills. Access has been given to all the employees in the organization. The objective of iLearn is to give learning in the hands of employees, to do any course at their own pace and time. The main objective is to enhance learning culture in the organization.
 - **Percipio Courses** are specialized leadership development programs powered by MIT Sloan Management Review. This platform provides various topics ranging from Leading Organizational Vision and Leading a culture of execution to thinking strategically, this

Directors' Report

module provides content from top minds of the business and leadership community in a variety of formats to support leaders at all levels, including senior leaders

- iii. IIM/MDI residential programs
- iv. Launch of *Aarohan*
 - This is a new initiative aimed at grooming leaders from within and catching them early. The journey includes self-initiated multidimensional learning, coaching/mentoring by experts, opportunities to be part of prestigious projects, mentor-guided reading and e-learning, to name a few
- v. RC 2 – Continuation of batches
- h. MIT online design thinking and system architecture programs
- i. CYMORG, a business simulation tool for top leaders to hone their decision-making skills
 - nanobytes launched organization wide: gamified short learning capsules focusing on specific competencies for individuals and teams
 - initiatives towards values understanding

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

24. CORPORATE GOVERNANCE

We, at Nucleus, believe that good and effective Corporate Governance is critical to achieve corporate vision and mission of the organization; it is more of an organizational culture than a mere adherence to rules and regulations. Corporate Governance is about maximising stakeholders' value legally, ethically and sustainably. Law alone cannot bring changes and transformation, and voluntary compliance both in form and in substance plays an important role in developing good Corporate Governance.

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

The required disclosures of Schedule V part II are mentioned in "Corporate Governance Report" and forms part of the Annual Report.

Your Company is in compliance of all mandatory requirements of Corporate Governance as stipulated as per Securities and Exchange Board of India (Listing Obligations and Disclosure)

Regulations 2015. Compliance status is provided in the Corporate Governance section of the Annual Report. A certificate issued by the Statutory Auditors of the Company under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015, confirming compliance of the conditions of Corporate Governance, is provided as Annexure C to this Directors' Report. The auditors' certificate for fiscal year 2020 does not contain any qualifications, reservations or adverse remark.

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

25. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In accordance with the provisions of the Companies Act 2013 and the Articles of Association of the Company, Mr. Vishnu R Dusad. Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

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

Dr. Ritika Dusad is a Non-Executive, Non-Independent Director of the Company, appointed w.e.f June 15, 2017 and is liable to retire by rotation.

Mr. Prithvi Haldea and Prof. Trilochan Sastry were reappointed as Independent Directors w.e.f. July 26, 2019 for a term of 5 years which will expire July 25, 2024.

Mrs. Elaine Mathias was reappointed as an Independent Director w.e.f. September 20, 2019 for a term of 5 years which will expire September 19, 2024.

The Board of Directors at their meeting held on March 16, 2020 at the recommendation of Nomination and Remuneration/ Compensation Committee, appointed Mr. Parag Bhise as Additional Executive Director for a term of five years, subject to approval of shareholders in the forthcoming Annual General meeting.

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

Mr. Ravi Pratap Singh was reappointed as Whole Time Director w.e.f. July 26, 2019 for a period of 5 years. His present term expires on July 25, 2024.

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

Directors' Report

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

In accordance with the provisions of Companies Act 2013 and the Article of Association of the Company, Mr. Vishnu R Dusad, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

26. BOARD EVALUATION

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

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

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

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

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

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

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

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

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

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

28. DECLARATION BY INDEPENDENT DIRECTORS

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

29. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTOR'S

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

30. MEETINGS OF THE BOARD OF DIRECTORS

The Board met 7 times during the year. The details are provided in the Report on Corporate Governance, a part of the Annual Report.

31. COMMITTEES OF THE BOARD

There are five Committees of the Board as on March 31, 2020, as follows:

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

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

Directors' Report

The Composition of Board Committees as on March 31, 2020 is as follows:

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

32. VIGIL MECHANISM

The Company has a well-established whistle blower policy as part of vigil mechanism for observing the conduct of Directors and employees and report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of Director(s)/ employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in case of feel of dissatisfaction from the decision of the Ombudsman appointed as per Whistle blower Policy.

33. SIGNIFICANT AND MATERIAL ORDERS

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

34. REPORTING OF FRAUDS BY AUDITORS

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

35. RISK MANAGEMENT POLICY

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

36. ADDITIONAL INFORMATION TO SHAREHOLDERS

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

37. AUDITORS

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act 2013 and the rules framed thereafter, M/s BSR & Associates LLP, Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the Annual General Meeting (AGM) of the Company held on July 8, 2016 until the conclusion of Annual General Meeting of the Company to be held in Calendar year 2021. The requirement to place the

matter relating to appointment of the statutory auditors for ratification by the Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM.

Secretarial Auditor

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

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

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

38. INTERNAL FINANCIAL CONTROLS

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

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

39. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Directors' Report

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

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

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

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

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

The Foundation was able to reach over 2,800 students across 63 schools in Noida, Greater Noida, Vikasnagar block of Dehradun in Uttarakhand and Shahbad block of Kurukshetra in Haryana.

The program was run in an intensive mode, with facilitators from the implementing partners daily implementing the program at schools of Noida, Greater Noida and Vikasnagar area of Dehradun. The training was provided to 52 government school teachers of Noida and Shahbad area and 25 facilitators of NGO partners. Many of these school teachers have started running these programs on their own at their schools.

The program at Shahbad Block of Kurukshetra which was started this year was unique, as this was a purely teacher led program. The NSF English remedial program was also aligned to the Educational transformation program of Haryana called Saksham.

The teachers themselves are now implementing the program at their schools and the foundation is supplying them the learning material. The Foundation also maintains an online forum to coordinate the activities at these schools and also visits them to monitor and assist in the progress of the program.

Besides government schools, the Foundation worked extensively with an NGO learning centre in Ghaziabad where sponsorship was provided to their human resource, rental cost and also helped them in designing an effective learning

program. The students of NGO use NSF Hybrid Learning Program quite extensively. The sports day and some other recreational activities were also conducted during the year for them. During the difficult times of COVID 19, the Foundation gave donation to Prime Minister Care Fund and also provided other assistance and relief for combating, against the coronavirus outbreak. There were many other CSR initiatives undertaken by the Foundation during the year.

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

40. EMPLOYEE STOCK OPTION PLAN (ESOP)

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

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

Particulars		2015 Plan
a)	Total number of options under the Plan	5,00,000
(b)	Pricing formula	100% of the Fair Market Price as on date of grant
(c)	Options granted during the year	—
(d)	Options vested as of March 31, 2020	—
(e) (i)	Options exercised during the year	—
(ii)	Total number of shares arising as a result of exercise of above options during the year	—
(f)	Options forfeited during the year	—
(g)	Option lapsed during the year	—
(h)	Variation of terms of options during the year	—
(i)	Amount realized by exercise of options during the year	—
(j)	Total number of options in force as on March 31, 2020	—

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

41. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment

Directors' Report

and Remuneration of Managerial Personnel) Rules, 2014 are provided in the prescribed format and annexed as Annexure H to this Directors' Report.

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

42. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by the management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019-20.

43. EXTRACT OF ANNUAL RETURN

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

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as

stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is provided as Annexure J to this Directors' Report.

45. COST RECORDS AND COST AUDIT

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

46. DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon, and the integrated Management Discussion and Analysis including the Business Responsibility Report are attached, which forms part of this report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

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

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

48. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Sd/-

S M Acharya
Chairman

Place: Bangalore
Date: June 12, 2020

Directors' Report

ANNEXURES TO THE DIRECTORS' REPORT

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

Annexure A

FORM - AOC – 2

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

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

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

There were no contracts or arrangements entered by the Company during FY 2019-20 which were not at arm's length.

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

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

- (a) Name(s) of the related party and nature of relationship: N.A
- (b) Nature of contracts/arrangements/transactions: N.A
- (c) Duration of the contracts/arrangements/transactions: N.A
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A
- (e) Date(s) of approval by the Board, if any: N.A
- (f) Amount paid as advances, if any: N.A

For and on behalf of the Board of Directors

Place: Bangalore
Date: 12 June 2020

Sd/
S M Acharya
Chairman

Annexure B

FORM AOC -1

Statement containing salient features of the financial Statement containing salient features of the financial statement of subsidiaries

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

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

Directors' Report

Annexure C

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

To the members of Nucleus Software Exports Limited

Independent Auditor's Report on Corporate Governance

1. This report is issued in accordance with our engagement letter dated 17 May 2020.
2. We have examined the compliance of conditions of Corporate Governance by Nucleus Software Exports Limited ('the Company') for the year ended 31 March 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations'), pursuant to the Listing Agreement of the Company with the Stock Exchanges.

Management's Responsibility

3. The compliance with conditions of Corporate Governance, as stipulated in the SEBI Listing Regulations, is the responsibility of Management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the said conditions.

Auditor's responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance, as stipulated in the SEBI Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to requirements of the SEBI Listing Regulations, it is our responsibility to report whether the Company has complied with the conditions of Corporate Governance, as stipulated in the SEBI Listing Regulations, in respect of the year ended 31 March 2020.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us and the representations provided by the Management, we report that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations in respect of the year ended 31 March 2020.
9. We state that our report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which Management has conducted the affairs of the Company.

Restriction on Use

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

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration NO.: 116231W/ W-100024

Sd/-

Ashwin Bakshi

Partner

Place: New Delhi
Date: June 12, 2020

Membership No.: 506777
ICAI UDIN: 20506777AAAABG2746

POLICY FOR SELECTION OF DIRECTORS

A. OBJECTIVE

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

B. DEFINITIONS

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

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

C. RESPONSIBILITY FOR SELECTION

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

D. PROCEDURE FOR NOMINATION, SELECTION AND APPOINTMENT OF DIRECTORS

1. Board Initiation

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

2. Selection Procedure

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

- a. The Chairman of the Committee, in consultation with its members, shall prepare the candidate profile.
- b. The Board members may suggest some potential candidates. The Chairman of the Committee may seek external professional advice for developing a list of potential candidates for Directorship.
- c. Profiles of the shortlisted potential candidates shall then be examined by the Committee. The Committee, while evaluating the potential candidates, shall consider a variety of personal attributes, including experience, intellect, foresight, judgment and transparency and match these with the requirements set out by the Board. While screening the potential candidates, the Committee shall necessarily consider the following:
 - (i) Qualifications, skills and experience
 - (ii) Potential contribution of the candidate to the Board /Company
 - (iii) Time commitment that the candidate can provide
 - (iv) Independence of the candidate in case he/she is being appointed as an Independent Director.
- d. After review and interviews, the Committee shall recommend a candidate/s to the Board for its approval
- e. The Board shall discuss the Committee's proposal and either approve the same or request it to find some more candidates.
- f. Before final appointment, the final shortlisted candidates may also be requested to come for a meeting with the Board members.
- g. The proposed candidate shall also be required to fulfill the requirements as may be prescribed under the Act, Listing Agreement and other relevant laws.
- h. The selected candidate shall then be appointed as an Additional Director, subject to ratification by the shareholders.
- i. A formal appointment letter shall be issued by the Company to each new Director, which shall set out the key terms of appointment.

E. TERM/TENURE OF A DIRECTOR

1. Managing Director/Whole-Time Director

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

2. Independent Director

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

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

3. Retirement

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

F. Policy Review

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

For and on the behalf of Board of Directors

Place : Bangalore
Date: June 12, 2020

Sd/-
S M Acharya
Chairman

REMUNERATION POLICY FOR BOARD MEMBERS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

A. OBJECTIVE

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

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

B. DEFINITIONS

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

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

C. REMUNERATION to EXECUTIVE DIRECTORS

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

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

D. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTORS

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

1. Commission-based payment

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

2. Sitting Fees

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

3. Employee Stock Option(ESOP)

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

4. Pension

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

5. Reimbursement of expenses

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

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

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

The Remuneration shall consist of the following components:

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

F. Policy Review

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

For and on behalf of the Board of Directors

Place: Bangalore
Date: June 12, 2020

Sd/
S M Acharya
Chairman

MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,

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

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

We report that-

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- g) Some of the books and papers were verified through online means due to the prevailing lockdown (COVID-19) and due efforts have been made by the Company to make available all the relevant documents & records and by the Auditors to conduct and complete the audit in aforesaid lockdown conditions. Some of the books and papers (including attendance registers of meetings which are not made available) will be verified physically after the lockdown.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) *The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

- (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; (SEBI Listing Regulations)

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

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India which has been generally complied with, however, attendance registers of Board and Committee meetings for part of the year are not made available for verification due to lockdown in COVID 19.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, to the extent applicable, as mentioned above except a delay in intimation to the stock exchange about not being a large corporate as per BSE Circular no. LIST/COMP/05/2019-20 dated April 11, 2019.

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

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

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

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

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

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

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

We further report that during the audit period the scheme of Amalgamation of the Company with its wholly owned subsidiaries namely Virstra-i Technology Services Limited and Avon Mobility Solutions Private Limited has been approved by Hon'ble NCLT, Delhi Bench.

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

Sd/-
Devesh Kumar Vasisht
Partner
CP No.: 13700
M No.: F8488
UDIN: F008488B000336805

Place : New Delhi
Date : June 12, 2020

ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

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

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

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

Education –

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

Health & Medical Care –

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

Community at large –

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

Environment

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

Focus areas:

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

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

During the year, the foundation was able to reach over 2800 students across 63 schools in Noida, Greater Noida, Vikasnagar block of Dehradun in Uttarakhand and Shahbad block of Kurukshetra in Haryana. The program was run in an intensive mode, with facilitators from our implementing partners daily implementing our program at schools of Noida, Greater Noida and Vikasnagar area of Dehradun.

Around 52 government school teachers of Noida and Shahbad area and 25 facilitators of the NGO partners were also trained. Many of these government school teachers have started running these programs on their own at their schools. The program at Shahbad Block of Kurukshetra which has been started this year, was unique in the sense, as this was a purely teacher led program. The foundation also aligned NSF English remedial program to the Educational transformation program of Haryana called Saksham.

The teachers themselves are now implementing the program at their schools and we have supplied them the learning material and conducted trainings for them. We also maintain an online forum to coordinate the activities and visit these schools to monitor and assist in the progress of the program.

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

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

1. School fee sponsorship and tuition assistance for the underprivileged kids as below:
 - Eighteen of these kids were from the nine families of Martyrs of CRPF force.
 - Nine of these kids were from the families of support staff working with the Company.
 - Sponsorship of fee for a final year student at IIT Roorkee .
 - Tuition fees for Board exams of nine kids were from Vikasnagar, Dehradun where we work at the government schools.
 - Six kids who were enrolled with Samriddhi Learning Centre, a private school for their onward studies through our assistance.
2. Support to various organisations for the educational needs of kids in tribal areas, rural areas and kids with special needs as below:
 - Educational needs of hearing impaired kids by supporting our NGO partner Suniye who runs a school for them.
 - Educational needs of tribal kids of Dewas and Sehore region in Madhya Pradesh, by supporting our partner NGO Parivaar who run educational centres for them.
 - Educational needs of the tribal kids of Melghat region in border area of MP and Maharashtra by supporting NGO Mahan Trust who run educational program for them.
 - Educational needs of government school kids in some villages close to Chennai with the support of volunteers from the Chennai team of Nucleus.
3. Support to Eklavya Foundation Bhopal to develop a Nucleus Software Foundation resource centre, which has been instrumental in quality improvement of Educational programs through trainings of teachers of Government schools and NGO schools.
4. Other humanitarian programs like flood relief, livelihood trainings, assistance in surgery etc. as below:
 - Support to a CRPF employee in surgical intervention and implant for his 6 year old hearing impaired daughter
 - Support to flood victims of Assam region by arranging rehabilitation needs through our NGO partner Jubayer Masud Educational Trust in Assam.
 - Skill Development and livelihood support - Provided tailoring training to the underprivileged women in Chennai through our NGO Partner Sevai Karangal.
 - Donation to Prime Minister Care Fund and other assistance for COVID 19, for combating against the coronavirus outbreak.

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

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

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

Particulars	Amount in ₹ crore
a. Average net profits of the Company for the last three financial years	69.29
b. Prescribed CSR expenditure (2% of average net profits as above)	1.39
Details of CSR expenditure during the financial year (FY 19-20)	
c. Amount contributed to Nucleus Software Foundation by the Company	1.45
d. Amount spent by Nucleus Software Foundation	1.70*
e. Amount unspent for financial year (FY 19-20) (b-c)	NA

* The excess amount as spent by Nucleus Software Foundation in FY 2019-20 , has been taken from the unspent amount of CSR expenditure of previous years.

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

CSR project or activity	Sector in which the project is covered	Location of the Projects / programs	Amount outlay (budget) (In ₹ crore)	Amount spent on the projects or programs (In ₹ crore)	Cumulative expenditure upto the reporting period (in ₹ crore)	Amount spent: Direct or through implementing agency
i. Expenditure on Project /Programme						
Enabling Quality Education	Promoting education	Delhi and surrounding areas in Noida (UP)	0.65	0.65	0.65	Through Nucleus Software Foundation
	Promoting education	Delhi and surrounding areas in Noida (UP)	0.20	0.20	0.20	Implementation through support partner Foster and forge foundation partner
Educational assistance	Promoting education	IT Roorkee Uttar Pradesh/ Dehradun/ Chennai /Other states	0.01 0.70	0.01 0.70	0.01 0.70	Through Nucleus Software Foundation
COVID 19/ Contribution to PM Care Fund	Healthcare		0.05	0.05	0.05	Through Nucleus Software Foundation
Contribution for Assam Floods / Other CSR activities	Healthcare education	Assam and other states	0.05	0.05	0.05	Through Nucleus Software Foundation
Administration expenses	Overheads	NA	0.04	0.04	0.04	Through Nucleus Software Foundation
Total			1.70	1.70	1.70	

Responsibility statement of the CSR committee

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

Sd/-
Vishnu R Dusad
(Managing Director)

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

Noida
June 12, 2020

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

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

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

Independent Directors	Ratio to median remuneration (FY20)
Mr. S M Acharya	4.18
Mr. Prithvi Haldea	4.42
Mrs. Elaine Mathias	4.36
Prof. Trilochan Sastry	4.42
Dr. Ritika Dusad	3.37
Executive Directors	Ratio to median remuneration (FY20)
Mr. Vishnu R. Dusad	8.78
Mr. Ravi Pratap Singh	42.23

B. The percentage increase in remuneration of each Director, CFO & Company Secretary

Name	Title	Remuneration in fiscal 2020 (in ₹)	Remuneration in fiscal 2019 (in ₹)	No. of stock options/ RSUs granted in fiscal 2020	% increase of remuneration in 2020 as compared to 2019	Excl. WTD	Incl. WTD	Ratio of remuneration to	
						Ratio of remuneration to MRE	Ratio of remuneration to MRE and WTD	Revenues (fiscal 2020)	Net Profit (fiscal 2019)
Mr. Vishnu R. Dusad	Managing Director	5,998,522	6,234,406	Nil	(3.78)	8.80	8.78	0.14	0.62
Mr. Ravi Pratap Singh	CEO & Executive Director	28,866,980	25,874,191	Nil	11.57	42.34	42.23	0.67	3.01
Mr. Ashish Nanda	Chief Financial Officer	15,049,220	13,043,323	Nil	15.38	22.07	22.02	0.35	1.57
Ms. Poonam Bhasin	Company Secretary	4,452,943	3,765,719	Nil	18.25	6.53	6.51	0.10	0.46

Note: Mr. Parag Bhise was appointed as Additional Executive Director w.e.f. 16 March 2020. Therefore Percentage increase in remuneration is not calculated for him.

RSU - Restricted Stock Units

WTD - Whole-time Director

MRE - Median Remuneration of Employees

Remuneration paid to Independent Director

(Amount in ₹)

Name of the Director	Remuneration in fiscal 2020	Remuneration in fiscal 2019	Number of Stock Options/ RSU's granted in fiscal 2020	% increase of remuneration (2020 over 2019)
Mr. S M Acharya	2,860,000	2,136,667	Nil	34%
Mr. Prithvi Haldea	3,020,000	2,296,667	Nil	31%
Mrs. Elaine Mathias	2,980,000	2,216,667	Nil	34%
Prof. Trilochan Sastry	3,020,000	2,136,667	Nil	41%
Dr. Ritika Dusad	2,300,000	1,496,666	Nil	54%

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

The Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹ 6,81,867 and ₹ 6,33,436 in fiscal 2020 and fiscal 2019 respectively. The increase in MRE (excluding WTDs) in fiscal 2020, as compared to fiscal 2019 is 7.65%

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 6,83,496 and ₹ 6,35,775 in fiscal 2020 and fiscal 2019 respectively. The increase in MRE (including WTDs) in fiscal 2020, as compared to fiscal 2019 is 7.51%

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

The number of permanent employees on the rolls of the Company as of March 31, 2020 and March 31, 2019 was 2,134 and 1,877 respectively.

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

Due to COVID 19, the management has decided not to give any increase in salaries of Managerial Personnel during current year.

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

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

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

For and on behalf of the Board of Directors

Place: Bangalore
Date: June 12, 2020

Sd/
S M Acharya
Chairman

EXTRACT OF ANNUAL RETURN FORM - MGT 9As on the financial year ended on 31st March 2020*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

(i) CIN	L74899DL1989PLC034594
(ii) Registration Date	January 9, 1989
(iii) Name of the Company	Nucleus Software Exports Limited
(iv) Category / Sub-Category of the Company	Category - Public Limited Company / Company Limited by SharesSub-Category – Indian Non-Government Company
(v) Address of the Registered office and contact details	33- 35, Thyagraj Market, New Delhi – 110003 Tel :- 011 – 24627552
(vi) Whether listed company Yes / No	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Pvt. Ltd. Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-23420815-18 Fax: 040-23420814 mailmanager@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of theAs per Annexure I 1
company shall be stated

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES As per Annexure I 2**IV. SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding	As per Annexure I 3
ii) Shareholding of Promoters	As per Annexure I 4
iii) Change in Promoters' Shareholding	As per Annexure I 5
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Annexure I 6
v) Shareholding of Directors and Key Managerial Personnel	As per Annexure I 7

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Annexure I 8
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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i) Remuneration to Managing Director, Whole-time Directors and/or Manager:	As per Annexure I 9
ii) Remuneration to other Directors	As per Annexure I 10
iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD	As per Annexure I 11

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES As per Annexure I 12**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

Annexure I 2

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Nucleus Software Limited 33-35, Thyagraj Market, New Delhi – 110003	U74120DL2008PLC176975	Subsidiary	100%	2(87) (ii)
2	Virstra i-Technology Services Limited 33-35, Thyagraj Market, New Delhi – 110003	U72200DL2004PLC126213	Subsidiary	100%	2(87) (ii)
3	Nucleus Software Solutions Pte. Ltd. 300, Tampines Avenue-5 # 04-06, Tampines Junction, Singapore-529653	N. A	Subsidiary	100%	2(87) (ii)
4	Nucleus Software Japan Kabushiki Kaisha Mitsubishi Building 11F, 5-2 Marunouchi, 2 Chome Chiyoda Ku Tokyo 100-0005 Japan	N. A	Subsidiary	100%	2(87) (ii)
5	Nucleus Software Inc. 505, Thornall State, Suite 401, Edison, NJ 08837 USA	N. A	Subsidiary	100%	2(87) (ii)
6	Nucleus Software Netherlands B.V. Cuserstraat 93, Floor 2 and 3, Amsterdam, 1081 CN. Netherlands	N. A	Subsidiary	100%	2(87) (ii)
7	Nucleus Software Australia Pty. Ltd. Suite 4, 96-98 Wigram Street Harris Park, NSW 2150, Australia	N. A	Subsidiary	100%	2(87) (ii)
8	Nucleus Software South Africa (Pty) Ltd. 1st Floor, Longpoint Office Park Cnr Montecasino Blvd & Witkoppen Rd Fourways Johannesburg, 2191, South Africa	N. A	Subsidiary	100%	2(87) (ii)
9	Avon Mobility Solutions Pvt. Ltd. 33-35, Thyagraj Market, New Delhi – 110003	U72900TN2007PTC063505	Subsidiary	100%	2(87) (ii)

IV SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	2,467,026	-	2,467,026	8.50	2,467,026	-	2,467,026	8.50	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	17,160,840	-	17,160,840	59.09	17,160,840	-	17,160,840	59.09	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	19,627,866	-	19,627,876	67.59	19,627,866	-	19,627,866	67.59	-
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	19,627,866	-	19,627,876	67.59	19,627,866	-	19,627,866	67.59	-
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	369,241	-	369,241	1.27	455,302	-	455,302	1.57	0.30
(b)	Financial Institutions /Banks	184,024	-	184,024	0.63	192,154	-	192,154	0.66	0.03
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	2,217,285	-	2,217,285	7.64	1,979,643	-	1,979,643	6.82	(0.82)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	0	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	2,770,550	-	2,770,550	9.54	2,627,099	-	2,627,099	9.05	(0.49)

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	587,028	1,000	588,028	2.02	580,428	1,000	581,428	2.00	(0.02)
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	3,710,644	65,119	3,775,763	13.00	3,708,248	58,703	3,766,951	12.97	-0.03
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	1,711,976	-	1,711,976	5.90	1,852,891	-	1,852,891	6.38	0.49
(c)	Others									
	CLEARING MEMBERS	9,793	-	9,793	0.03	26,176	-	26,176	0.09	0.06
	I E P F	50,156	-	50,156	0.17	40,589	-	40,589	0.14	(0.03)
	NON RESIDENT INDIANS	418,155	-	418,155	1.44	407,167	-	407,167	1.40	(0.04)
	NRI NON-REPATRIATION	88,227	-	88,227	0.30	110,357	-	110,357	0.38	0.08
	TRUSTS	200	-	200	-	200	-	200	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	6,576,179	66,119	6,642,298	22.87	6,726,056	59,703	6,785,759	23.37	0.49
	Total B=B(1)+B(2) :	9,346,729	66,119	9,412,848	32.41	9,353,155	59,703	9,412,858	32.41	-
	Total (A+B) :	28,974,595	66,119	29,040,724	100.00	28,981,021	59,703	29,040,724	100.00	-
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	28,974,595	66,119	29,040,724	100.00	28,981,021	59,703	29,040,724	100.00	

Annexure I 4

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 1, 2019)			Shareholding at the end of the year (as on March 31, 2020)			
		No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total Shares	% change in shareholding during the year
1	KARMAYOGI HOLDINGS PRIVATE LTD	9,000,000	30.99	-	9,000,000	30.99	-	-
2	MADHU DUSAD	3,066,248	10.56	-	3,066,248	10.56	-	-
3	NUCLEUS SOFTWARE ENGINEERS PVT LTD	2,385,882	8.22	-	2,385,882	8.22	-	-
4	VISHNU DUSAD	1,603,492	5.52	-	1,603,492	5.52	-	-
5	RITIKA DUSAD	1,000,000	3.44	-	1,000,000	3.44	-	-
6	KRITIKA DUSAD	1,000,000	3.44	-	1,000,000	3.44	-	-
7	YOGESH ANDLAY	863,534	2.97	-	863,534	2.97	-	-
8	NUCLEUS SOFTWARE WORKSHOP PRIVATE LIMITED	600,000	2.07	-	600,000	2.07	-	-
9	NAVEEN KUMAR	72,952	0.25	-	72,952	0.25	-	-
10	SUMAN MATHUR	23,758	0.08	-	23,758	0.08	-	-
11	CARD SYSTEMS PRIVATE LIMITED	12,000	0.04	-	12,000	0.04	-	-

Annexure I 5

Change in Promoters' Shareholding

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year, as on April 01, 2019/end of the year March 31, 2020			Increase /Decrease in share holding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the company
1	Karmayogi Holdings Private Ltd	9,000,000	30.99	01/04/2019				
		9,000,000	30.99	31/03/2020	-	Nil movement	9,000,000	30.99
2	Nucleus Software Engineers Pvt Ltd	2,385,882	8.22	01/04/2019				
		2,385,882	8.22	31/03/2020	-	Nil movement	2,385,882	8.22
3	Madhu Dusad	3,066,248	10.56	01/04/2019				
		3,066,248	10.56	31/03/2020	-	Nil movement	3,066,248	10.56
4	Vishnu R Dusad	1,603,492	5.52	01/04/2019				
		1,603,492	5.52	31/03/2020	-	Nil movement	1,603,492	5.52
5	Ritika Dusad	1,000,000	3.44	01/04/2019				
		1,000,000	3.44	31/03/2020	-	Nil movement	1,000,000	3.44
6	Kritika Dusad	1,000,000	3.44	01/04/2019				
		1,000,000	3.44	31/03/2020	-	Nil movement	1,000,000	3.44
7	Yogesh Andlay	863,534	2.97	01/04/2019				
		863,534	2.97	31/03/2020	-	Nil movement	863,534	2.97

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year, as on April 01, 2019/end of the year March 31, 2020			Increase /Decrease in share holding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the company
8	Nucleus Software Workshop Private Limited	600,000	2.07	01/04/2019				
		600,000	2.07	31/03/2020	–	Nil movement	600,000	2.07
9	Naveen Kumar	72,952	0.25	01/04/2019				
		72,952	0.25	31/03/2020	–	Nil movement	72,952	0.25
10	Suman Mathur	23,758	0.08	01/04/2019				
		23,758	0.08	31/03/2020	–	Nil movement	23,758	0.08
11	Card Systems Private Limited	12,000	0.04	01/04/2019				
		12,000	0.04	31/03/2020	–	Nil movement	12,000	0.04

Annexure I 6

Shareholding Pattern of Top 10 Shareholders

Sl. No	Name of the Share Holder	Shareholding at the beginning of the year, as on April 01, 2019/ end of the year March 31, 2020			Increase/Decrease in share holding		Cumulative Shareholding during the Year 31/03/2020	
		No of Shares	% of total shares of the company	Date	No of Shares	Reason	No of Shares	% of total shares of the company
1	FIDELITY PURITAN TRUST-FIDELITY LOW-PRICED STOCK F	600,000	2.07	31/03/2019			600,000	2.07
				31/03/2020			600,000	2.07
2	ARUN JAIN	410,399	1.41	31/03/2019			410,399	1.41
				03/05/2019	(25,000)	Sale	385,399	1.33
				10/05/2019	22,450	Purchase	407,849	1.40
				31/03/2020			407,849	1.40
3	ICICI PRUDENTIAL TECHNOLOGY FUND	369,241	1.27	31/03/2019			369,241	1.27
				10/05/2019	(5,706)	Sale	363,535	1.25
				31/05/2019	(7,370)	Sale	356,165	1.23
				12/07/2019	(300)	Sale	355,865	1.23
				14/02/2020	(4,024)	Sale	351,841	1.21
				31/03/2020			351,841	1.21
4	DHANANJAYA DVIVEDI	208,199	0.72	31/03/2019			208,199	0.72
				31/03/2020			208,199	0.72

Sl. No	Name of the Share Holder	Shareholding at the beginning of the year, as on April 01, 2019/ end of the year March 31, 2020			Increase/Decrease in share holding		Cumulative Shareholding during the Year 31/03/2020	
		No of Shares	% of total shares of the company	Date	No of Shares	Reason	No of Shares	% of total shares of the company
5	HIRZEL CAPITAL MASTER FUND, L.P.	207,294	0.71	31/03/2019			207,294	0.71
				20/03/2020	(1,789)	Sale	205,505	0.71
				27/03/2020	(51,864)	Sale	153,641	0.53
				31/03/2020	(5,420)	Sale	148,221	0.51
				31/03/2020			148,221	0.51
6	B N NAGAMANI	181,010	0.62	31/03/2019			181,010	0.62
				31/03/2020			181,010	0.62
7	GENERAL INSURANCE CORPORATION OF INDIA	172,455	0.59	31/03/2019			172,455	0.59
				31/03/2020			172,455	0.59
8	ACADIAN EMERGING MARKETS EQUITY II FUND LLC	147,536	0.51	31/03/2019			147,536	0.51
				20/09/2019	(181)	Sale	147,355	0.51
				27/09/2019	(1,795)	Sale	145,560	0.50
				30/09/2019	(166)	Sale	145,394	0.50
				04/10/2019	(2,255)	Sale	143,139	0.49
				11/10/2019	(2,125)	Sale	141,014	0.49
				18/10/2019	(2,989)	Sale	138,025	0.48
				25/10/2019	(2,833)	Sale	135,192	0.47
				01/11/2019	(687)	Sale	134,505	0.46
				31/03/2020			134,505	0.46
				31/03/2019			142,148	0.49
				24/05/2019	58,000	Purchase	200,148	0.69
9	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	142,148	0.49	24/05/2019	(58,000)	sale	142,148	0.49
				14/06/2019	58,000	Purchase	200,148	0.69
				14/06/2019	(58,000)	Sale	142,148	0.49
				27/09/2019	154,017	Purchase	296,165	1.02
				27/09/2019	(135,609)	Sale	160,556	0.55
				20/12/2019	(15,105)	Sale	145,451	0.50
				31/01/2020	4,848	Purchase	150,299	0.52
				31/03/2020			150,299	0.52
				31/03/2019			125,600	0.43
				31/03/2020			125,600	0.43
				31/03/2019			125,600	0.43
				31/03/2020			125,600	0.43
10	LSV EMERGING MARKETS SMALL CAP EQUITY FUND, LP	125,600	0.43	31/03/2019			125,600	0.43
				31/03/2020			125,600	0.43

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year, as on April 01, 2019/ end of the year March 31, 2020			Increase /Decrease in share holding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the company
A.	Shareholding of Directors							
1	Vishnu R Dusad	1,603,492	5.52	01/04/2019	–	Nil movement	1,603,492	5.52
		1,603,492	5.52	31/03/2020			1,603,492	5.52
2	Ravi Pratap Singh	151,977	0.52	01/04/2019	–	Nil movement	151,977	0.52
		151,977	0.52	31/03/2020			151,977	0.52
3	Ritika Dusad	1,000,000	3.44	01/04/2019	–	Nil movement	1,000,000	3.44
		1,000,000	3.44	31/03/2020			1,000,000	3.44
4	Parag Bhise	28,959	0.1	01/04/2019	–	Nil movement	28,959	0.1
		28,959	0.1	31/03/2020			28,959	0.1
B.	Shareholding of Key Managerial Personnel							
1	Poonam Bhasin	10	–	01/04/2019			10	–
		10	–	31/03/2020	–	Nil Movement	10	–

Annexure I 7

The following Directors did not hold any shares during the FY 2019-20

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

The following Key Managerial Personnel did not hold any shares during the FY 2019-20

1. Ashish Nanda

Annexure I 8**V. INDEBTEDNESS – Not Applicable**

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

Annexure I 9

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Vishnu R Dusad	R P Singh	Parag Bhise (appointed on 16 March 2020)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,631,814	27,642,106	661,418	33,935,338
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800	39,600	1,703	70,103
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil		Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	- Others	Nil	Nil	Nil	Nil
5.	Others	Nil	Nil	Nil	Nil
	Employer's contribution to PF	337,908	1,185,274	28,813	1,551,995
	Total (A)	5,998,522	28,866,980	691,934	35,557,436
Ceiling as per the Act ₹ 1075.56 lacs (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act 2013)					

Annexure I 10

B. Remuneration to other Directors:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Prithvi Haldea	S M Acharya	Elaine Mathias	Prof. Trilochan Sastry	Ritika Dusad	
1.	Independent Directors						
	• Fee for attending board committee meetings	880,000	720,000	840,000	880,000		3,320,000
	• Commission*	2,140,000	2,140,000	2,140,000	2,140,000		8,560,000
	• Others, please specify	—	—	—	—		—
	Total (1)	3,020,000	2,860,000	2,980,000	3,020,000		11,880,000
2.	Other Non-Executive Directors						
	• Fee for attending board committee meetings	NA	NA	NA	NA	160,000	160,000
	• Commission	—	—	—	—	2,140,000	2,140,000
	• Others, please specify	—	—	—	—	—	—
	Total (2)	—	—	—	—	2,300,000	2,300,000
	Total (B) = (1 + 2)	3,020,000	2,860,000	2,980,000	3,020,000	2,300,000	14,180,000
Total Managerial Remuneration							
*Overall Ceiling as per the Act		₹ 107.56 lacs (being 1% of the Net Profits of the Company calculated as per Section 198 of the Companies Act 2013)					

Annexure I 11

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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (Poonam Bhasin)	CFO (Ashish Nanda)	Total
1.	Gross salary	NA			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		4,228,842	14,376,882	18,605,724
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		Nil	Nil	Nil
2.	Stock Option		Nil	Nil	Nil
3.	Sweat Equity				
4.	Commission				
	- as % of profit		Nil	Nil	Nil
	- others, specify...		Nil	Nil	Nil
5.	Others, please specify				
	Employer’s contribution to PF		224,101	632,738	856,839
	Total		4,452,943	15,049,220	19,502,163

Annexure I 12

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

There were no PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES for the year ending March 31, 2020

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

A. Conservation of Energy

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

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

- Replacement of Sodium vapor and CFL based lights by LED based lights have been completed..
- Strong measures are being observed to ensure that no equipment is left in a switch on mode during non-working hours unnecessarily.
- Use of AAC blocks in construction for keeping the load and pressure on air-conditioning minimal.
- Use of furniture and equipment products that are standard and branded, and which comply with environment-friendly specification.
- Implementation of Green building designs and construction which dramatically reduces the enormous amounts of energy that buildings consume in heating, cooling, lighting and water use.
- Regular UPS and AC plant maintenance to ensure efficient working of the equipment.
- Regular maintenance of all water pumps to improve pump efficiency and thereby reduction in Energy demand
- Waste water from the RO plant is being recycled to conserve water.
- Continuous monitoring of floor areas after normal working hours and switching off lights and air-conditioning.
- Installation of chillers graded with VFD in HVAC plant to reduce energy consumption immensely has been and is being done.
- Replacement of aluminum blade assemblies of cooling tower by FRP blade assemblies has been done.
- Installation of 100 kwp terrace solar plant has been completed and installation 58 kwp solar plant is underway.
- Optimum and need based utilization/running of AC's, Chillers, AHU's, Pumps, Fans, etc is being ensured.
- Installation of auto controls over running hours of some AC equipment's in areas like Hub Rooms, UPS Rooms, Cafeteria, Audi, etc has been done.

The overall effect of the above measures has led to maintain the energy consumption almost at same level and reduced by 3% consumption head count wise.

B. Research and Development

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

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

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

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

FinnOne Neo™ Product Suite

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

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

As part of our 6 monthly release plan, we released FinnOne Neo 4.0 in May 2019 and FinnOne Neo 4.5 in November 2019.

Release Highlights
Geo Tracker Module
Gold Loans
Overdraft Loans
Virtual Assistant based Loan service
Business WhatsApp integration
Advance acquisition in mCAS, mApply, mFin
Credit card application in eApply portal
Advance Repossession, settlement in mCollect
Fintech readiness for GSTN, RC details, utility bills, bank account validation
Robust charging mechanism for LPF/LPI
Group loan servicing capabilities
Value Date closure with STP
Optimal Data capturing for instruments
Branch transfer of Loan
STP for waive or refund processing of a Loan
Enhanced API stack

These releases now support Gold Loans, Overdrafts and packaged loan application – single application multiple product category. FinnOne Neo's channel supports features were enhanced in line with digital lending ecosystem. New features and capabilities were introduced across all core modules for richer loan processing and operations experience.

FinnOne Neo CAS was enriched with new line of business for Gold loans and support for non-instalment based loans, capability is added to source more than one product category in single loan application. Fintech readiness is provided to get GSTN details, RC details, utility details and bank account validation. FinnOne Neo's loan servicing capabilities were enriched with support for Gold loans, Group Loans, new STP for waiver, refund and value dated closure processing. New robust features were added to process of penal charging, delinquency handling, branch transfer, security instrument presentation. API stack is further enhanced with a new set of API's. The Collections module was enriched to support repossession, settlement, waiver, stockyard, insurance and legal processes for delinquency management.

To support the ongoing digital transformation of lending FinnOne Neo now offers a robust API pack that can be consumed by various 3rd party system/channels. We added to our solution footprint by adding a new module called Geo tracker which is used for driving efficiency in micro finance loan acquisition and field collections.

In the effort to continuously enrich the Lending Analytics product with new releases, the product is infused with AI/ML capabilities for advanced data insights such as neural networks & text analytics as well as functionalities relevant to lending business such as hosting external scorecards, early warning signals, expected credit losses etc. making it a full-fledged suite for credit risk management

During the year we enhanced our Mobility solution by adding a range of features including: Voice Based loan servicing and in app search, Push Notifications, Gesture Control. The mCas app is enriched with dynamic personal discussion, Rate approval module, and address maintenance. mCollect is enriched with handling for payinslip, repossession, settlement approval and geo tracker capabilities. mApply enriched with Limit enhancement and non-individual customer support. mApply is enriched with split loans, multi vehicle capturing, credit card support in omni loans and address validation

FinnAxia™ Product Suite

FinnAxia Product Suite
Global Receivables
Global Payments
Global Liquidity Management
Virtual Account Management (VAM)
Financial Supply chain Management (FSCM) & Electronic Invoice Presentment and Payment (EIPP)
e-Trade Finance
Electronic Bill Presentment and Payment (EBPP)
Digital Compass – Corporate Front End Channel

The FinnAxia™ suite offers an enterprise solution for the Transaction Banking operations of Corporate banks. It offers a wide range of rich capabilities including Receivables Management, Payable Management and Liquidity Management, all of which are designed to allow banks to support the needs

of their Corporate customers. It also now offers an innovative Financial Supply Chain platform for Corporates and SMEs. The Product modules can be used as independent product systems or together to form a single integrated platform.

During the year we released FinnAxia 6.5 in June 2019 and FinnAxia 7.0 in December 2019.

Release Highlights
Global Payments: SWIFT GPI, Chatbots, regulatory documents, enhanced UI with WhatsApp banking alerts
Financial Supply chain Management (FSCM): NPA monitoring and reverse factoring to secondary bank suppliers
Global Receivables : Enhanced NACH processing
Digital Compass: Enhanced self service capabilities for corporate and AI enabled transaction anomaly detection
e-Trade Finance: Loan rollover & settlement
Virtual Account Management (VAM)- Virtual Entities, IBAN Virtual accounts, Virtual Treasury Structure & Receivables on Behalf of (ROBO)

The integration of complementary business functions, such as cash management and Supply Chain Financing, has become a priority for banks in recent years, in response to customers' changing working capital needs, and to reflect the increasing cost of capital. Corporate treasurers understand the changing regulatory pressures on banks, and despite the possible constraints in terms of cost and availability of financing, they also see the benefits in terms of improved, more integrated solution offerings that meet their working capital objectives more specifically than a product-led approach. With real time being the order of the day, it's equally important that the technology solutions provide banks and corporates real time visibility of transactions including the ones being processed across country borders complying to global transaction processing regulatory standards like SWIFT GPI. Having responded to the urgent need for real time transaction processing, it is important to build a more robust process for the future. There are many approaches to doing this, including the use of artificial intelligence (AI) tools for detecting anomalous transactions to ensure that security and confidentiality of financial transactions is maintained. Our releases this year built on this business need.

The theme of Jun '19 Product release was **"Enhancing Security, Regulatory Compliances & Market Readiness"**.

This year, we also launched the latest version of our transaction banking solution FinnAxia 7.0 which introduces a sophisticated virtual account management (VAM) solution- designed to enable banks to open virtual accounts for their corporate customers. These virtual accounts can replace real current accounts and instantly route payments and collections to a linked 'master' current account. Reducing the number of physical accounts helps streamline the corporate accounts receivable process, ensuring faster payee identification, error-free reconciliation, reduced days sales outstanding (DSO) and improved working capital management. With FinnAxia VAM, corporate banks can tap into new markets while also putting more power in their customers' hands with a range of intuitive self-service solutions. FinnAxia 7.0 offers a compelling value proposition for corporates by eliminating the need to maintain an extensive network of

physical accounts, provide transparency to working capital positions & transform the corporate treasury by addressing the real time liquidity needs, streamlining receivables, and segregating funds across different entities. FinnAxia VAM also helps banks onboard customers faster with a number of features including an AI-based intelligent text extractor and generating IBAN (International Bank Account Number) compliant virtual accounts. FinnAxia VAM enables banks to provide an enhanced customer experience, reduce their operational costs through high STP rates combined with low IT expenses, and also improve their compliance to regulations such as BASEL III. The theme of Dec '19 Product release was "Thriving in a Virtual World". R & D is a continuous innovation process and with changing needs and technologies we will continue to re-evaluate and where necessary reinvent our solution offerings to meet the needs of the market and our customers.

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

Research & Development Expenditure

As reported, the in house R&D unit of your Company located in the corporate office in Noida, was accorded initial recognition by the Department of Scientific and Industrial Research (DSIR) from December 31, 2012 till March 31, 2015. The Company further received renewal of recognition for its R&D center for three years starting from 1 April 2015 till 31 March 2018 and subsequently from 1 April 2018 till 31 March 2021. The Company has during the year ended 31 March, 2020 availed and recognised tax benefit under section 35 (2AB).

The R&D expenditure for FY 2020 and FY 2019 is as follows:

(Amount in ₹ crore)

For the Year ended March 31,	2020	2019
Revenue expenditure	31.33	31.06
R&D expenditure/Total revenue	7.25 %	7.83 %

C. Technology Absorption, Adaptation and Innovation

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

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

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

D. Foreign Exchange Earnings and Outgo**1. Export Initiatives and Development of New Export Markets**

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

During the year, your Company won 32 orders and implemented 65 product modules all over the world.

In FY 2020 foreign exchange earnings from software products and services were at ₹ 252.71 crore, 58% of

revenue against ₹ 248.46 crore, 65% of revenue in FY 2019.

2. Foreign Exchange Earned and Used

(Amount in ₹ crore)

For the Year ended March 31,	2020	2019
Foreign Exchange earnings		
from software development of products and services	252.71	248.46
from dividend and interest income	21.90	10.00
Foreign Exchange outgo (Including capital goods)	44.19	40.69

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance

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

Company's Philosophy on Corporate Governance

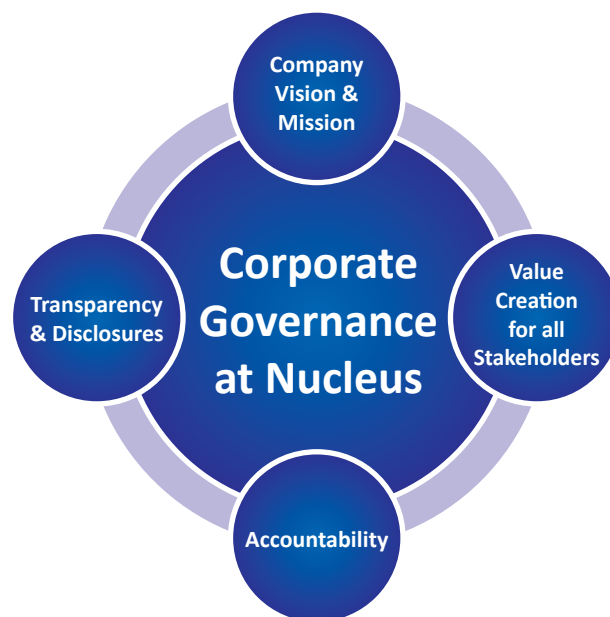
Nucleus has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers,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

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

The flow of content in this Report is as follows:

Report on Corporate Governance

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



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

A. Board of Directors

The Company's Board of Directors plays a key role in providing direction in terms of strategy, target setting and performance evaluation of the top management.. The primary role of the Board is that of trusteeship – to protect and enhance stakeholders' value through strategic direction to the Company.

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

a) Attributes of a Board

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

Report on Corporate Governance

b) Size and Composition of the Board

An ideal Board should ensure an appropriate balance of power, independence and authority. The key to good Corporate Governance is the optimum combination of the executive and non-executive Directors on the Board. As of March 31, 2020, the Board at Nucleus comprises eight members; five Board members are Non-Executive, out of five, four are Independent Non-Executive and one is Non-Executive while the remaining three are Executive Directors. All Independent Directors, with their diverse knowledge and expertise, provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

Composition of the Board as on March 31, 2020:

Name of Director	Position	Age in years
Mr. S M Acharya (DIN 00545141)	Non-Executive, Chairman, Independent Director	71
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	63
Dr. Ritika Dusad (DIN 07022867)	Non-Executive Director	30
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	69
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	66
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	60
Mr. R. P. Singh (DIN 00008350)	Executive, Whole-time Director	57
Mr. Parag Bhise* (DIN 08719754)	Additional Executive, Director	54

Table 1

* Mr. Parag Bhise was appointed as an Additional Executive Director by the Board at its meeting held on 16 March 2020.

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

Mr. S M Acharya, Chairman, Independent Director

Mr. S M Acharya is a retired IAS officer of the Karnataka cadre. He has held various senior positions in both State and Central Governments in his long and distinguished career and retired as Secretary to the Government of India in the Ministry of Defence in 2009. Mr. S M Acharya went to school in Bangalore and Gwalior and graduated from the universities of Madras and Hong Kong obtaining

Bachelor of Arts degrees. He also possesses a Masters Degree in Economics from the Victoria University of Manchester, UK. Having taught at a school for a year and a half, Mr. Acharya enrolled in an intensive course in Chinese language at the University of Delhi, and then sat for the civil service examinations in 1973. He served in the Indian Administrative Service for 35 years based in Karnataka for 20 years and in Delhi for 13 years and 2 years as a probationer in Mussoorie. During the course of these years he has had a variety of experiences that have helped him to gain an insight into the affairs of human beings. After retirement he had been retained by a leading education Trust to act the Chief Executive to help run their engineering and general sciences institutions. He also served as an Independent Director on the Board of the Bharat Electronics Ltd. His areas of expertise include Governance, Global Business, Strategy and Planning.

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

Mr. Vishnu R Dusad, Managing Director

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

Mr. Prithvi Haldea, Independent Director

Mr. Prithvi Haldea did his MBA from Birla Institute of Technology & Science, Pilani in 1971. Over the next 18 years, he worked at senior positions in the corporate sector in the areas of exports, consulting and advertising. During late 70s and early 80s, he was also associated with the information industry and, among various activities, worked as a consultant with The World Bank and the U.S. Department of Commerce. In 1989, Mr. Haldea founded PRIME Database, the country's first and still the only database on the primary capital market. It has a large subscriber base, and is widely reported by the media. Mr. Haldea has been a visiting faculty at several institutions and has addressed hundreds of conferences.

Mr. Haldea is presently a Member of the Government's Standing Council of Experts for the Financial Sector. He is also a member of several committees including SEBI

Report on Corporate Governance

Primary Market Advisory Committee, SEBI Committee for Reviewing Disclosures, SEBI Market Data Advisory Committee and the Advisory Committee on Individual Insolvency and Bankruptcy of the Insolvency and Bankruptcy Board of India. Additionally, he is an Advisor to the Association of Investment Bankers of India, Gaja Capital, BGJC & Associates, and Association of Independent Directors of India.

Mr. Haldea has served, among others, as a Board Member of the Central Listing Authority-SEBI, First Trustee of the Pension Fund Regulatory & Development Authority, Board of Governors of Indian Institute of Corporate Affairs, Central Government Nominee on the Governing Council of Institute of Chartered Accountants of India and Central Government Nominee on the Governing Council of Institute of Company Secretaries of India. He was also a member of Ministry of Finance Task Force on Financial Redress Agency, Quality Review Board-ICAI, FSDC Committee on Commission/ Incentive Structure of the Distributors of Financial Products, Finance Minister's High-level Expert Committee on Corporate Bonds and Securitization, SEBI Secondary Market Advisory Committee, SEBI Committee on Disclosures & Accounting Standards, SEBI Committee for Review for MAPIN, ICSI Standing Committee for Development of a Model for Assessing Corporate Governance, Editorial Board of ICSI, Financial Services Committee of ICSI, Chairman of the ASSOCHAM's National Council for Capital Markets, ASSOCHAM's awards committee for Corporate Governance and for Corporate Social Responsibility, Rules Committee (for the Companies Act) of the Ministry of Corporate Affairs, MCA Committee on Review of Corporate Governance Norms, MCA Committee for Review of the Chartered Accountants Act, Listing Advisory Committee of NSE, Index Committee, Listing Committee and Delisting Committee of BSE and Delisting Committee of DSE. He was also a member of CII's National Task Force on Financial Markets and NASSCOM's Corporate Governance & Ethics Committee. Mr. Haldea was also the Chairman of PHDCCI Capital Markets Committee and also of ASSOCHAM Capital Markets Committee. He was also on the board of UTI Mutual Fund as an Independent Director for nearly 6 years till end 2011 and served as a Public Interest Director on the board of Multi Commodity Exchange of India from 2016 to 2019. In a recent effort, Mr. Haldea has rewritten gratis for SEBI the entire ICDR Regulations, in an orderly manner, and in simple English.

As an investor protection activist and proponent of corporate governance, Mr. Haldea regularly raises issues with regulators and in the media. In the pursuit of this objective, he has also launched several unique websites which include www.watchoutinvestors.com, aggregating information on economic defaulters which now lists over 5,50,000 cases, www.primedirectors.com: a databank of professionals for listed companies to select independent directors, now hosting profiles of over 20,000 professionals, www.indianboards.com profiling directors of listed companies and www.msmememor.in, a national skills registry of professionals for the benefit of MSMEs. He had earlier designed and maintained www.directorsdatabase.com, covering detailed profiles of directors of Indian

listed companies and www.iepf.gov.in, an investor education initiative of the Ministry of Corporate Affairs in 11 languages. He also produced simply-written Investor Guides for the Ministry of Corporate Affairs.

Mr. Haldea has also extended his skills of information management to other organizations, by creating www.bsepsu.com, a website dedicated to disinvestments, a new website www.divest.nic.in for the Department of Disinvestment, the PE/VC Directory for the Indian Venture Capital Association, and nseinfobase.com, a searchable database of information on listed companies. His areas of expertise include Finance, Capital Markets, Governance, Global Business, Strategy, Planning, and Sales and Marketing.

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

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

Mrs. Elaine Mathias, Independent Director

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

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

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

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

She has interacted and represented BEL at meetings with various external agencies like Bankers, Credit rating agencies, Statutory Auditors, Government Auditors, Cost Auditors, Government officials, Financial Analysts, Institutional Investors and Technology Collaborators. Mrs. Elaine Mathias joined the Board of Directors of Nucleus Software Exports Ltd. in September 2014.

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Professor Trilochan Sastry, Independent Director

Professor Trilochan Sastry, former Dean at IIM Bangalore, currently teaches at IIM Bangalore. A B.Tech from IIT, Delhi, an MBA from IIM, Ahmedabad, and a Ph.D. from MIT, USA, Professor Sastry has taught for several years at IIM, Ahmedabad after which he moved to IIM, Bangalore. A recipient of national award for research and teaching, Professor Sastry has taught in many prestigious Universities in India, Japan, Hong Kong and United States and has published several academic papers in Indian and International journals. He had earlier served on the Board of NABARD and also on the Board of IIM Bangalore for 5 years. He is currently a Director on the Board of India farm Foods Pvt. Ltd. His areas of expertise include Governance, Global Business and Strategy and Planning. Prof. Trilochan Sastry joined the Board of Directors of Nucleus Software Exports Ltd. in July 2013. He is also on the Board of Nucleus Software Limited.

Mr. R. P. Singh, Executive Director

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

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

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

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

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

Mr. Parag Bhise, Executive Director

Mr. Parag Bhise, EVP Product Engineering, is responsible for ensuring that our flagship products – FinnOne Neo and FinnAxia – are developed using the latest technologies and techniques. He combines three decades of experience with a passion for leveraging technology to solve business problems. Throughout his career he has been responsible for a range of areas – including software development,

delivery and quality assurance as well as IT infrastructure management and internal systems. As a result he brings a unique perspective to ensuring that our products are high quality, resilient and future proofed. A strong advocate of life-long learning and continuous improvement he has recently completed MIT's Professional Certificate in Innovation & Technology, which adds to his Master's Degree in Computer Applications from BIT Mesra and his MBA from the Management Development Institute – Gurgaon. His areas of expertise include Technology, Global Business, Strategy and Planning, and Sales and marketing. He joined Nucleus Board on March 16, 2020.

Dr. Ritika Dusad, Non-Executive Director

Dr. Ritika Dusad completed her undergraduate studies at University of California, Los Angeles and thereafter pursued a PhD in Physics at Ivy League- Cornell University, USA. During her PhD, she worked on both theoretical and experimental aspects of magnetism and designed and built a novel cryogenic spectrometer to detect magnetic monopoles. She has been awarded the prestigious Springer Thesis Award which recognizes outstanding PhD research to be published in a series that brings together the best PhD theses from around the world. After her PhD, she then worked on quantum magnetism as a postdoctoral researcher at Lawrence Berkeley National Lab, managed by UC Berkeley, as a postdoctoral researcher. As a researcher in Low Temperature Physics, a predominantly male dominated area, she lived and led innovation for seven years and created a benchmark by publishing her research paper in the renowned journal- Nature. She has been contributing to the board deliberations by highlighting the importance of diversity and fairness in creating the right environment for world class research. Her areas of expertise include Governance, Global Business and Technology. Dr. Dusad joined the Nucleus Board in July 2016.

c) Board Membership Criteria

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

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

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

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

Certificate from Company Secretary in practice

A certificate from M/s Sanjay Grover and Associates, Company Secretary in practice has been taken as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred

Report on Corporate Governance

or disqualified from being appointed or continuing as director of Company by SEBI /Ministry of Corporate Affairs or any such statutory authority . The certificate is enclosed as Annexure A.

d) Selection of Independent Directors

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

- Independence from Management
- No substantial shareholding
- Other significant relationship which may cause a conflict of interest
- Capability of taking fair decisions without being influenced
- Independent Directors are expected to balance the decision-making process of the Board by constructively challenging the Company's strategy and exercise due diligence
- Independent Directors should possess the requisite business and industry expertise in the domain the Company operates in
- Independent Directors should be competent enough to work effectively like a team member as well as leader with the other Directors of the Board and committees
- Independent Directors should contribute constructively in the Board's deliberations.

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

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

We abide by these definitions of an Independent Director.

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

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year,

gives a declaration that he/she meets the criteria of independence as provided under law. The Company has received declarations from all the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015. Based on the declaration received from Independent Directors the Board of Directors of the Company have confirmed that the Independent Directors fulfill the conditions specified in the regulations 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

Independent Director Databank Registration with MCA

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the Directors in this regard.

e) Familiarization Programmes for Board members

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

- a) Provide them with every opportunity to familiarize themselves with the Company, Nucleus's Board practices and processes, its management and its operations and above all the Industry perspective & issues;
- b) To familiarize them with regards to their rights, duties and functions;
- c) To ensure that all Directors are cognizant and appreciate the legal and ethical framework in which they must conduct themselves;
- d) To ensure that all Directors attain a level of understanding of the business and industry in which Nucleus functions;
- e) To energize on the level and degree of each Director's contribution to the Board;
- f) To ensure that all Directors make informed decisions in their deliberation of matters concerning the Company; and
- g) To foster a spirit of independence in all Directors in order to ensure that they contribute meaningfully and impartially.

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

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

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

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

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

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

f) Diversity in Board

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

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

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

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

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

Roles and Responsibilities of the Nucleus Board Chairman are to:

- Ensure that the Board establishes and regularly reviews the Company's policies, strategies and plans.

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

Role and Responsibilities of the Nucleus CEO are to:

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

h) Membership Term

The Companies Act, 2013, mandates the retirement of two-third of the Board members (who are liable to retire by rotation) every year and the retiring members are 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. Mr. Vishnu R Dusad, Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Mr. R. P. Singh was re-appointed as a Whole Time Director w.e.f. July 26, 2019 for a period of 5 years. His present term will expire on July 25, 2024. Dr. Ritika Dusad a Non-Executive, Non-Independent Director of the Company was appointed w.e.f. June 15, 2017 and is liable to retire by rotation. Mr. Parag Bhise was appointed as an Additional Executive Director by the Board on March 16, 2020. His appointment shall be placed for Shareholders approval at the forthcoming Annual General Meeting.

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

i) Key Board qualifications, expertise and attributes

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

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The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company. The expertise of all Board members, is mentioned in their brief profile published elsewhere in this Report:

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

J) Mechanism for Evaluating Board members

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

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

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

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

The questionnaires of the Survey were designed on a scale of 1 to 5, and in a comprehensive manner to be able to effectively capture the performance of each of the Directors, of the Board as a whole and several Committees of the Board. Each Board member was requested to evaluate the other Directors on a large number of parameters, including the effectiveness of the Board dynamics and skills to encourage discussions and decisions and flow of information to address issues relating to the Company's performance and future strategies, as also improving relationships with all stakeholders of the Company. Specifically, for Independent Directors, the key performance indicators based on which they were evaluated, besides their attendance in the Board/Committee meetings, included monitoring of the Company's Corporate Governance practices, improving policies and processes across all functions, and contribution to strategic planning. Further, the evaluation process was based on the affirmations received from Independent Directors that they meet the independence criteria as required under the Companies Act 2013 and listing regulations. The evaluation of the Board and the Directors for fiscal 2020 has been completed.

k) Compensation of the Board of Directors

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

Non-Executive, Independent Directors are paid an amount not exceeding one percent of the net profits of the Company for the year, in accordance with section 197 of the Companies Act, 2013, and as approved by the shareholders vide a special resolution for a period of five years, at the Annual General Meeting held on July 8, 2019. As per the Companies Act, 2013, Independent Directors are not eligible to receive options under the various Employee Stock Option Plans (ESOP) launched by the Company from time to time. The annual compensation of the Executive Directors is approved by the Committee and placed before the shareholders at the shareholders' meeting.

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

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Compensation Paid /Payable to the Directors for the period April 2019 to March 2020

(Amount in INR)							
Name of Director	Position	Salary	Company's Contribution to Provident and other funds	Perquisites/ Allowances	Commission	Sitting Fees	Total Compensation
Mr. S M Acharya	Chairman, Non-Executive, Independent Director	–	–	–	2,140,000	720,000	2,860,000
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	5,631,814	337,908	28,800	-	-	5,998,522
Mr. Prithvi Haldea	Non-Executive, Independent Director	–	–	–	2,140,000	880,000	3,020,000
Mrs. Elaine Mathias	Non-Executive, Independent Director	–	–	–	2,140,000	840,000	2,980,000
Prof. Trilochan Sastry	Non-Executive, Independent Director	–	–	–	2,140,000	880,000	3,020,000
Mr. R. P. Singh	Executive and Whole Time Director	27,642,106	1,185,274	39,600	-	-	28,866,980
Dr. Ritika Dusad	Non-Executive, Director	-	-	-	2,140,000	160,000	2,300,000
Mr. Parag Bhise*	Executive Additional Director	661,418	28,813	1,703	-	-	691,934
Total		33,935,338	1,551,995	70,103	10,700,000	3,480,000	49,737,436

Table 2

* Mr. Parag Bhise was appointed as an Additional Executive Director w.e.f. 16 March 2020.

None of the non-executive Director received remuneration amounting to 50% of the total remuneration paid to non-executive directors during the year ended March 31, 2020.

The service contract of the Executive Directors is as below:

1. Mr. Vishnu R Dusad, Managing Director - for a period of 5 years that will expire on December 31, 2021 and
2. Mr. R. P. Singh, Whole Time Director - for a period of 5 years that will expire on July 25, 2024.
3. Mr. Parag Bhise, Additional Executive Director – for a period of 5 years, subject to the approval of shareholders at the forthcoming Annual General Meeting.

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, 2020. The notice period for a Director is as mutually agreed between the Executive Director and the Board.

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

The Board believes that the above compensation structure is commensurate with global best practices in terms of remunerating non-executive / independent directors of a company of similar size, and it adequately compensates for the time and contribution made by our non-executive / independent directors.

In accordance with the Listing Regulations, no employee, including key managerial personnel or director or promoter of a listed entity, shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit-sharing in connection with dealings in the securities of the Company, without prior approval from the Board as well as from shareholders by way of an ordinary resolution. No such instances were reported during fiscal year 2020.

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Details of Equity Shares held by Non- Executive Directors as on March 31, 2020

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

Table 3

I) 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, 2020 is mentioned in the table below:

Name of Director	Position	Relationship with other Directors	Directorships Held of Other Companies			Committee Positions held as a		Directorship in other Listed Company (Category of Directorship)
			Public	Private	Section 8 Company	Chairperson	Member	
Mr. S M Acharya	Chairman, Independent Director	None	-	-	-	-	1	-
Mr. Vishnu R Dusad	Managing Director (MD), Promoter Executive Director	Father of Non Executive Director, Dr. Ritika Dusad	3	8	1	1	1	-
Dr. Ritika Dusad	Non-Executive Director	Daughter of Managing Director	-	1	-	-	-	-
Mr. Prithvi Haldea	Independent Director	None	3	2	3	1	2	-
Mrs. Elaine Mathias	Independent Director	None	-	-	-	1	-	-
Prof. Trilochan Sastry	Independent Director	None	1	1	-	-	3	-
Mr. R. P. Singh	Executive Director	None	2	2	-	-	-	-
Mr. Parag Bhise	Additional Executive Director	None	-	-	-	-	-	-

Table 4

In accordance with Regulation 26 of SEBI (LODR) Regulations, 2015 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.

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

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

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report.

m) Board Meetings

(i) Information supplied to the Board

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

(ii) The information placed before the Board includes:

- Annual operating plans and budgets, with updates, if any.
- Capital budgets and updates, if any.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- 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.
- Materially important show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company or substantial non-payment for products sold by the Company.
- 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.

- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Any significant development concerning human resources/ industrial relations.
- Sale of material nature, of investments and assets, which are not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Quarterly details of investments by the Company in liquid mutual funds, bank deposits and bonds, and returns thereon.
- Quarterly update on HR related activities.
- Quarterly update on wholly-owned subsidiaries.
- Quarterly update on large orders.
- Quarterly Update on Forex activities
- Report on order book position
- Report on compliances under “Code of Prevention of Insider Trading” of the Company.

(iii) Board Agenda

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

(iv) Board Materials Distributed in Advance

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

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(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 2019-20.

- A minimum of four Board Meetings are required to be held each year. Moreover, the gap between two Board Meetings should not exceed 120 days. During FY 2019-20, 7 Board meetings were held by your Company and the maximum gap between two Board meetings during the year was 100 days.
- The dates on which the Board meetings were held during FY 2019-20, and the attendance record of the members in these meetings is provided in a table.

Name of Director	Board Meetings held in 2019-20						
	23 April 2019	23 July 2019	11 October 2019	23 October 2019	29 January 2020	16 March 2020	28 March 2020
Mr. S M Acharya	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu R Dusad	✓	✓	✓	X	✓	✓	✓
Dr. Ritika Dusad	✓	✓	X	✓	X	X	✓
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias	✓	✓	✓	✓	✓	✓	✓
Prof Trilochan Sastry	✓	✓	x	✓	✓	✓	✓
Mr. R. P. Singh	✓	✓	✓	✓	✓	✓	✓
Mr. Parag Bhise*	NA	NA	NA	NA	NA	✓	✓

Table 5

*Mr. Parag Bhise was appointed as an Additional Executive Director w.e.f. March 16, 2020.

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

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

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

The draft minutes are circulated to all Board

members within 48 hours of the meeting for their comments.

- The final minutes are entered in the Minutes Book and signed by the Chairman within 30 days from the conclusion of each meeting.

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

- the names of the Directors present at the meeting; and
- 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.

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n) Discussion with Independent Directors

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

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

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

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

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

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

Nucleus Board Committees

The Board as on March 31, 2020 had five committees. The Composition of the Board Committees is as follows:

B. Committees of the Board of Directors

Committees are a means of improving Board effectiveness

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

a) Audit Committee

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

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

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

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- ✓ Major accounting entries involving estimates based on the exercise of judgment by management
- ✓ Significant adjustments made in the financial statements arising out of audit findings
- ✓ Compliance with listing and other legal requirements relating to financial statements
- ✓ Disclosure of any related party transactions
- ✓ Modified opinion in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Review the financial statements, in particular, the investments made by the unlisted subsidiary company.

With reference to Auditors

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

With reference to related party transactions

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

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

Other references

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

Following information is required to be mandatory reviewed by Audit Committee

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

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- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of SEBI Regulations.

Additional responsibility of the Chairman of the Audit committee

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

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 2019-20

Mrs. Elaine Mathias is Chairperson of the Audit Committee. The Company Secretary of the Company is the Secretary of the Committee.

The Audit Committee met 8 times during the year. As per the statutory requirement, the maximum gap between two Audit Committee Meetings did not exceed the mandatory 120 days. (The maximum gap between two meetings was 100 days).

The Composition of the Audit Committee as on March 31, 2020 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mrs. Elaine Mathias	Committee Chairperson, Non-Executive, Independent Director	8	8
Mr. S M Acharya	Non-Executive, Independent Director	8	8
Mr. Prithvi Haldea	Non-Executive, Independent Director	8	8
Prof. Trilochan Sastry	Non-Executive, Independent Director	8	8

Table 6

The Chairperson of the Audit Committee was present at the previous year Annual General Meeting held on July 08, 2019 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. This ensures that we make timely disclosures and share accurate information regarding our financials and performance with the audit Committee.

The Audit Committee provides periodic feedback and reports to the Board.

(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 / Compensation Committee

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

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

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

This Committee is responsible for:

- Recommending desirable changes in the Board composition, size and diversity, committees structures and processes, and other aspects of the Board's functioning
- Formulating criteria for determining qualifications, positive attributes and independence of an Independent Director
- Conducting search and recommending new Board members in light of resignation of some current member/s or in case of a planned expansion of the Board

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

(ii) Composition of the Nomination and Remuneration/ Compensation Committee and Meetings held during FY 2019-20

Mr. Prithvi Haldea is the Chairman of the Nomination and Remuneration / Compensation Committee. As of March 31, 2020, the Committee consisted of three members, all the members are Independent Directors. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee.

The Composition of the Nomination and Remuneration/Compensation Committee as on March 31, 2020 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
Mrs. Elaine Mathias	Independent Director	4	4
Prof. Trilochan Sastry	Independent Director	4	4

Table 7

The Chairman of the Nomination and Remuneration/ Compensation Committee attended the previous year Annual General Meeting held on July 08, 2019.

(iii) Remuneration Policy

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

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

Report on Corporate Governance

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

c) Stakeholder Relationship Committee

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

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

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

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

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

(ii) Composition of the Stakeholder Relationship Committee and Meetings held during FY 2019-20

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

The Composition of the Stakeholder Relationship Committee as on March 31, 2020 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 8

The Chairman of the Stakeholder Relationship Committee attended the previous year Annual General Meeting held on July 08, 2019.

(iii) Details of investor complaints/requests received and resolved during FY 2019-20 are as follows:

Nature of complaints/ requests	No. of complaints/requests		
	Received during the year	Resolved during the year	Pending at the year end
Non- Receipt of Dividend Warrant	20	20	Nil
Duplicate/Revalidation of Dividend warrants	03	03	Nil
Issue of duplicate share certificates	01	01	Nil
Non receipt of share certificate	00	00	Nil
Non-Receipt of Annual Report	09	09	Nil

Table 9

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d) 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 FY 2013-14.

The Committee is responsible for overseeing the activities/ functioning of the Nucleus Software Foundation, in identifying areas of CSR activities and programs, and execution of the initiatives as per its defined guidelines. The Foundation updates the Committee by reporting the progress of deployed initiatives, and making appropriate disclosures on a periodic basis.

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

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

The responsibilities of the Corporate Social Responsibility Committee are:

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

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

(ii) Composition of the Corporate Social Responsibility Committee as on March 31, 2020 and details of attendance of the members in the meetings are as follows:

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

The Composition of the Corporate Social Responsibility Committee as on March 31, 2020 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. S M Acharya	Independent Director	1	1
Mr. Prithvi Haldea	Independent Director	1	1

e) Culture Committee

The Board of Directors during FY 2019-20 formed a "Culture Committee" for considering the important matter of Culture and Values that Nucleus Software should abide by, to build an organization of repute and regard.

The Composition of the Culture Committee and Meetings Held during FY 2019-20

Mr. S M Acharya is the Chairman of the Culture Committee. The Company Secretary of the Company is the Secretary of the Committee.

Mr. Janki Ballabh, Ex-Chairman of the Company, with his diverse and rich experience guides this committee as a Mentor.

The Composition of the Culture Committee as on March 31, 2020 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. S M Acharya	Committee Chairman, Independent Director	1	1
Prof. Trilochan Sastry	Independent Director	1	1
Mr. R. P. Singh	CEO and Executive Director	1	1

Table 9

Report on Corporate Governance

C. Shareholder Information

a) Means of Communication

(i) Quarterly/Annual Results

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

These reports contain audited financials of the parent Company along with the Auditors Report thereon; Unaudited consolidated financials of the Company and subsidiaries and a detailed analysis of results under "Management's Discussion and Analysis".

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

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

(ii) Newspapers for publication of financial results

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

(iii) Investor Section at Company's website

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

- Company Overview, Financials, Board of Directors, Stock Exchange filings, Shares, Corporate Governance, Corporate Social Responsibility,

Awards, Investor contact, Investor related Frequently Asked Questions (FAQ) and various forms for shareholder assistance.

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

(vi) Dedicated Email id for shareholders

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

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

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

(viii) NSE Electronic Application Processing System (NEAPS)

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like

Report on Corporate Governance

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

b) Corporate Identity Number (CIN)

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

c) Shareholder Education

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

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

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

- to assess the level of satisfaction among Nucleus shareholders and
- identify areas of strengths and weakness of Nucleus as perceived by the shareholders.

d) General Body Meetings

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

Financial Year, Date, Time	Venue	Ordinary Resolution	Special Resolution*
FY 18-19, July 8 2019, 04:00 p.m.	PHD Chamber of Commerce	Adoption of Annual Accounts for the year ended March 31, 2020. Declaration of Dividend on equity shares. Re-appointment of Dr. Ritika Dusad, as Director, who retires by rotation at this meeting and being eligible offers herself for re- appointment.	Re-appointment of Mr. Prithvi Haldea (DIN 0001220) as an Independent Director Re-appointment of Prof. Trilochan Sastry (DIN 02762510) as an Independent Director Re-appointment of Mrs. Elaine Mathias (DIN 06976868) as an Independent Director Reappointment of Mr. R P Singh (DIN 00008350) as an Executive Whole Time Director Payment of Commission to Non-Executive Directors of the Company
FY 17-18, July 2 2018, 11.30 a.m.	PHD Chamber of Commerce & industry, PHD House	Adoption of Annual Accounts for the year ended March 31, 2018. Declaration of Dividend on equity shares. Re-appointment of Mr. R.P. Singh as Director, who retires by rotation at this meeting and being eligible offers himself for re-appointment. Appointment of BSR & Associates, LLP, Chartered Accountants as the statutory auditors.	

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

Table 13

*No Postal Ballot held for above mentioned Special Resolutions.

(ii) Detail of Attendance at the AGM held for FY 2018-19

AGM Date: July 8, 2019	Mr. Vishnu R Dusad	Mr. R.P. Singh	Mr. Prithvi Haldea	Prof. Trilochan Sastry	Ms. Elaine Mathias	Mr. S M Acharya	Dr. Ritika Dusad
	√	√	√	√	√	√	X

NCLT Convened Meeting

Financial Year, Date, Time	Venue	Resolution Passed
July 8 2019, 02:00 p.m.	PHD Chamber of Commerce	Approval of Scheme of Amalgamation amongst (i) Virstra I-Technology Services Limited; (ii) Avon Mobility Solutions Private Limited; and (iii) Nucleus Software Exports Limited and their respective shareholders and creditors

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

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for remote e- voting facility. The Company has engaged Kfin Technologies Pvt. Ltd. to provide e-voting facility to all the members. Members whose names appear on the register of members as on July 24, 2020 shall be eligible to participate in the e-voting.

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

D. Disclosures

(a) Disclosure on materially significant related party transactions:

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

(b) Compliances by the Company of Capital Market Guidelines

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

(c) Whistle Blower Policy

Nucleus is committed to conduct its business in accordance with the applicable laws, rules and regulations, and with highest standards of business ethics. Nucleus does not tolerate any malpractice, impropriety, abuse or wrongdoing. The Company has a well-established whistle blower policy as part of a vigil mechanism for Directors and employees to report concerns about unethical behavior, 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 Chairperson of the Audit Committee in exceptional cases.

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

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

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

(d) Policy against Sexual Harassment

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

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

- a. number of complaints filed during the financial year - Nil
- b. number of complaints disposed of during the financial year- Nil
- c. number of complaints pending as on end of the financial year- Nil

(e) Code of Conduct

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

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

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

(f) Prevention of Insider Trading

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

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

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

(h) Adherence to Accounting Standards

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

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

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

(j) Management Discussion and Analysis

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

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(k) Subsidiary Companies

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

The following table provides a list of all these subsidiaries as on March 31, 2020.

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

Table 14

(l) Unlisted Indian Subsidiary Companies

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

- (i) Mr. Prithvi Haldea, Independent Director on the Board of Directors of the Company, is an Independent Director on the Board of Directors of Virstra i-Technology Services Ltd.
- (ii) Mr. Prithvi Haldea and Prof. Trilochan Sastry, Independent Directors on the Board of Directors of the Company, are Directors on the Board of Directors of Nucleus Software Ltd.
- (iii) The Audit Committee of the Company reviews the financial statements, in particular, the investments made by Virstra i- Technology Services Ltd., Nucleus Software Ltd. and AVON Mobility Solutions Private Limited.
- (iv) The minutes of the Board meetings of VirStra i- Technology Services Ltd. Nucleus Software Ltd. And AVON Mobility Solutions Private Limited are placed at the Board meetings of the Company.

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

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

- (m) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2017-18, 2018-19 and 2019-20 respectively: Nil
- (n) Policy on Archival and Preservation of Documents as per Regulation 9 of SEBI Listing Regulations is adopted by the Company.
- (o) The Terms of Appointment of Independent Directors as per Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act are available on the Company's website www.nucleussoftware.com
- (p) During the year under review, there was no such recommendation which the Board had not accepted of any committee of the board which is mandatorily required.

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E. General Shareholder Information

• Date of incorporation	9 th January, 1989
• Registered Office	33-35, Thyagraj Market New Delhi-110 003 India
• Corporate Office	A-39, Sector 62 Noida, Uttar Pradesh - 201307 India
• Date and time of Annual General Meeting	July 31, 2020 at 11.00 a.m.
• Venue of Annual General Meeting	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
• Date of Book Closure for AGM	July 25 , 2020 to July 31, 2020

Financial Calendar for the financial year 2020-21 (tentative and subject to change)

Financial reporting for :	Tentative dates
First Quarter ending June 30, 2020	between July 15-31, 2020
Second Quarter ending September 30, 2020	between October 15-31, 2020
Third Quarter ending December 31, 2020	between January 15-31, 2021
Year ending March 31, 2021	between April 15- 30, 2021
Annual General Meeting for the year ending March 31, 2021	July 2021
• Listing on Stock Exchanges	Scrip Symbol/Code
National Stock Exchange of India Limited (NSE) w.e.f. December 19, 2002 #Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai-400051	NUCLEUS
BSE Ltd. (BSE) w.e.f. November 6, 1995 Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001	531209
• International Securities Identification Number	INE096B01018
• Registrars of Company & Share Transfer Agents	Kfin Technologies Pvt. Ltd. Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-23420815-18 Fax: 040-23420814 E-mail: mailmanager@karvy.com

The annual listing fees for 2020-21 have been paid to both the Stock Exchanges.

a) Market Price Data on NSE & BSE for the financial year 2019-20

Month	NSE					BSE				
	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume
Apr-19	339.90	399.00	337.00	376.60	510,990	342.95	397.80	335.00	374.85	55,544
May-19	376.60	381.10	337.55	354.35	181,901	375.55	377.70	338.45	355.00	12,556
Jun-19	354.35	362.00	338.10	344.10	190,828	358.60	379.85	335.00	345.80	17,415
Jul-19	344.50	351.95	286.00	293.10	215,100	345.25	349.60	286.15	293.20	14,572
Aug-19	293.10	334.80	285.00	328.55	156,991	294.00	333.95	289.30	330.20	14,403
Sep-19	328.55	347.75	301.50	317.40	130,403	322.15	347.10	307.55	318.30	25,672
Oct-19	322.50	326.00	299.00	304.45	168,342	325.20	327.75	296.00	304.10	16,239
Nov-19	308.25	314.50	298.00	300.40	156,281	306.90	311.00	297.80	301.40	9,536
Dec-19	301.25	303.60	272.55	283.65	214,375	301.90	303.80	276.00	284.70	13,921
Jan-20	284.20	327.80	275.65	302.50	805,588	286.40	327.40	277.00	302.85	67,429
Feb-20	305.00	311.00	288.35	294.00	223,141	307.00	311.65	282.70	294.00	28,538
Mar-20	295.00	299.40	156.35	179.65	397,598	295.00	299.55	170.00	177.05	24,786
Total Shares traded during the year	3,351,538					300,611				

Table15

Report on Corporate Governance

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

b) Share Transfer System

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

The 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.

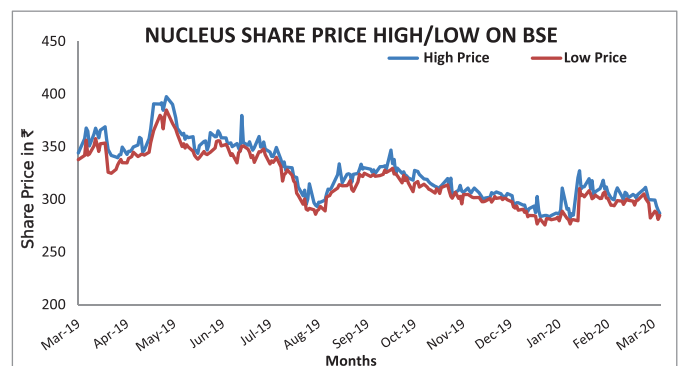
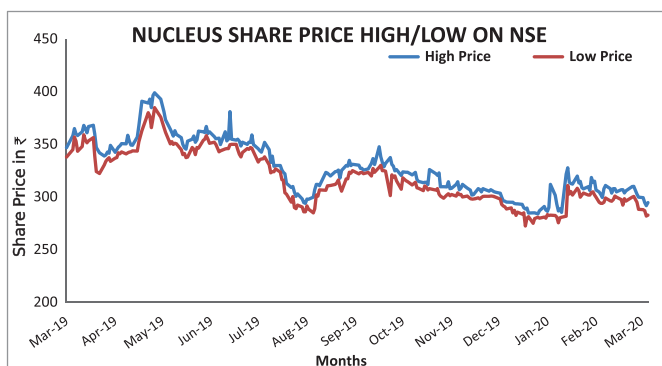
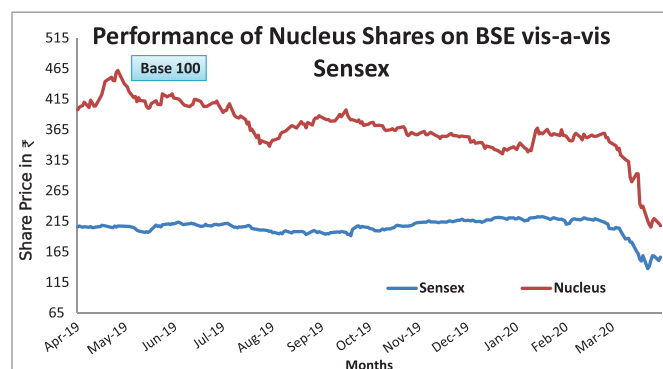
The Company obtains from a Company Secretary in practice, a half-yearly certificate of compliance with the share transfer formalities as required under Regulation 7(3) of SEBI (LODR) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

c) Reconciliation of share capital

The Company obtains from a Company Secretary in practice, a quarterly certificate of reconciliation of share capital audit with regard to the total admitted equity share capital with the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”) and the total issued and listed equity share capital under Regulation 55A of The Securities and Exchange Board of India (Depositories and Participants) Regulation, 1996. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

d) Dematerialization of Shares

The Equity shares of the Company are under compulsory dematerialization (“Demat”) category and can be traded only in electronic form. The Company has De-materialised 28,981,021 shares (99.80%) of the paid up share capital) as at March 31, 2020.



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.

Report on Corporate Governance

- Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

The process of dematerialization takes around 15 days from the date of receipt of DRF by the Registrar & Shares Transfer Agent of the Company.

Since the trading in the shares of the Company can be done only in electronic form, it is advisable that the shareholders who have the shares in physical form get their shares dematerialized.

Effective April 1, 2019, SEBI barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form.

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

The divided remittances to shareholders happen predominantly through ECS / NECS as per the locations approved by RBI from time to time. If the shareholders are located at any of the ECS/NECS centers and have not registered their ECS/NECS, they may forward their ECS/NECS mandate to their depository participant if the shares are held in demat form, or to the Company/Registrars, if the shares are held in physical form, immediately.

f) Shareholding Pattern of the Company as at March 31, 2020

Category	As on March 31, 2020		
	Share Holders	Share Holding	Share Holding (%)
Promoter and Promoter Group	11	1,96,27,866	67.59
Public Share Holding			
Mutual Funds	2	4,03,152	1.39
Financial Institutions /Banks	2	1,92,154	0.66
Foreign Institutional Investors	39	19,79,643	6.82
Individuals	15,373	54,65,828	18.82
Bodies Corporate	175	5,81,428	2.00
Overseas Corporate Bodies / Non Resident Indians/ Clearing Members/ Trusts/ IEPF/Director or Director's Relatives	634	7,90,653	2.72
Total	16,236	2,90,40,724	100.00

Table 16

g) Distribution of Shareholding

No. of Equity Shares Held		As on March 31, 2020				As on March 31, 2019			
		Share Holders		Shares		Share Holders		Shares	
From	To	(Nos.)	%	(Nos.)	%	(Nos.)	%	(Nos.)	%
1	100	10,682	65.79	406,937	1.40	10,859	66.03	432,819	1.49
101	200	1,747	10.76	290,496	1.00	1,786	10.86	309,610	1.07
201	500	1,885	11.61	651,237	2.24	1,895	11.52	680,253	2.34
501	1,000	999	6.15	737,161	2.54	990	6.02	761,190	2.62
1,001	5,000	739	4.55	1,530,295	5.27	736	4.50	1,573,749	5.42
5,001	10,000	83	0.51	575,866	1.98	85	0.51	581,148	2.00
10,001	and above	101	0.63	24,848,732	85.57	95	0.56	24,701,955	85.06
Total		16,236	100.00	29,040,724	100.00	16,446	100.00	29,040,724	100.00

Report on Corporate Governance

h) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2020, 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 2019-20.

i) Employee Stock Option Plans (ESOP)

The ESOP 2015 has been formulated in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. ESOP 2015 contemplates dealing in/ acquisition of secondary shares through an Employee Welfare Trust (Trust) route.

The Company has got shareholders' approval vide postal ballot in Jan 2015, in respect of ESOP 2015 and grant of Stock Options to the eligible employees/ Directors of the Company and that of its Subsidiary Company(ies) as decided by the Nomination and Remuneration/ Compensation Committee from time to time. No Options have been granted under ESOP (2015) during the year.

j) Investor Education and Protection Fund ("IEPF")

As per Section 124(5) and 124(6) of the Act read with the IEPF Rules as amended, any dividend which remains unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the IEPF fund.

Also all shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the members whose Dividends are lying unpaid / unclaimed against their name and also those members whose dividends are lying unpaid/unclaimed for seven consecutive years or more.

Members are requested to claim the same on or before the respective dates as mentioned in the reminder letters. In case the dividends are not claimed by the said date, necessary steps will be initiated by the Company to transfer such dividend and/or shares without further notice. No claim shall lie against the Company in respect of the shares so transferred to IEPF Demat Account. In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5.

Unclaimed dividends for the financial years, 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 have been transferred to the IEPF.

k) Equity shares in the suspense account:

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations,

details of equity shares in the suspense account are as follows:

Particulars	Number of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2019	Nil	Nil
Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	22	712
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares

l) Details of total fees paid to Statutory Auditors

B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W – 100024) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

(Amt in Lacs)	
Particulars	Amount (₹)
Services as statutory auditors (including quarterly audits *	86
For other Services	7
Re-imbursement of out-of-pocket expenses	9
Total	102

*Includes payments to other auditors ₹ 21 lacs

m) Locations

Nucleus services its clients through a network of domestic and international offices. At the year-end, Nucleus had

Report on Corporate Governance

wholly-owned subsidiaries in India, Japan, Netherlands, Singapore, South-Africa, U.S.A, Australia and branch offices in Mumbai and Chennai in India and Dubai (UAE) and London (UK) and USA.

Nucleus operates state-of-the-art Software Development Centers at Noida (U.P.). The Noida Centre is under the Software Technology Park Scheme of the Government of India.

Virstra i- Technology Services Limited, wholly owned subsidiary operates a Development Centre at Pune (Maharashtra).

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

AVON Mobility Solutions Pvt. Ltd., wholly owned subsidiary is based in Chennai and has very good experience in logistics domain and expertise in developing mobile applications.

PARENT COMPANY

Nucleus Software Exports Ltd.

Registered Office
33-35, Thyagraj Nagar
New Delhi-110 003
India

Corporate Office
A-39 Sector 62
Noida-201 307
Uttar Pradesh,
India

SUBSIDIARIES

Nucleus Software Solutions Pte. Ltd.

300, Tampines Avenue-5#04-06,
Tampines Junction
Singapore-529653

Nucleus Software Japan Kabushiki Kaisha

Mitsubishi Building
11F, 5-2 Marunouchi, 2 Chome
Chiyoda Ku
Tokyo 100-0005
Japan

Nucleus Software Inc.

505, Thornall State, Suite 401,
Edison, NJ 08837-2260
USA

Nucleus Software Netherlands B.V.

Cuserstaat 93, Floor 2nd & 3rd
Amsterdam 1081CN
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

Nucleus Software Australia Pty. Ltd.

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

AVON Mobility Solutions Pvt. Ltd.

33-35, Thyagraj Nagar Market
New Delhi-110003
India

Branch Offices in India

A. Mumbai

Wellington Business Park
405-408, 4th Floor, Near S.M Centre,
Marol Naka, Andheri Kurla Road
Andheri (East)
Mumbai 400 059

B. Chennai

SKCL Triton Square, 5th floor, unit#C3-C7, CIPET Road,
Thiru-Vi-Ka Industrial Estate, Guindy,
Chennai-600032

Branch Offices in Overseas Locations

A. London (UK)

Nucleus Software Exports Ltd.
4.01 288 Bishops Gate, London
EC2M4QP, **UK**

B. Dubai (U.A.E)

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

C. USA

505, Thornall Street, Suite 401
Edison, NJ 08837 -2260
USA

n) Investor Correspondence may be addressed to:

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

o) Other General Shareholder Information

The other mandatory and additional information of interest to investors is voluntarily furnished in a separate chapter "Shareholders' Referencer" of this Annual Report.

p) Auditors' Certificate on Corporate Governance

As required by Schedule V of the SEBI (LODR) Regulations 2015, the Auditors' certificate on Corporate Governance is annexed to Director's Report as Annexure C.

q) CEO/CFO Certification

As required by SEBI (LODR) Regulations, 2015, the CEO/CFO certification is provided as Annexure B to

Report on Corporate Governance

the report on Corporate Governance, in this Annual Report.

r) **Secretarial Audit**

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

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

The Secretarial Auditor has made certain recommendations for adopting additional Best Practices, which are now being implemented.

s) **Compliance with the Code of Conduct**

All Directors and Senior Management personnel of the Company have affirmed compliance with the code for the financial year ended March 31, 2020. A declaration to this effect signed by the CEO has been published as Annexure C to this report on Corporate Governance.

t) **Green Initiatives by the Ministry of Corporate Affairs, Government of India**

The Company whole-heartedly supported the 'Green Initiative' of the Ministry of Corporate Affairs, Government of India enabling electronic delivery of documents to the shareholders at their e-mail addresses registered with the Depository participants/Registrar & Share Transfer Agent. This year also the Company is actively pursuing this initiative by sending Annual Reports in a soft copy form.

u) **Commodity price risk or foreign exchange risk and hedging activities:**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities,

Please refer to Management Discussion and Analysis Report for the same.

v) **List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.**

No such credit rating taken by Company during the Financial year under review.

F. **Compliance with Non-Mandatory Requirements of Regulation 27 (1) of SEBI (LODR) Regulations, 2015**

Regulation 27 (1) of SEBI of the Listing Agreement mandates

us to obtain a certificate from either the statutory auditors or practicing Company secretaries regarding compliance of conditions of Corporate Governance as stipulated in the Clause and annex the certificate with the Directors' report, which is sent annually to all our shareholders. We have obtained a certificate to this effect and the same is given as Annexure to the Directors' report.

The Company has complied with all mandatory requirements of Schedule II of SEBI (LODR) Regulations 2015. The Company has adopted following non-mandatory requirements as prescribed under:

a. **Shareholder Rights**

The Regulation states that a half-yearly declaration of financial performance including summary of the significant events in the last six months, may be sent to each household of shareholders.

- We communicate with investors regularly through e-mail, telephone and face-to-face meetings in investor conferences, Company visits or during road-shows. We also leverage the Internet in communicating with our investor base.
- The announcement of quarterly/annual results is followed by:
 - o Media interactions, wherein business television channel in India telecasts discussions with our Managing Director.
 - o Earnings conference calls are conducted after announcement of quarterly/annual results wherein the Management updates investor community on the progress made by the Company and answers their queries. The audio as well as the transcript of the call is uploaded on the website www.nucleussoftware.com for investors' information.
 - o The Company also sends results via email to all its shareholders who have valid e-mails ids registered with their Depository Participants (DP).
 - o The Company also sends an instant alert of the results, to all those who register themselves on the corporate website.
 - o Highlights of the results along with a comparison with previous quarters/years, all financial press releases, information on Board of Directors, FAQ for shareholders and other related information on Corporate Governance etc. are also available on the Company website.

b. **Modified opinion(s) in audit report**

The Company is in the regime of unmodified audit opinion.

c. **Separate posts of Chairman and CEO**

The Company has separate persons as Chairman, Managing Director and CEO.

d. **Reporting of Internal Auditor**

The Internal auditor reports directly to the Audit Committee.

Annexure A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,

**The Members of
NUCLEUS SOFTWARE EXPORTS LIMITED**

33-35, Thyagraj Nagar Market
New Delhi-110003

1. That Nucleus Software Exports Limited (CIN: L74899DL1989PLC034594) is having its registered office at 33-35, Thyagraj Nagar Market, New Delhi-110003 (hereinafter referred as "the Company"). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
2. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Company, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. In our opinion and to the best of our information and according to the verifications and examination of the disclosures under section 184/189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN status at the portal, www.mca.gov.in, as considered necessary and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as on March 31, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment in Company
1.	Mr. Prithvi Pal Singh Haldea	00001220	22/06/2001
2.	Mr. Ravi Pratap Singh	00008350	26/07/2014
3.	Mr. Vishnu Rampratap Dusad	00008412	09/01/1989
4.	Mr. Siddhartha Mahavir Acharya	00545141	19/03/2016
5.	Prof. Sadhu Trilochan Sastry	02762510	27/04/2013
6.	Ms. Elaine Mathias	06976868	20/09/2014
7.	Dr. Ritika Dusad	07022867	20/07/2016
8.	Mr. Parag Bhise	08719754	16/03/2020

4. Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
5. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

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

Sd/-
Devesh Kumar Vasisht
Partner
CP No.:13700
FCS No.: F848
UDIN NO.: F008488B000336761

Place: New Delhi
Date: June 12, 2020

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Ravi Pratap Singh, Chief Executive Officer and Ashish Nanda, Chief Financial Officer, of Nucleus Software Exports Limited ("the Company"), to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements for the Quarter and Year ended March 31, 2020 along with its schedules and notes on accounts, as well as the cash flow statements;
2. These statements do not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements. In light of the circumstances under which such statements were made, no misleading items feature with respect to the statements made;
3. These financial statements, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and applicable laws and regulations;
4. Based on our knowledge and information, no transactions entered into by the Company during the period, are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee of the Company's Board of Directors, deficiencies in the design or operation of internal controls and steps proposed to be taken to rectify these deficiencies.
6. We have disclosed, based on our most recent evaluation, to the Company's Auditors and the Audit Committee of the Company's Board of Directors:
 - a. Significant changes in internal control over financial reporting during the period, if any;
 - b. There are no significant changes in accounting policies during the period; and
 - c. There are no instances of fraud of which we have become aware and the involvement, therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: Noida
Date: May 23, 2020

Sd/-
R. P. Singh
Chief Executive Officer

Sd/-
Ashish Nanda
Chief Financial Officer

Annexure C**DECLARATION BY CEO REGARDING COMPLIANCE
WITH THE COMPANY'S CODE OF CONDUCT**

I, R.P. Singh, Chief executive Officer(CEO) of Nucleus Software exports Limited("the Company") confirm that the Company has adopted a Code of Conduct ("Code") for its Board members and Senior Management personnel and the code is available on the Company's Website.

I, further confirm that the Company has in respect of the financial year ended March 31, 2020, received from its Board members as well as senior management personnel affirmation as to the Code of Conduct.

Sd/-

Place: Noida
Date: May 23, 2020

R. P. Singh
Chief Executive Officer

BUSINESS RESPONSIBILITY REPORT FOR 2019-20

The Business Responsibility Report is prepared pursuant to Regulation 34(2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Report includes our responses to questions on the Company practices and performance on key principles defined by the Regulation, covering topics across environment, governance, and stakeholder relationships. We have also provided cross-references to the reported data within the main sections of this Annual Report, for all aspects that are material to us and to our stakeholders.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY		
1	Corporate Identity Number (CIN) of the Company:	L74899DL1989PLC034594
2	Name of the Company	Nucleus Software Exports Limited
3	Registered address	33-35, Thyagraj Nagar Market, New Delhi-110003
4	Website	www.nucleussoftware.com
5	E-mail id	investorrelations@nucleussoftware.com
6	Financial Year reported	FY-2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise):	Name and description of main products / services: IT Software, Services and related activities NIC code of the product / service: 9983
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Nucleus Software is known for its world-class expertise and innovation in lending and transaction banking technology. The Company has inter-alia, two flagship products, built on the latest technology: FinnOne™ , 10 time winner of the World's Best Selling Lending Solution award; used by banks and other financial institutions. FinnAxia™ , an integrated global transaction banking solution used by banks worldwide to offer efficient and innovative global payments and receivables, liquidity management and business internet banking services The Company has also innovated PaySe™, the world's first offline digital cash solution
9	Total number of locations where business activity is undertaken by the Company- (a) Number of International Locations (Provide details of major 5): (b) Number of National Locations:	International Locations: The Company operates through integrated and well-networked subsidiaries in India, Japan, the Netherlands, Singapore, USA, Australia and South Africa. The Company has branch offices in London, UK, USA and Dubai National Locations: The Company's headquarters are located in NOIDA, UP. The Company has branch offices/development centres in Chennai and Mumbai in India. A facility has also been developed in the Mahindra World Special Economic Zone, Jaipur, by a wholly owned Subsidiary of the Company. A wholly owned Subsidiary has its corporate office in Pune, Maharashtra.
10	Markets served by the Company	The Company is the leading provider of lending and transaction banking products to the global financial services industry. Its' software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas. For details, please refer to Segment Reporting, part of this Annual Report and Company website - https://www.nucleussoftware.com//

Business Responsibility Report

SECTION B: FINANCIAL DETAILS OF THE COMPANY		
1	Paid up Capital (INR)	₹ 29.04 crore
2	Total Turnover (INR)	₹ 432.27 crore
3	Total profit after taxes (INR)	₹ 96.04 crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 1.45 crore (1.51%)
5	List of activities in which expenditure in 4 above has been incurred	<p>The Company has set up Nucleus Software Foundation (NSF), a Trust for the purposes of undertaking CSR activities of the Company. This Foundation, established in 2014 as a Section 25 Company, works towards its stated mission: “Empowering underprivileged with essence of education and thereby better livelihood and better life”</p> <p>For detail of activities undertaken by Foundation, please refer to Annexure G, of the Directors’ Report which forms part of this Annual Report.</p>

SECTION C: OTHER DETAILS		
1	Does the Company have any Subsidiary Company/ Companies	Yes. As on March 31, 2020, the Company had 9 wholly owned subsidiaries and 5 Branch Offices.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, All Subsidiary Companies also participate in the BR initiatives of the Parent Company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%	<p>Yes, Less than 30%</p> <p>We often have vendor engagement sessions with our suppliers and other partners, as part of our responsibility initiative. The vendors and partners participate in these sessions and share their feedback and suggestions for a mutually beneficial relationship. They are yet to participate in our other initiatives of business responsibility.</p>

SECTION D: BR INFORMATION		
Details of Director / Directors responsible for BR		
A	Details of the Director / Directors responsible for implementation of the BR policy / policies	
	DIN Number	00008412
	Name	Vishnu R Dusad
	Designation	Managing Director
B	Details of the BR Head	
	DIN Number	00008350
	Name	Ravi Pratap Singh
	Designation	Whole Time Director and CEO

Business Responsibility Report

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for P1 to P9	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Does the policy conform to any national / international standards? If yes, specify? (50 words) #The respective policies as mentioned below are as per applicable regulatory provision and national Standards	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Indicate the link for the policy to be viewed online?	https://www.nucleussoftware.com/investors Some policies are listed on the Company's intranet								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8	Does the company have in-house structure to implement the policy/ policies.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Principle wise index:

P1: Whistleblower Policy, Anti-Bribery and Corruption Policy and Code of Conduct	P4 : Corporate Social Responsibility Policy, Hiring Differently abled Policy	P7: Code of Conduct and Corporate Social Responsibility Policy
P2: Corporate Social Responsibility Policy, Information Security Policy	P5 : Code of Conduct	P8; Corporate Social Responsibility
P3: Code of Conduct, Education Assistance Policy, Prevention of Sexual Harassment Policy	P6 : Work Environment Standards, Corporate Social Responsibility	P9 : Information Security Policy

Business Responsibility Report

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	NOT APPLICABLE								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year-

- The Board of Directors have formed various Committees for areas where more focused, specialized and extensive discussions are required or which are required by law.. Some of the Board functions are performed through specially constituted Board Committees consisting of Executive and Non-Executive/Independent Directors, who then report to the Board. The Board's Committees include Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration / Compensation Committee, Corporate Social Responsibility Committee (CSR) and Culture Committee. All Committees have a formally established terms of reference/charter.

The CSR Committee assists the Board in setting Company's Corporate Social Responsibility policies and programs, which it also assesses. The "Culture Committee" has been formed for considering the important matter of Culture and Values that Nucleus Software should abide by, to build an organization of repute and regard.

These Committees meet as per the statutory requirements and also in case there is any matter which needs to be reviewed/ approved by a specific committee.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?:

- The Company is publishing a BR Report for the first time in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle No.	Description	Response
P1 : Business should conduct and govern themselves with ethics, transparency and accountability		
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?	The Policies related to ethics, bribery and corruption extend to all employees who are working with the Company and its subsidiaries and affiliates.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	<p>The Company's stakeholders include our investors, clients, employees, vendors / partners, government, and local communities.</p> <p>For details on investor complaints and resolution, refer to the 'Investor complaints' in the Shareholder information section under Corporate Governance Report of this Annual Report</p> <p>Detail on employee grievances and resolution: There was no Complaint received from employee during the year.</p>

Business Responsibility Report

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.		
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Being a technology solutions company, our products and services do not involve any environmental/social risks. Our commitment to the precautionary principle keeps us vigilant on our processes and operations regarding energy, emissions, water and waste management.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Not applicable. <i>(However, the Company's products offers various solutions which significantly help improve process efficiency and business outcomes for our customers. However, due to the nature of their services, it is difficult to quantify.)</i>
3	Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Yes, the Company has a Procurement Policy in place which discourages discrimination with any vendor on the basis of gender, nationality, ethnicity, religion, disability etc. In accordance with local legislations and best practices, the Company's procurement process is transparent, objective and non-discriminatory in the selection of its vendors. The Company works towards sustainable sourcing and ensures that the social and environmental performance extends to our supply chain by sharing the expectations with our vendors from time to time. We also promote localization of business by giving preferences to local vendors. The Company is a strong believer in local sourcing when it comes to talent and materials. Procurement of materials from local sources is a smart strategy we have been following for years, since it reduces time, cost and efforts in procurement, apart from being responsible to the growth of supply base around our locations. Nucleus is committed to do business with environmentally responsible vendors with an objective to safeguard the community, the environment and natural resources.
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, the Company encourages to on-board suppliers/vendors who comply with local laws and policies to maintain and balance diversity requirements. While selecting the vendors, preference is always given to local vendors for outsourcing various jobs pertaining to facilities management, transportation requirements, procurement of materials for infrastructure management, and other operations with an objective of creating employment and economic opportunities in the area Nucleus operates in.
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company has started Green initiatives this year to reduce the use of plastic and paper products. Use of plastic material has been reduced by about 25% while that of paper for printing has been reduced by about 30% as compared to the last year. Electronic waste management is being done as per the guidelines established in E-waste Management Rules 2016. Currently, we are recycling <5 % of our waste.
P3 – Businesses should promote the wellbeing of all employees.		
1	Please indicate the Total number of employees.	The total strength of the employees of Nucleus Software Exports Ltd (the Company) as on March 31, 2020 is 1,964.
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	The total number of employees hired on temporary /contractual basis as on March 31, 2020 is 67.

Business Responsibility Report

P3 – Businesses should promote the wellbeing of all employees.																				
3	Please indicate the Number of permanent women employees.	The number of permanent women employees as on March 31, 2020 is 535.																		
4	Please indicate the Number of permanent employees with disabilities	The number of employees with disabilities employed with the Company as on March 31, 2020 are 4.																		
5	Do you have an employee association that is recognized by management.	No																		
6	What percentage of your permanent employees is members of this recognized employee association?-	Not Applicable																		
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<table><tr><td>No.</td><td>Category</td><td>No of complaints filed during the financial year</td><td>No of complaints pending as on end of the financial year</td></tr><tr><td>1.</td><td>Child labour/ forced labour/ involuntary labour</td><td>Nil</td><td>Nil</td></tr><tr><td>2.</td><td>Sexual harassment</td><td>Nil</td><td>Nil</td></tr><tr><td>3.</td><td>Discriminatory employment</td><td>Nil</td><td>Nil</td></tr></table>			No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year	1.	Child labour/ forced labour/ involuntary labour	Nil	Nil	2.	Sexual harassment	Nil	Nil	3.	Discriminatory employment	Nil	Nil
		No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year															
		1.	Child labour/ forced labour/ involuntary labour	Nil	Nil															
		2.	Sexual harassment	Nil	Nil															
		3.	Discriminatory employment	Nil	Nil															
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? a) Permanent Employees b) Permanent Women Employees c) Casual/Temporary/Contractual Employees d) Employees with Disabilities	The Company lays continuous focus on learning and development of its employees and helps them in understanding their career plans.																		
		The details of the employees who were given safety & skill upgradation training in the last year is as below:																		
		<table><tr><td></td><td>Number of employees</td><td>% of employees</td></tr><tr><td>Permanent Employees</td><td>1,709</td><td>90%</td></tr><tr><td>Permanent Women Employees</td><td>460</td><td>86%</td></tr><tr><td>Casual/Temporary/Contractual Employees</td><td>67</td><td>100%</td></tr><tr><td>Employee with Disabilities</td><td>4</td><td>100%</td></tr></table>				Number of employees	% of employees	Permanent Employees	1,709	90%	Permanent Women Employees	460	86%	Casual/Temporary/Contractual Employees	67	100%	Employee with Disabilities	4	100%	
			Number of employees	% of employees																
		Permanent Employees	1,709	90%																
		Permanent Women Employees	460	86%																
Casual/Temporary/Contractual Employees	67	100%																		
Employee with Disabilities	4	100%																		

P4 – Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.		
1	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes

Business Responsibility Report

P4 – Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.		
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company has set up Nucleus Software Foundation (NSF), a Trust for the purposes of undertaking CSR activities of the Company. This Foundation, established in 2014 as a Section 25 Company, works towards its stated mission: “Empowering underprivileged with essence of education and thereby better livelihood and better life”. There are some other CSR initiatives also undertaken by the Foundation. For more details of projects undertaken by the Foundation, please refer Annexure G of the Directors’ Report, which is part of this Annual Report.
P5 – Businesses should respect and promote human rights.		
1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	The principles stated in our code of conduct which include respect for human rights and dignity of all stakeholders, extend to the entire group.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	All complaints received from the shareholders and employees during the year have been satisfactorily resolved by the management. For details please refer Clause 2 of Principle 1 above.
P6 – Business should respect, protect, and make efforts to restore the environment.		
1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	The policy and practices related to Principle 6 extends to Company and its subsidiaries.
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	As a responsible Company, Nucleus is committed to addressing climate change risks in proactive ways and modes. We endorse the precautionary principle towards global warming and climate change, and take up various committed initiatives towards resource conservation and preservation. Our initiatives for resource conservation have seen increasing efficiencies over the years. For more details please refer Annexure J of the Directors’ Report, which is part of this Annual Report.
3	Does the company identify and assess potential environmental risks? Y/N	The Company focuses on processes to monitor and improve environmental performance through various means and initiatives focusing on energy, carbon, water and waste. The Company ensures to operate under the permissible limits established by Water (Prevention and Control of Pollution) Act, 1974 & Air (Prevention and Control of Pollution) Act, 1981 or any other guideline as issued by local Pollution Control Board.
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Not Applicable
5	Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, The Company is committed to clean technology initiatives. Moreover, operations of the Company involve low energy consumption, but still the endeavor is to reduce electricity consumption and the resultant carbon footprint. For the measures taken by the Company for energy conservation, please refer to Annexure J of Directors’ Report, which is part of this Annual Report.

Business Responsibility Report

P6 – Business should respect, protect, and make efforts to restore the environment.		
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes. The Company complies with all applicable environmental legislations in the locations we operate from.
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil
P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner		
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<ul style="list-style-type: none"> The Company operates a state-of-the-art Software Development Center at Noida (U.P.). This Centre is under the Software Technology Park Scheme of the Government of India. The Company is also registered with the Electronics and Computer Software, Export Promotion Council.
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others	No
P8 – Businesses should support inclusive growth and equitable development.		
1	Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company has set up Nucleus Software Foundation (NSF), a Trust for the purposes of undertaking CSR activities of the Company. This Foundation, established in 2014 as a Section 25 Company, works towards its stated mission: “Empowering underprivileged with essence of education and thereby better livelihood and better life”.
2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	<p>During the year, the Nucleus Software Foundation worked towards its aim to improve the educational quality standards for the underprivileged children studying at government primary schools and NGO aided schools, through its benchmark remedial program, NSF Hybrid Learning Program</p> <p>For details regarding various programmes /projects undertaken by NSF, please refer Annexure G of the Directors’ Report, which is part of this Annual Report.</p>
3	Have you done any impact assessment of your initiative?	<p>Inclusive growth and sustainable development are strong pillars of the Company’s responsible corporate citizenship and are a part of the core values and driving force for many of its initiatives. The Company believes that responsible investments in this regard will generate long term value for all the stakeholders.</p> <p>The Corporate Social Responsibility (CSR) Committee of the Board, framed and recommended a CSR Policy to the Board for adoption and instituted a transparent monitoring mechanism for ensuring implementation of the projects/activities to be undertaken by the Company.</p> <p>The Company has set up Nucleus Software Foundation (NSF), a Trust for the purposes of undertaking CSR activities of the Company. This Foundation, established in 2014 as a Section 25 Company, works towards its stated mission: “Empowering underprivileged with essence of education and thereby better livelihood and better life”. The CSR Committee is responsible for overseeing the activities/ functioning of the Nucleus Software Foundation, in identifying areas of CSR activities and programs, and execution of the initiatives as per its defined guidelines</p>

Business Responsibility Report

P8 – Businesses should support inclusive growth and equitable development.		
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	<p>As per the Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is required to mandatorily spend at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, on prescribed CSR activities</p> <p>For the amount spent on CSR activities during the year and details of projects undertaken, please refer Annexure G of the Directors' Report, which is part of this Annual Report.</p>
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	<p>Nucleus Software Foundation (NSF) works towards its aim to make the educational quality standards better for the underprivileged children studying at government primary schools and NGO aided schools, through its benchmark remedial program, NSF Hybrid Learning Program.</p> <p>The NSF team has designed a remedial program to bridge the gap identified by the baseline test conducted across the selected schools. The program bridges the gap of the student in the area of Math and English. The aim is to bring children closer to the learning levels appropriate for their assigned classes. The program helps in learning through the well-curated teaching learning material, practice notebooks, engaging digital content, and doing intelligent assessments. The digital content on the tab is mapped to the remedial program which we have designed based on the learning level of the student.</p> <p>The NSF team was able to reach over 2,500 students across 70 schools. The team had trained the selected teachers of the respective schools to manage the program. A great positive shift in the learning levels of children in these government schools have been observed. Besides the government schools, the team worked extensively with an NGO learning center where it sponsored their human resource, rental cost, and helped them in designing an effective learning program.</p>

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.		
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	We do not have any complaints relating to violation of this principle. However, we do have routine customer complaints which are addressed by the respective teams.
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)	Not Applicable
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	Not Applicable
4	Did your company carry out any consumer survey/consumer satisfaction trends	Yes. Our "Voice of Customer" survey enables us to understand the client's expectations, needs, satisfaction levels and overall experience of working with the Company. The feedback is collected through a survey, which includes a structured questionnaire. The respective teams engage with the customer to implement the improvement actions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forming Part of the Financial Statements for the year ended March 31, 2020

Management's Discussion And Analysis of Financial Condition And Results of Operations

Forming Part of the Financial Statements for the year ended March 31, 2020

Management's discussion and analysis of the financial condition and results of operations include forward-looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the Management has considered future risks as part of the discussions, future uncertainties are not limited to Management perceptions.

A. Industry Structure and Development

Digital technology is throwing up a new set of opportunities for the technology industry. Digital technologies are increasingly becoming all pervasive and are not only blurring the boundaries between business units (technology, finance, marketing, etc.) but also between companies; it is now no longer tech and non-tech companies. Many companies especially in the Banking, Automotive and Manufacturing sector are re-positioning themselves as Technology companies.

As per NASSCOM, investing in digital skills continues to rise as an imperative for the industry, with organisations building their capabilities and aligning business models to digital practices leading up to 28% of organizational revenues recorded from digital business. Indian enterprises spent over \$2 billion domestically to accelerate digital transformation during last year. The report as released by NASSCOM lists out five megatrends and emerging technologies for the next decade, which will push digitization-led global output to nearly \$100 trillion or 40% of 2030 global GDP. Top of the list is a data-led economy, with 175 zettabytes of data by 2030, disrupted future of work, environmental sustainability stress, Asian economic eminence and mass urbanization and hyper personalization.

B. Company Background

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited with its registered office at 33-35 Thyagraj Nagar Market, New Delhi, India. Subsequently in October 1994, it was converted into a Public Limited Company. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd. and BSE Ltd.

Nucleus Software is the leading provider of lending and transaction banking products to the global financial services industry. Its' software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

Nucleus Software is known for its world-class expertise and innovation in lending and transaction banking technology. We have inter-alia, two flagship products, built on the latest technology:

- FinnOne™, 10 time winner - World's Best Selling Lending Solution.
- FinnAxia™, an integrated global transaction banking solution used by banks worldwide to offer efficient and Innovative global payments and receivables, liquidity management and business internet banking services.

During the year, we have continued to enhance our solutions to take advantage of market trends, such as increasing digitization of financial services. We have leveraged digital capabilities like Virtual Assistants, messaging applications, augmented channel based acquisition capability and Geo tracking to offer end to end digitization of Loan lifecycle.

As part of our 6 monthly release plan, we released FinnOne Neo 4.0 in May 2019 and FinnOne Neo 4.5 in November 2019. These releases now support Gold Loans, Overdrafts and packaged loan application – single application multiple product category.

We also launched a Geo tracking application for microfinance sourcing channel – mFin and mobile collection channel – mCollect. This application empowers the sales team and field collections team to be efficient in data capturing, planning customer visits and field collections. This channel's capability is fully extended to the core application processing platform FinnOne Neo CAS.

As a part of the ongoing development program this year, we also launched the latest versions of our Transaction Banking solution FinnAxia™ 6.5 and FinnAxia™ 7.0 which introduce a sophisticated virtual account management (VAM) solution- designed to enable banks to open virtual accounts for their corporate customers. These virtual accounts can replace real current accounts and instantly route payments and collections to a linked 'master' current account. Reducing the number of physical accounts helps streamline the corporate accounts receivable process, ensuring faster payee identification, error-free reconciliation, reduced days sales outstanding (DSO) and improved working capital management. With FinnAxia VAM, corporate banks can tap into new markets while also putting more power in their customers' hands with a range of intuitive self-service solutions. They can centralize cash operations for their corporate customers thereby providing real-time visibility and better control of liquidity positions along with enhanced forecasting capabilities for faster and more informed decision making.

FinnAxia VAM enables banks to provide an enhanced customer experience, reduce their operational costs through high STP rates combined with low IT expenses, and also improve their compliance to regulations such as BASEL III.

During the year PaySe, world's first offline digital cash solution got selected by RBI to participate in RBI Sandbox on retail payments. The regulator is also appreciating the power of offline payments and digital transformation solution for the last mile.

Management's Discussion and Analysis

The solution introduced an enhanced version of PaySe device which can reduce dependency of NFC enabled smartphones, thus offering a low-cost NFC solution for end customers.

PaySe is also gaining traction in a number of State/Central Government digital payment initiatives.

Over the years, our committed professionals have provided solutions par excellence and with our deep expertise and global experience, we have created a global footprint of customers and partners across multiple continents. Today, in 50 countries, 150 of the world's most innovative organizations use our solutions to support millions of customers. Nucleus Software operates through integrated and well-networked subsidiaries in India, Japan, the Netherlands, Singapore, USA, Australia and South Africa. Since 1995 product development has been our core strength and the Company has chosen to exclusively develop products and further add value through dedicated Research and Development initiatives.

Over the years we have gained deep experience working closely with Global leaders in the Banking and Financial Services industry. Headquartered in Delhi, India, the Company has nine subsidiaries, as described in table 1 below.

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

Table 1

The Company has branch offices in Chennai and Mumbai in India and in London, UK, USA and Dubai. The Singapore subsidiary has a representative office in Jakarta in Indonesia and in Manila in the Philippines. These subsidiaries/branch offices help the Company in providing front-end support to customers and explore new opportunities.

C. The Way Forward

As Charles Darwin famously said, "It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change." India's IT-BPM industry is a practical testament of this theory. It has been leading the charge in adapting to change and disrupting itself so as to enable disruption for customers. Innovation and technological advancement are also inextricably linked with the very essence of banking. Today, the world's leading banks are investing heavily in digital banking technology, in which customers use mobile, web or digital platforms to use banking services. Artificial intelligence solutions such as bots, are being used in many areas, including providing online, interactive mortgage advice to consumers, assist customers in simple tasks such as making payments and many processes are now completely free of any human engagement. Over the past year, the IT industry showcased an increasing focus on the digital transformation of businesses and also the expansion of digital-driven services to cater to clients across the globe. It is hopeful that this trend will continue to drive the growth of the industry in the coming years despite the serious challenge posed by the recent pandemic that has dealt a serious blow to all economic activities worldwide.

The Company continues its journey of providing world class IT solutions to customers in the Banking and Financial Services space, where changing business requirements and growing complexity are driving rapid adoption of technology. We are taking our digital capabilities to the existing and new customers while also investing in disruptive innovation that will drive industrial productivity in the future. With implementations across 50 countries, FinnOne has been recognized as the world's best-selling Retail Lending solution 10 times by IBS Intelligence. FinnOne Neo won the "Best Lending Implementation" award for the project at one of our customer -Roha Housing Finance at the IBS Intelligence FinTech Innovation Awards. Another customer of ours, Rattan India Finance won the Celent Model Bank Award 2020 for Retail Lending powered by FinnOne Neo. We continued to release new versions of our market leading solutions -FinnOne Neo and FinnAxia, adding sophisticated capabilities and advanced technologies such as Artificial Intelligence and Intelligent Automation.

Building on our established track record as an innovator, Nucleus FinnOne Neo Cloud has helped many leading Non-Banking Financial Institutions (NBFCs) in India transform into digital businesses during the year.

We believe in developing a customer-centric business model and to help our customers become more customer-centric. This means thinking about financial services not as a separate activity, but as an enabling activity that should be seamlessly woven into a consumer's everyday life. As a leader in the financial technology space, we are always focused on product innovation with a passion for perfection and a relentless commitment to deliver best-in-class products to banks globally.

Management's Discussion and Analysis

Some notable accolades won over the years are as follows:

- FinnOne Neo has been recognized as the “**#1 Leader in the Lending Solutions Category in the Indian Domestic Sales League Table 2019**” and recognized as “**#2 Leader in the Lending Solutions Category in the Global Sales League Table 2019**” by IBS Intelligence.
- FinnOne Neo also wins the “**Best Lending Implementation award for the project at Roha Housing Finance in the IBS Intelligence FinTech Innovation Awards 2019**”. Powered by our solution, RattanIndia Finance wins the Celent Model Bank Award 2020 for Retail Lending powered by FinnOne Neo.
- Our Annual Report FY18-19 won the **Platinum Award for excellence within the Industry** - Technology-Software and a ranking of # 21 amongst the top 100 Annual Reports worldwide by League of American Communications Professionals LLC (LACP)
- Your Company received an award in **Mid Corporate Segment-for Excellence in IT & IT Enabled Services**, at SME Business Excellence Awards, 2019, organized by Dun & Bradstreet Information Services India Pvt. Ltd (D&B)
- “**Best Lending Technology Implementation of the Year**” award at the BFSI Innovative Technology Awards 2018 for project Lending on cloud for Sai Point Finance with FinnOne Neo.
- Received an award in **Mid Corporate Segment-for Excellence in IT/ITES Sector**, at SME Business Excellence Awards, 2017 organized by Dun & Bradstreet Information Services India Pvt. Ltd (D&B).
- Annual Report for the Year Ended March 31, 2017 won the **Platinum Award** for Excellence within the Technology-Software industry and ranked 7th amongst the World's Top 100 Annual Reports within the Technology-Software industry and by the League of American Communications Professional (LACP).
- **bob Finance and FinnOne win The Banking Technology Award 2016**, bob Finance AG, a financial service company in Switzerland deployed Nucleus Software's FinnOne for offering an innovative and completely digitized loan service. This implementation won The Banking Technology Award 2016 - Highly Commended for Best Use of IT in Lending.
- Named as a ‘**Model Bank Vendor 2016**’ Award by **Celent** for helping multiple clients achieve technology or implementation excellence.
- Recognized amongst the ‘**World's top 5 Mobile Banking Solution Providers**’ by **Forrester Research, Inc.** in The Forrester Wave™: Mobile Banking Solutions, Q4 2015.
- Corporate LiveWire – FinTech Excellence Awards 2015 in the category “**Excellence in Providing Banking Products**”
- FinnOne™ **10 time winner - World's Best Selling Lending Solution** by IBS Publishing, UK.
- Annual Report for the Year Ended March 31, 2014 won the **Platinum Award** for Excellence within the Technology-Software industry and ranked amongst the World's Top 50 Annual Reports within the Technology-Software industry and by the League of American Communications Professional (LACP).
- 9th Social and Corporate Governance Awards in the category “**Best Overall Corporate Governance Compliance and Ethics Program**” organised by World CSR Congress.
- Titanium Award at “**The Asset Triple A Corporate Awards 2014**” for Third Consecutive Year under the category Financial Performance, Corporate Governance and Investor Relations.
- “Asian CSR Leadership Awards 2014” in the category, “Best Corporate & Financial Reporting”.
- “**The Asian Banker award – 2014**” for “Best Lending Platform Implementation Project” for introducing MARC, an innovative debt servicing solution that allows customers to make payment anytime, anywhere.
- The Company was inducted into the coveted **Hall of Fame** by the **Institute of Chartered Accountants of India**, in the category, Service sector (other than financial services) with turnover less than ₹ 500 crore, of the ‘ICAI Awards for Excellence in Financial Reporting’ in the year 2013.
- CIMB Malaysia, our customer, powered by Nucleus Software's FinnOne™ implementation, has received the Process Excellence Award for Collection and Debt Management at the prestigious BPA Trailblazer Awards.
- Vietnam Prosperity Bank's Loan Origination system, powered by Nucleus Software's FinnOne CAS, LMS and Collections was recognized with **Model Bank Award by Celent** (March 2013).

D. Company Management

An active and well-informed Board is necessary to ensure the highest standards of corporate governance. At Nucleus, a well-qualified Board consisting of eight members manages the Company. During the year, Mr. Parag Bhise is appointed as Additional Executive Director of the company.

Four out of eight members of the Board are Non-Executive, Independent Directors and one member as Non-Executive director. These Independent Directors provide valuable contribution in the deliberations and decisions of the Board with their diverse knowledge and expertise. As an effective Board, it develops and promotes the vision, culture and values of the Company and provides entrepreneurial leadership to the company within a framework of prudent and effective controls.

Management's Discussion and Analysis

Only a strong global team can drive excellent performance – especially in a challenging business environment. During the year, critical functions of the organisation were strengthened with assessment of Leadership bandwidth to build a strong team aligned to Nucleus fundamentals and culture. Particular emphasis was placed on attracting, developing and retaining talent, especially in emerging markets, through specifically designed programs. At the same time, the focus was on continuously improving and strengthening the leadership team and fostering a unique performance culture at Nucleus. For a global company, a diverse workforce that unites different cultural backgrounds and work experience is an important success factor. We continued recruiting people from across the globe and our endeavour is to smoothly manage and assimilate this diversity in work culture.

Total manpower numbers stood at 2,134 at the end of the year.

Through these efforts we continue to build a robust Brand Nucleus with business from all global markets, supported through an effective distribution network of partnerships, alliances and acquisitions to achieve seamless and high quality delivery resulting in a high level of customer satisfaction.

E. OPPORTUNITIES AND THREATS

The rapid advance of technology has continued to disrupt most of the industries. The impact is increasingly being felt in financial services. As if that weren't enough, the unprecedented spread of COVID-19 across the globe towards the end of the Financial Year has created immense uncertainty. However, the situation created by this uncertainty also provides an extra ordinary push to digital and allied high-end technologies.

The IT-BPM market in India stood at USD \$ 177 billion in 2019 showing a growth of 6.1% over the years.

For instance, the trends and the factors contributing to growth in India are similar to global markets, and encouragingly, at a faster rate. Increasing access to internet in both urban as well as rural areas, ambitious e-governance projects, continued focus on skill development and growing digital transactions are some of the indicators of rapid growth of India's digital economy. The government has a strong focus on transforming the country into a cash-less economy. Various government incentives such as referral bonus scheme to promote the use of BHIM, zero service tax on railway tickets booked online and launch of Aadhaar-based mobile app are aimed at encouraging digital payments in the country.

On the other hand, as the novel coronavirus (COVID-19) hit business quickly and unexpectedly. Banking, investment and insurance CIOs find themselves in a dramatically different situation than they were a few weeks ago. No one predicted the far-reaching effects of this crisis — and the future looks just as uncertain. Expectations are that this crisis will continue for months, if not more, and its effects likely will stretch far beyond that.

As per a report titled "How Financial Services CIOs Are Reacting to COVID-19", very few Banking and Investment Services Firms are reporting 'Business as Normal'. They find Continuity of operations and Remote work as their biggest challenges. The report further adds that business continuity planning has to shift from a reliance on definitive events that impact specific geographic locations to a focus on global events. These challenges and uncertainties are bound to pose a major threat to the Business sentiments and thus technology investments are likely to be curtailed significantly.

F. OUTLOOK

Despite the challenges encountered recently, your Company continues its journey as a preferred partner for banking and financial organizations worldwide, providing innovative and pioneering products, services and solutions globally. Continuing the relentless focus on customer success, your Company launched a range of innovative solutions during the year and provided some very quick upgrades to respond to immediate and critical regulatory compliance needs for instance those required to support the Moratorium announced by many governments.

'Digital Transformation' has become a central component for businesses across all industries. It entails leveraging digital tools and technologies like mobile, web or digital platforms to make life easier, bringing increased convenience, enhanced efficiency, improved affordability, and better access to information, goods and services.

The banking and financial services sector has gone through unprecedented change in the last few years and the transformation is not yet complete. In fact the speed of transformation is expected to accelerate due to current situation faced. Overall, consumer behavior and smart device trends are steering banking technology advances in the direction of convenience and touch less self service to ensure social distancing. An increasing number of remote technologies allow you to interact with your bank right from the palm of your hand and from your email inbox to visiting an actual branch, you can expect to encounter a whole new customer experience, perhaps even sooner than you think. While some leading banks are beginning to evaluate their success in terms of the percentage of their business coming from digital, the next step is "beyond digital". Challenges create opportunities, and we are investing in the right technologies and enhancing our solution to help our customers turn opportunities into profits. We will continue to ensure that our solutions are ready to cater to these evolving needs, so that our customers can take advantage of the opportunities presented.

India's information technology and back-office sector is **expected** to grow 7.7% in fiscal 2020 to \$191-billion Indian IT industry compared to 8.1% in the previous year. CEOs of Indian IT firms seem to be "cautiously optimistic" about the future due to global macroeconomic uncertainties.

Management's Discussion and Analysis

G. RISKS AND CONCERNS

These are discussed in detail in the Risk Management chapter provided later in this Annual Report.

H. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. Good controls encourage operational efficiency and compliance with laws and regulations, as well as minimizing the chance of errors, theft and fraud. At the same time internal controls also enhance the reliability and accuracy of accounting data.

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. The management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Regulation 17 of SEBI Regulations 2015) as of March 31, 2020.

BSR and Associates, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

The Board of Directors has also appointed Internal Auditors as recommended by the Audit Committee with a well-defined internal audit scope. The Internal Auditor reports to the Chairman of the Audit Committee and presents significant audit observations to the Audit Committee. Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

The CEO/CFO certification provided elsewhere in this report also places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

I. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The IT industry witnessed a challenge in retaining its talent in the last two years – from being the largest employer of software professionals to nurturing the most diverse workforce that drives & delivers excellence. However, the booming industry continues to present challenges in attracting and retaining the talent we need. The increased diversity of human capital has helped the organizations in this industry to be creative, knowledgeable as well as innovative.

Our company's HR function focuses on creating an environment that stimulates the creation of knowledge while acting as a coach, counselor and facilitator. Consequently, strong emphasis

has been placed on attracting, managing and retaining talent. As a strategic partner, the HR function launched numerous initiatives to ensure a high-performing and engaged workforce. The Company has built global talent pool over the years, by recruiting students from premier universities in India and through the need based hiring for other positions. Also we have taken many initiatives in the previous year to retain the best talent. We continuously review and improvise them for still better retention. We are happy to share that we launched various organization-wide HR initiatives to ensure high-performing and engaged workforce like frequent connect sessions with associates, Capability Strengthening Workshops, Critical Resource Retention Program aimed at motivating and retaining key talent to name a few, which helped in actively managing and constantly building the unique capabilities of our human assets.

With great focus to create an enviable workplace, the HR policies/processes framework are reviewed frequently to maintain consistency with the industry best practices and accelerate operational efficiencies for achieving high performance excellence.

J. FINANCIAL PERFORMANCE

The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2017 (transition date being April 1, 2016) pursuant to notification issued by Ministry of Corporate Affairs dated February 16, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the financial results have been prepared in accordance with Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The Company has nine subsidiary companies, all of which are wholly-owned subsidiaries. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis. The financial results of the Company have been discussed in this report in two parts:

- i) Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company, discussed in this chapter and
- ii) Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, and has been discussed in the later chapters of this report.

Management's Discussion and Analysis

Standalone financial results are as below:

(₹ in crore)					
For the Year Ended March 31,	2020	% of revenue	2019	% of revenue	Growth (%)
Revenue from Operations	432.27	100	396.76	100	8.95
Expenses					
a) Employee benefit expense	258.00	59.68	246.95	62.24	4.47
b) Operating and other expenses	104.53	24.18	89.27	22.50	17.09
c) Finance costs (Bank charges)	0.62	0.14	0.30	0.08	106.67
Total Expenses	363.15	84.01	336.52	84.82	7.91
Operating Profit (EBITDA)	69.12	15.99	60.24	15.18	14.74
Depreciation	9.87	2.28	7.01	1.77	40.80
Operating Profit after Interest and Depreciation	59.25	13.71	53.23	13.42	11.31
Other Income	62.93	14.56	40.29	10.15	56.19
Profit Before Tax	122.18	28.26	93.52	23.57	30.65
Taxation	26.14	6.05	17.89	4.51	46.12
Profit After Tax	96.04	22.22	75.63	19.06	26.99
Other Comprehensive Income	(8.37)	(1.94)	(0.19)	(0.05)	4305.26
Total Comprehensive Income for the period	87.67	20.28	75.44	19.01	16.21

Revenue from Operations

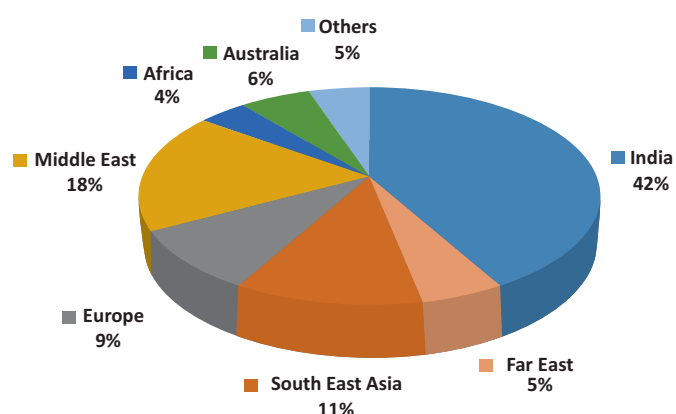
Our revenues from software development comprise of income from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the services are rendered and revenue from fixed price contracts comprising of license, related customization and implementation is recognised in accordance with the output method based on percentage completion. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.

During the year, the revenue from operations is ₹ 432.27 crore, against ₹ 396.76 crore for the previous year.

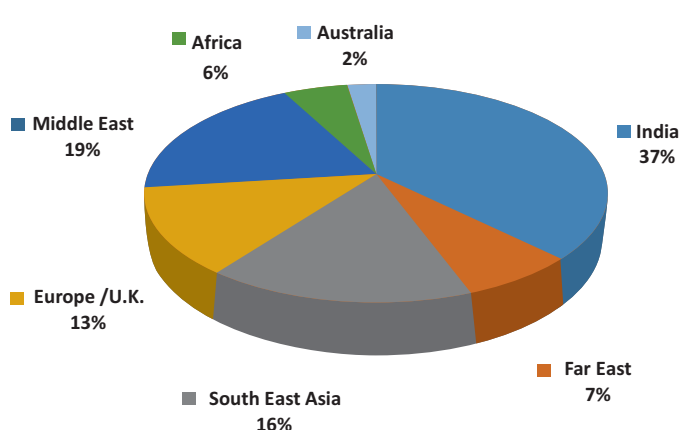
Revenue from Various Geographies

Your Company is incorporated in India and caters to customers situated all across the globe and hence significant part of the revenue is derived from international sales. For the year 58% revenue was derived from overseas. The graph below presents a geography-wise distribution for the year as well as the previous year.

Revenue from Various Geographies for FY 20



Revenue from Various Geographies for FY 19



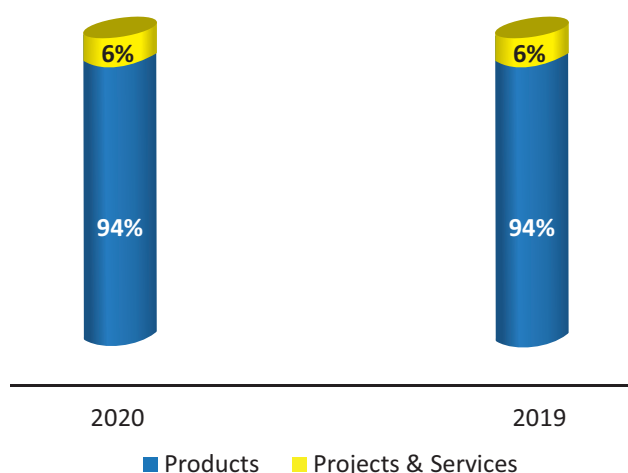
Management's Discussion and Analysis

Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. "Products", comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 407.68 crore, 94% of the total revenue, against ₹ 374.20 crore, 94% of total revenue, in the previous year.

Software services rendered by the Company typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Revenue from Software projects and services revenue for the year is ₹ 24.59 crore, 6% of the total revenue, against ₹ 22.56 crore, 6% of the total revenue in the previous year.

Revenue from Products and Services



EXPENSES

Employee Benefit Expense

Employee benefit expense includes salaries paid to employees in India, with fixed, variable and incentives components; provision for gratuity and compensated absence, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 4.47% to ₹ 258.00 crore, 59.68% of revenue against ₹ 246.95 crore, 62.24% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)

For the Year Ended March 31,	2020	% of revenue	2019	% of revenue	Growth %
Salaries	234.47	54.24	226.06	56.98	3.72
Contribution to provident and other funds	13.35	3.09	11.75	2.96	13.62
Gratuity	3.30	0.76	3.04	0.77	8.55
Staff welfare	6.88	1.59	6.10	1.54	12.79
Total Employee Benefit Expenses	258.00	59.68	246.95	62.24	4.47
Revenue	432.27	100.00	396.76	100.00	8.95

Operating and Other Expenses

Operating and other expense primarily consist of expenses on travel to execute work at client site and for other related activities, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges, expenses on account of brand building activities, training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, contribution to CSR activities and others.

Operating and other expenses at ₹ 105.15 crore, 24.33% of revenue for the year, an increase of 17.40% against ₹ 89.57 crore, 22.58% of revenue in the previous year.

Management's Discussion and Analysis

For the Year Ended March 31,	2020	% of revenue	2019	% of revenue	Growth
Outsourced Technical Service Expense	12.66	2.93	8.88	2.24	42.57
Cost of software purchased for delivery to clients	1.28	0.30	1.89	0.48	(32.28)
Travelling	20.97	4.85	16.98	4.28	23.50
Power and fuel	4.03	0.93	4.14	1.04	(2.66)
Rent	0.56	0.13	3.32	0.84	(83.13)
Rates & Taxes	0.16	0.04	0.18	0.05	(11.11)
Repair and maintenance	5.76	1.33	4.19	1.06	37.47
Legal and professional	4.91	1.14	3.92	0.99	25.26
Directors remuneration	1.42	0.33	1.23	0.31	15.45
Conveyance	1.36	0.31	1.65	0.42	(17.58)
Communication	1.61	0.37	1.71	0.43	(5.85)
Information technology expenses	11.11	2.57	7.83	1.97	41.89
Provision for doubtful debts/advances/other current assets	6.26	1.45	0.38	0.10	1547.37
Commission to channel partners	2.02	0.47	1.95	0.49	3.59
Training and recruitment	3.16	0.73	2.87	0.72	10.10
Conference, exhibition and seminar	3.10	0.72	2.12	0.53	46.23
Advertisement, business development and promotion	2.09	0.48	2.05	0.52	1.95
Insurance	0.44	0.10	0.38	0.10	15.79
Finance Cost (Bank Charges)	0.62	0.14	0.30	0.08	106.67
Sales & marketing fee	12.04	2.79	10.28	2.59	17.12
Impairment loss on preference shares carried at amortised cost	-	-	6.01	1.51	(100.00)
Provision for doubtful Loans (see note 2.41)	0.50	0.12	-	-	-
Provision for diminution in value of investment (see note 2.41)	3.50	0.81	-	-	-
Fair value change of preference shares of subsidiary at FVTPL	1.50	0.35	2.50	0.63	(40.00)
Miscellaneous expenses	2.64	0.61	3.79	0.96	(30.22)
Contribution to CSR activities	1.45	0.34	1.02	0.26	42.16
Total Operating and Other Expenses	105.15	24.33	89.57	22.58	17.40
Revenue	432.27	100.00	396.76	100.00	8.95

Finance cost includes bank charges and fee for issuance of bank guarantees. It is ₹ 0.62 crore against ₹ 0.30 crore in the previous financial year.

The Increase in Operating and other expense for FY 2020 from FY 2019 is primarily due to provision for doubtful debts, income accrued, higher travel expenses, Information technology expenses and higher legal & professional expenses.

The Company has setup Nucleus Software Foundation, a trust for the purpose of undertaking CSR activities of the company. During the year, the Company contributed ₹ 1.45 crore towards CSR activities of the Foundation. The details of CSR initiatives undertaken by the Foundation has been provided in a separate section in the Annual Report.

Operating Profit (EBITDA)

Operating Profit of ₹ 69.12 crore, 15.99% of revenue against ₹ 60.24 crore, 15.18% of revenue in the previous year.

Depreciation

Depreciation on fixed assets is ₹ 9.87 crore, 2.28% of revenue for the year against ₹ 7.01 crore, 1.77% of revenue in the previous year.

Management's Discussion and Analysis

Other Income

Other Income represents income received in the form of dividends from current investments, interest on fixed deposits and bonds and capital gains on the sale of current investments.

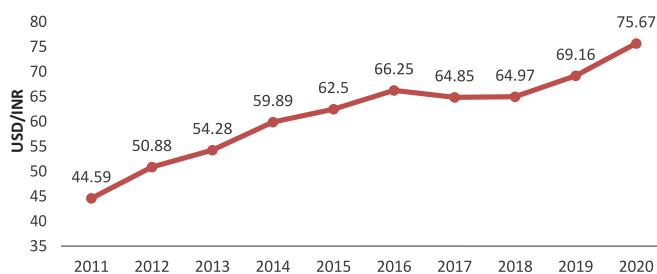
	(₹ in crore)	
For the Year Ended March 31,	2020	2019
Dividend on investment in Mutual and Other Instruments	9.67	7.35
Interest income on financial assets- carried at amortized cost	16.20	16.81
Dividend from Subsidiary companies	21.9	14.00
Net Gain / (Loss) on foreign currency	2.60	(2.86)
Profit on sale of assets/ investments	0.05	0.41
Others	12.51	4.58
Total	62.93	40.29

Other income for the year is ₹ 62.93 crore against ₹ 40.29 crore for the previous year.

Foreign Exchange Gain/ (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from translation of current assets and liabilities at quarter end rates, those arising from realization/payments of receivables/payables. During the year, the Company had a foreign exchange gain of ₹ 2.60 crore against a loss of ₹ 2.86 crore for the previous year. We conduct major portion of our business transactions in currencies other than the Indian Rupee. Nearly Seventy percent of our revenue is denominated in foreign currency, predominantly the US Dollar, while majority of our expenses are in the Indian Rupee and therefore the Company is exposed to continuing risk of foreign exchange fluctuation. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. The exchange rate movement during the year is depicted in the below mentioned chart.

USD/INR Closing Rate Movement in FY 19-20



Source: Mecklai Financial

The monthly closing rate of Indian Rupee varied from a high of ₹ 75.67 to the Dollar in March 2020 to a low of ₹ 68.80 in July 2019 and overall lost 9.41% against the US Dollar on a March end to March end comparison.

Taxation

Current tax represents the provision for Indian income tax on the profits of the Company as calculated in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods, in accordance with accounting standards. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

	(₹ in crore)	
For the Year Ended March 31,	2020	2019
- Current Tax Expense	20.64	19.69
- Deferred Tax Credit (net)	5.50	(1.80)
Total	26.14	17.89

Total effective tax for the year is 6.05% of Revenue, in comparison to 4.51% of Revenue for the previous year.

Profit After Tax

Our profit after tax for the year is ₹ 96.04 crore, 22.22% of revenue against ₹ 75.63 crore, 19.06% of revenue, during the previous year.

Other Comprehensive Income (OCI)

Other comprehensive income represents

- Equity instruments through OCI – this is primarily on account of fair valuation of investment for which the company has made an irrevocable option to present the same in the OCI. For the year it is ₹ (4.99) crore, against ₹ 0.06 crore in the previous year.
- Remeasurements of the defined benefit plans – consist mainly of remeasurements gain/losses on our defined benefit plans. For the year it is ₹ (0.92) crore net after Tax, against ₹ (1.31) crore net after Tax in the previous year.
- Effective portion of gain (loss) on hedging instruments of effective cash flow hedges, net – when a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in OCI. For the year it is ₹ (2.47) crore net after Tax, against ₹ 1.06 crore in the previous year.

Total other comprehensive income for the year is ₹ (8.37) crore, against ₹ (0.19) crore in the previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up share capital as on March 31, 2020 is 29,040,724 equity shares of ₹ 10 each similar to the Share Capital as on March 31, 2019.

Retained Earnings

Particulars	2020	2019
Opening balance	427.33	378.16
Add: Profit for the year	96.04	75.63
Less : Appropriations		
- Final dividend on equity shares	(26.14)	(23.23)
- Corporate Dividend tax	(3.05)	(1.92)
- Remeasurement of the defined benefit plans, net	(0.92)	(1.31)
Closing balance	493.26	427.33

Management's Discussion and Analysis

Other Equity

Movement in the components of Other Equity is as below:

(₹ in crore)

Particulars	Opening Balance as on April 1, 2019	Additions/ (Deletions) during the year	Closing Balance as on March 31, 2020
Capital Reserve	0.89	-	0.89
Securities Premium	3.34	-	3.34
Retained Earnings	427.33	65.93	493.26
Other Comprehensive Income			
Hedging Reserve	1.08	(2.47)	(1.39)
Equity instrument through other comprehensive income	8.45	(4.99)	3.46
Total	441.09	58.47	499.56

Property, plant and equipment and Intangible assets

As at March 31, 2020, Net carrying Amount of Property, Plant and Equipment and Intangible assets is ₹ 35.59 crore against ₹ 32.19 crore as on March 31, 2019.

(₹ in crore)

Property, plant and equipment and Intangible assets

As at March 31,	2020	2019	% Inc/Dec
Gross Carrying Amount			
Freehold land	0.34	0.34	-
Leasehold land	5.60	5.60	-
Building	16.58	16.54	0.23
Office and other equipment	4.98	3.23	54.30
Computers	22.81	16.49	38.31
Vehicles	4.51	3.27	38.12
Furniture and fixtures	1.79	1.78	-
Software	9.98	8.23	21.28
Intangible assets under development	0.05	0.02	150.00
Total	66.64	55.50	20.08
Less; accumulated depreciation	31.05	23.31	33.20
Net Carrying Amount	35.59	32.19	10.55

Transition to Ind AS 116

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

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2020:

(Amount in Rupees crore unless otherwise stated)

Particulars	As at 31 March 2020
Balance as at 1 April 2019	4.58
Additions	1.68
Amortization	2.01
Balance as at 31 March 2020	4.25

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

The following is the movement in lease liabilities during the year ended 31 March 2020:

(Amount in Rupees crore unless otherwise stated)

Particulars	As at 31 March 2020
Balance as of 1 April 2019	4.58
Additions	1.32
Finance cost accrued during the period	0.38
Payment of lease liabilities	2.09
Balance as at 31 March 2020	4.19

Investments

Investments of the Company can be categorized as per the following:

i) **Non-current investments** totaling ₹ 246.77 crore as on March 31, 2020 against ₹ 269.22 crore as on March 31, 2019.

a. **Investment in subsidiaries** - The investment of the Company in the Equity Share capital of its subsidiaries stood at ₹ 15.85 crore and preference shares stood ₹ 4.00 crore.

(₹ in crore)

Name of Subsidiary Company, Location	As at March 31,	
	2020	2019
Nucleus Software Solutions Pte. Ltd. Singapore.	1.63	1.63
Nucleus Software Inc., USA.	1.63	1.63
Less: Provision for diminution in value of investment in Nucleus Software Inc., USA.	(1.63)	(1.63)
Nucleus Software Japan Kabushiki Kaisha, Japan.	0.41	0.41
VirStra i-Technology Services Ltd., India.	1.00	1.00
Nucleus Software Netherlands B.V., Netherlands.	4.89	4.89
Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands.	(4.89)	(4.89)
Nucleus Software Limited, India.	11.94	11.94
Nucleus Software Australia Pty. Limited, Australia.	0.55	0.55
Nucleus Software South Africa (Pty.) Limited, South Africa.	0.32	0.32
Avon Mobility Solutions Pvt Ltd., India.	3.50	3.50
Less: Provision for diminution in value of investment	(3.50)	-
Avon Mobility Solutions Private Limited. 4,000,000, 11% Preference shares of ₹ 10 each	4.00	4.00
Avon Mobility Solutions Private Limited. Provision for diminution in value of investment in Preference Shares	(4.00)	(2.50)

b. **Investment in equity shares of a listed company at FVOCI** - ₹ 3.71 crore.

c. **Investment in Preference Shares (quoted)**- ₹ 15.00 crore.

d. **Investment in Preference Shares (unquoted)**- ₹ 21.00 crore.

e. **Investment in bonds (quoted)**- ₹ 87.14 crore.

f. **Investment in mutual funds (quoted)** - ₹ 40.80 crore.

Management's Discussion and Analysis

ii) Current Investments and Bank Balances

Current Investments of ₹ 231.99 crore as on March 31, 2020 as per below table.

(₹ in crore)	
Name of the Scheme	Value of units as at March 31, 2020
a. Investment in Mutual funds at Fair value through profit or loss (FVTPL)	
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	-
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Dividend Reinvestment	-
Aditya Birla Sunlife Arbitrage Fund -Direct Plan – Growth	13.48
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	-
HDFC Arbitrage Fund - Direct Plan – Growth	18.59
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend Reinvestment	-
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Growth	-
ICICI Prudential Liquid Fund- Direct Plan- Daily Dividend Reinvestment	-
IDFC Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	-
Kotak Equity Arbitrage Fund- Direct Plan - Fortnightly Dividend Reinvestment	-
Kotak Equity Arbitrage Fund- Direct Plan – Growth	34.80
L&T Ultra Short Term Fund - Direct Plan – Growth	5.26
L&T Liquid Fund - Direct Plan- Daily Dividend Reinvestment	-
Nippon India Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	-
Nippon India Arbitrage Fund - Direct Plan – Growth	12.39
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	8.00
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	10.00
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	5.75
Mahindra Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-
Sundaram Money Fund - Direct Plan - Daily Dividend Reinvestment	-
UTI Liquid Cash Plan - Direct Plan - Daily Dividend Reinvestment	-
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment	-
ICICI Prudential Money Market Fund - Direct Plan - Growth	7.85
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	-
UTI Money Market Fund - Direct Plan - Growth	10.81
UTI Arbitrage Fund - Direct Plan – Growth	5.63

(₹ in crore)	
Name of the Scheme	Value of units as at March 31, 2020
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	-
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	16.05
SBI Arbitrage Opportunities Fund - Direct Plan - Monthly Dividend Reinvestment	-
SBI Arbitrage Opportunities Fund - Direct Plan - Growth	11.36
HDFC Money Market Fund - Direct Plan - Growth	14.49
Axis Treasury Advantage Fund - Direct Plan – Growth	15.14
SBI Savings Fund - Direct Plan - Daily Dividend Reinvestment	-
b. Investment in Fixed Maturity Plans/Interval Plans (quoted)	27.89
c. Investment in Preference Shares (quoted)	8.91
d. Investment in Preference Shares (unquoted)	5.59
Total	231.99

As of March 31, 2020 current investments and Bank Balances stood at ₹ 304.77 crore as against ₹ 216.08 crore as on March 31, 2019.

(₹ In Crore)		
As at March 31,	2020	2019
Balances with Bank		
In Current Accounts	39.46	12.77
In Fixed Deposit Account	33.32	39.47
Current Investments	231.99	163.84
Total	304.77	216.08

Operating Cash Flow

Our net cash flow from operating activities before working capital changes is ₹ 82.64 crore for the financial year, against ₹ 69.12 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 65.71 crore against ₹ 37.65 crore in the previous year. To summarize the Company's liquidity position, given below are a few ratios:

As at March 31,	2020	2019
Operating cash flow as % of revenue	15.20%	9.49%
Cash and Equivalents as % of assets	42.39%	34.18%
Cash and Equivalents as % of revenue	70.50%	54.46%
Current investments as % of assets	32.27%	25.92%
Current investments as % of revenue	53.66%	41.29%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2020 are ₹ 79.09 crore against ₹ 61.05 crore on March 31, 2019. The age profile of the debtors (net of provision) is given below:

As at March 31,	2020	2019
Less than three months	80.84%	83.02%
Between 3 and 6 months	7.66%	3.80%
More than 6 months	11.50%	13.18%

Management's Discussion and Analysis

Loans and Other Financial Assets

Loans and Other Financial assets have been classified into Non Current and Current based on their period of realization.

	<i>(₹ In Crore)</i>	
As at March 31,	2020	2019
Non – Current		
Staff Loans	0.06	0.07
Security deposits	2.06	2.03
Long-term bank deposits	0.20	0.19
Total	2.32	2.29
Current		
Staff Loans	0.21	0.28
Security deposits	0.06	0.04
Mark-to-market gain on forward contracts	-	1.67
Expenses recoverable from customers	0.17	0.41
Unbilled Revenue	1.28	-
Total	1.72	2.40
Total Loans and Other Financial Assets	4.04	4.69

Outstanding amounts from wholly owned subsidiaries at the end of FY 2020 and FY 2019 are as below:

	<i>(₹ In Crore)</i>	
As at March 31,	2020	2019
Nucleus Software Limited, India	4.07	7.32
Avon Mobility Solutions Pvt Ltd	0.50	-
Other Recoverable from Subsidiaries	1.28	-
Less: Loss allowance on loan to subsidiary	(2.82)	(7.32)
Total	3.03	-

Security Deposits, utilised primarily for hiring of office premises and staff accommodation, amounts to ₹ 2.06 crore as on March 31, 2020 against ₹ 2.03 crore as on March 31, 2019. Long term bank deposits amounting to ₹ 0.20 crore as on March 31, 2020 include deposits held with bank for maturity more than 12 months from balance sheet date under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.

Other Assets

Other Assets represents income tax asset, Employee advances, Service income accrued but not due, Balances with Government authorities, Supplier and capital advances, prepaid and deferred expenses. Other assets have been classified into Non Current and Current based on their period of realization.

Other Assets

	<i>(₹ in crore)</i>	
As at March 31,	2020	2019
Non - Current		
Advance Tax	15.11	16.36
Employee Advances	0.38	0.38

	<i>(₹ in crore)</i>	
As at March 31,	2020	2019
Capital Advances	0.30	-
Prepaid Expenses	0.08	0.05
Advance payment to gratuity trust	1.41	1.06
Deferred Expenses	-	0.30
Balances with Government authorities (CDT)	3.26	
Total	20.54	18.15
Current		
Service income accrued but not due	8.55	14.06
Employee Advances	0.31	0.54
Prepaid Expenses	3.67	3.17
Contract Cost	-	0.70
Balances with Government authorities	0.78	0.51
Supplier advances	4.33	3.87
Deferred Expenses	0.05	0.05
Total	17.69	22.90
Total Other Assets	38.23	41.05

Current Liabilities

	<i>(₹ in crore)</i>	
As at March 31,	2020	2019
Financial liabilities		
Lease Liabilities	1.66	-
Trade Payables	17.69	10.26
Unpaid dividends	0.38	0.40
Mark-to-market gain/loss on forward contracts	1.87	-
Payable for purchase of fixed assets	0.07	-
Employee payable	28.26	40.72
Other current liabilities		
Advances from customers/Advance Billing	65.71	45.06
Deferred Revenue	52.97	51.25
Payable to Gratuity Trust	-	5.20
Statutory dues	7.62	-
Short term provisions		
Compensated absences	2.25	1.80
Income tax	0.36	0.52
Total	178.84	155.21

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2020 the Current liabilities are ₹ 178.84 crore (₹ 155.21 crore as on March 31, 2019).

Trade payables represent the amount payable for providing goods and services and are ₹ 17.69 crore as on March 31, 2020 against ₹ 10.26 crore as on March 31, 2019.

Management's Discussion and Analysis

Statutory dues are the amounts accrued for taxes deducted at source by the Company, staff provident fund, employee state insurance liabilities, GST, etc. As on March 31, 2020 it is ₹ 7.62 crore against ₹ Nil as on March 31, 2019.

Short term provisions for leave encashment and taxes are those for which liability is expected to arise in near future. A sum total of all these short-term provisions as on March 31, 2020 are ₹ 2.61 crore against ₹ 2.32 crore as on March 31, 2019.

Non-Current Liabilities

Non-Current Liabilities as on March 31, 2020 were ₹ 11.45 crore against ₹ 6.82 crore as on March 31, 2019. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)

As at March 31,	2020	2019
Financial liabilities		
Lease Liabilities	2.53	-
Annual incentive payable	1.17	0.39
Long-term Provisions		
Compensated absences	7.75	6.43
Total	11.45	6.82

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Leave encashment represents provisions made by the Company based on actuarial valuation.

AUDITORS' REPORT

For the Financial Statements for the year ended March 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Nucleus Software Exports Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Nucleus Software Exports Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Significant Judgments requirement in estimating percentage of work completed in fixed price contracts See note 1.2.ii to the standalone financial statements	
The key audit matter	How the matter was addressed in our audit
<p>For the year ended 31 March 2020, revenue amounting to Rs. 43,227 lakhs has been recognized from the sale of software products and sale of services to customers. This revenue includes revenue from fixed price contracts which is recognized based on the percentage of work completed. This is estimated by the Company basis the completion of milestones and activities as agreed with the customers. Due to the number and complexity of the activities performed, significant judgments are required to estimate this percentage of completion. Therefore, the audit risk is that if there is an error in estimation of percentage of completion, this will have an impact on the accuracy of revenue recognized for the year ended 31 March 2020</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • Obtained an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. Performed walkthrough of the underlying process and documented the controls and assessed the effectiveness of their design and implementation. Also performed tests to assess whether the controls were operating as designed. • Involved IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion was derived from a system that is operating effectively. • Selected a sample of contracts, using a mix of quantitative and qualitative criteria, and performed the following procedures for each contract selected: <ul style="list-style-type: none"> o inspecting key terms, including transaction price, deliverables, performance obligations, timetable and milestones, set out in the contract; o inquired of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies and billing schedules;

	<ul style="list-style-type: none"> o verified project management tool for budgeted efforts and related percentage completion milestones and verified accuracy of milestones based on actualization of efforts for delivered projects and past data; o verified the details of activities completed with those stated in the customer contract and as confirmed by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmations which forms the basis of percentage of completion; o tested on a sample basis the underlying invoices in respect of fixed price contracts and related cash receipts; and o verified the ageing analysis and perform analytical procedures, based on revenue trends, to assess the movements in accruals.
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Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other

comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 2.31 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Ashwin Bakshi
Partner
Membership No. 506777
ICAI UDIN: 20506777AAAABE7299

Place: New Delhi
Date : May 23, 2020

Annexure A referred to in our Independent Auditor's Report to the members of Nucleus Software Exports Limited on the standalone financial statements for the year ended 31 March 2020.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified each year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, all fixed assets were physically verified during the year. As informed to us, the discrepancies observed on physical verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all immovable properties comprising freehold land and buildings are in the name of the Company as at the balance sheet date. In respect of another immovable property comprising leasehold land, lease agreements are in the name of the Company as at the balance sheet date.
- (ii) The Company is in the business of rendering services and does not hold any inventory. Accordingly, paragraph 3 (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, as applicable. Accordingly, paragraph 3 (iii) of the Order is not applicable.
- (iv) According to information and explanations given to us and based on audit procedures performed, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of granting loans, making investments and providing guarantees and securities, as applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods and Services tax, Duty of customs, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Service tax, Duty of Excise and Value added tax during the year.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Services tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, except as stated below, there are no dues in respect of Income tax, Sales tax, Service tax, Goods and Services tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities on account of any dispute:

Name of the statute	Nature of dues	Forum where the dispute is pending	Amount involved	Amount paid under protest	Year to which the amount relates
			in Rs. Lacs	in Rs. Lacs	
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal (ITAT)	72 (refer Note below)	Nil	AY 2011-12
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal (ITAT)	11 (refer Note below)	11	AY 2015-16
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal (ITAT)	12 (refer Note below)	12	AY 2016-17
Income Tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	62 (refer Note below)	Nil	AY 2017-18
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	- ^	Nil	AY 2019-20

^ Amount below Rs. 50,000.

Note: Amount calculated by the Company on the basis of additions to income made by the Assessing Officer

- (viii) In our opinion, and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution, bank, the government or outstanding debentures during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with

sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

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

Ashwin Bakshi
Partner
Membership No. 506777
ICAI UDIN: 20506777AAAABE7299

Place: New Delhi
Date : May 23, 2020

Annexure B to the Independent Auditor's report on the standalone financial statements of Nucleus Software Exports Limited for the year ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Nucleus Software Exports Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference

to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Ashwin Bakshi
Partner
Membership No. 506777
ICAI UDIN: 20506777AAAAABE7299

Place: New Delhi
Date : May 23, 2020

STANDALONE BALANCE SHEET AS AT 31 MARCH 2020

<i>(Amount in ₹ Lacs unless otherwise stated)</i>			
Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	3,326	3,039
Capital work in progress		21	-
Other intangible assets	2.1	228	178
Intangible assets under development		5	2
Right of use assets	2.2	425	-
Financial assets			
Investments	2.3	24,677	26,922
Loans	2.4	181	7
Other financial assets	2.5	226	222
Deferred tax assets (net)	2.6	375	788
Income tax asset (net)	2.7	1,511	1,636
Other non-current assets	2.8	543	179
Total non-current assets		31,518	32,973
Current assets			
Financial assets			
Investments	2.9	23,199	16,384
Trade receivables	2.10	7,909	6,105
Cash and cash equivalents	2.11	4,125	1,390
Other bank balances	2.12	3,153	3,834
Loans	2.13	21	28
Other financial assets	2.14	195	212
Other current assets	2.15	1,769	2,290
Total current assets		40,371	30,243
Total assets		71,889	63,216
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.16	2,904	2,904
Other equity	2.17	49,956	44,109
Total equity		52,860	47,013
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	253	-
Other financial liabilities	2.18	117	39
Provisions	2.19	775	643
Total non-current liabilities		1,145	682
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	166	-
Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	2.20	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2.20	1,769	1,026
Other financial liabilities	2.21	3,058	4,112
Provisions	2.22	225	180
Current tax liabilities (net)	2.23	36	52
Other current liabilities	2.24	12,630	10,151
Total current liabilities		17,884	15,521
Total equity and liabilities		71,889	63,216

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

As per our report of even date attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-

ASHWIN BAKSHI

Partner

Membership number : 506777

UDIN: 20506777AAAABD6843

Sd/-

SIDDHARTHA MAHAVIR ACHARYA

Chairman

Sd/-

ASHISH NANDA

Chief Financial Officer

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

RAVI PRATAP SINGH

CEO & Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 23 May 2020Place: Noida
Date: 23 May 2020

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020*(Amount in ₹ Lacs unless otherwise stated)*

	Note Ref.	For the year ended 31 March 2020	For the year ended 31 March 2019
1. REVENUE FROM OPERATIONS			
Income from software product and services	2.25	43,227	39,676
2. OTHER INCOME	2.26	6,293	4,029
3. TOTAL INCOME (1+2)		49,520	43,705
4. EXPENSES			
a. Employee benefits expense	2.27	25,800	24,695
b. Operating and other expenses	2.28	10,453	8,927
c. Finance cost	2.1 & 2.2	62	30
d. Depreciation and amortisation expense		987	701
TOTAL EXPENSES		37,302	34,353
5. PROFIT BEFORE TAX (3-4)		12,218	9,352
6. INCOME TAX EXPENSE			
a. Net current tax expense		2,064	1,969
b. Deferred tax (credit) /charge		550	(180)
NET TAX EXPENSE	2.6	2,614	1,789
7. PROFIT FOR THE YEAR (5-6)		9,604	7,563
8. OTHER COMPREHENSIVE INCOME / (LOSS)			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		(123)	(125)
b) Equity instruments through other comprehensive income		(499)	6
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		31	(6)
(B) (i) Items that will be reclassified subsequently to profit or loss			
a) Effective portion of gains and loss on hedging instruments in a cash flow hedge		(352)	163
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		106	(57)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		(837)	(19)
9. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (7+8)		8,767	7,544
Profit attributable to:			
Owners of the Company		9,604	7,563
Other comprehensive income attributable to:			
Owners of the Company		(837)	(19)
Total comprehensive income attributable to:			
Owners of the Company		8,767	7,544
10. EARNINGS PER EQUITY SHARE	2.33		
Equity shares of Rupees 10 each			
a. Basic (₹)		33.07	26.04
b. Diluted (₹)		33.07	26.04
Number of shares used in computing earnings per share			
a. Basic (₹)		29,040,724	29,040,724
b. Diluted (₹)		29,040,724	29,040,724

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

As per our report of even date attached
For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN: 20506777AAAABD6843

Place: New Delhi
Date: 23 May 2020

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
ASHISH NANDA
Chief Financial Officer

Place: Noida
Date: 23 May 2020

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time
Director

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020*(Amount in ₹ Lacs unless otherwise stated)*

	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flow from operating activities		
Net profit before tax	12,218	9,352
Adjustment for:		
Depreciation and amortisation expense	987	701
Unrealised exchange (gain) / loss on translation of foreign currency accounts (net)	(335)	183
Dividend received from current investments	(708)	(678)
Dividend received from non-current investment	(259)	(58)
Dividend received from subsidiary companies	(2,190)	(1,400)
Interest income on financial assets- carried at amortised cost	(1,607)	(1,670)
Interest on loan to subsidiary	(1)	-
MTM (gain) / loss on investments	(537)	(355)
Net (gain) / loss on sale of investments	1	(9)
Reversal of loss allowance on loan to subsidiary	(500)	-
Profit on sale of fixed assets (net)	(6)	(32)
Interest expense on lease liability	38	-
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	626	38
Provision for doubtful Loans	50	-
Fair value change in preference shares of subsidiary at FVTPL	150	250
Discounting of staff loan and security deposit	(13)	(11)
Provision for diminution in value of investment	350	-
Provision for impairment of investment	-	601
Operating profit before working capital changes	8,264	6,912
Adjustment for (increase) / decrease in operating assets		
Trade receivables	(1,695)	868
Loans	284	3
Other assets	(412)	(1,133)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	600	(4,035)
Provisions and other liabilities	1,486	3,065
	8,527	5,680
Income taxes paid (net)	(1,956)	(1,915)
Net cash from operating activities (A)	6,571	3,765
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(1,169)	(862)
Proceeds from sale of property, plant and equipment	6	36
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(3,863)	(3,038)
Investment in subsidiary	-	(293)
Bank deposits (net) and other bank balances not considered as cash and cash equivalents (placed) / matured	634	(220)
Interest received on fixed deposits and others	1,003	1,161
Dividend received from non current investments	427	62
Dividend from subsidiary company	2,190	1,400
Net cash used in investing activities (B)	(772)	(1,754)
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(170)	-
Interest paid on lease liabilities	(38)	-
Dividend paid (including corporate dividend tax)	(2,919)	(2,516)
Net cash used in financing activities (C)	(3,127)	(2,516)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	2,672	(505)
Opening cash and cash equivalents	1,390	1,861
Exchange difference on translation of foreign currency bank accounts	63	34
Closing cash and cash equivalents	4,125	1,390

Notes:

i. Figures in brackets indicate cash outflow.

See accompanying notes forming part of the standalone interim financial statements

1 & 2

As per our report of even date attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-

ASHWIN BAKSHI

Partner

Membership number : 506777

UDIN: 20506777AAAAABD6843

Sd/-

SIDDHARTHA MAHAVIR ACHARYA

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CEO & Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 23 May 2020

Place: Noida

Date: 23 May 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY

A. Equity share Capital						
(Amount in ₹ Lacs unless otherwise stated)						
Balance as of 1 April 2019	Changes in equity share capital during the period	Balance as on 31 March 2020				
2,904	-	2,904				
Balance as of 1 April 2018	Changes in equity share capital during the period	Balance as on 31 March 2019				
2,904	-	2,904				
B. Other Equity						
	Reserves and Surplus			Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Capital Redemption reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2019	89	334	42,733	108	845	44,109
Profit for the period	-	-	9,604	-	-	9,604
Dividend on equity shares	-	-	(2,614)	-	-	(2,614)
Corporate dividend tax	-	-	(305)	-	-	(305)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	(247)	-	(247)
Equity Instruments through Other Comprehensive Income	-	-	-	-	(499)	(499)
Remeasurement of the defined benefit plans, net	-	-	(92)	-	-	(92)
Balance as of 31 March 2020	89	334	49,326	(139)	346	49,956

STANDALONE STATEMENT OF CHANGES IN EQUITY

	Reserves and Surplus			Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Capital Redemption reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2018	89	334	37,816	2	839	39,080
Profit for the period	-	-	7,563	-	-	7,563
Dividend on equity shares			(2,323)			(2,323)
Corporate dividend tax			(192)			(192)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	106	-	106
Equity Instruments through Other Comprehensive Income	-	-	-	-	6	6
Remeasurement of the defined benefit plans, net	-	-	(131)	-	-	(131)
Balance as of 31 March 2019	89	334	42,733	108	845	44,109
See accompanying notes forming part of the standalone interim financial statements						

As per our report of even date attached
For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN: 20506777AAAA6843

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 23 May 2020

Place: Noida
Date: 23 May 2020

Notes forming part of the financial statements

Note 1:

1.1 Company overview

Nucleus Software Exports Limited ('Nucleus' or 'the Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 31 March 2020 the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange.

The Company has wholly owned subsidiaries in India, Singapore, USA, Japan, Netherlands, South Africa and Australia. The Company's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

1.2. Significant accounting policies

i. Basis of preparation of standalone financial statements

a) Statement of compliance

The standalone financial statements ("standalone financial statements") of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The standalone financial statements were approved for issue by the Board of Directors on 23 May 2020.

b) Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, amounts below INR 50,000 have been rounded off to "-" in the standalone financial statements while rounding off to the nearest lacs unless otherwise indicated.

c) Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of the non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of the non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained its operating cycle, being a period within 12 months for the purpose of classification of assets and liabilities as current and non-current.

d) Basis of measurement

The standalone financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

e) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Notes forming part of the financial statements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

- Lease classification – Note 2.2
- Estimates of expected contract costs to be incurred to complete contracts- Note 2.15

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of deferred tax expense and payable – Note 2.6
- Estimated useful life of property, plant and equipment and Intangible assets – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligations— Note 2.38
- Impairment of trade receivables- Note 2.10
- Impairment of unbilled revenue and income accrued but not due - Note 2.14 and 2.15
- Impairment loss on preference shares carried at amortised cost- Note 2.3
- Estimation of fair value of preference shares in subsidiary- Note 2.3

f) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii. Revenue recognition

The Company earns revenue primarily from software product development and providing support services mainly for corporate business entities in the banking and financial services sector.

- The Company applies Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.
- Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.
- Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.
- Revenue from time and material contracts is recognised as the services are rendered.
- Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third

Notes forming part of the financial statements

party products are recorded at gross basis as the Company is acting as the principal.

- Out of pocket reimbursable expenses e.g.travel etc. if incurred in relation to performance obligation under the contract is recognised as revenue.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as Service income accrued but not due.

Advances from customers/ Advance billing and Deferred revenue ("contract liability") is recognised when there is billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Unbilled revenue is recognised when there is excess of revenue earned over billings on contracts. Unbilled revenue is classified as other financial asset (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms

iii. Other income

Profit on sale of investments is determined as the difference between the sales price and the carrying value of the investment upon disposal of investments.

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset ; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit- impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised

cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

iv. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

Depreciation on property, plant and equipment, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the standalone statement of profit and loss account.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The management's estimates of the useful lives of the various property, plant and equipment are as follows:

Asset category	Management estimate of useful life (in years)	Useful life as per Schedule II(in years)
Tangible asset		
Building	30	30
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.	3	3
Computers- servers and networking equipment*	4	6
Vehicles*	5	10
Furniture and fixtures*	5	10
Temporary wooden structures (included in Building)	3	3

Notes forming part of the financial statements

*Based on a technical evaluation, the useful lives as given above represent the period over which the management expects to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

v. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The management's estimates of the useful lives of the software are 3 years.

vi. Financial instruments

a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI)-equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

Notes forming part of the financial statements

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vi)(e) for derivatives designated as hedging instruments.
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Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Notes forming part of the financial statements

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company recognizes derivative instruments and hedging activities as either assets or liabilities in its balance sheet and measures them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Changes in the fair values of the derivatives designated as cash flow hedges are deferred and recorded as a component of other comprehensive income (loss) reported under accumulated other comprehensive income

(loss) until the hedge transaction occurs and are then recognized in the standalone statements of income along with underline hedge items and disclosed as part of total net revenues. Changes in the fair value of the derivatives not designated as hedging instruments and the ineffective portion of the derivatives designated as cash flows hedges are recognized in standalone statement of income and are included in foreign exchange gains (losses), net, and other income (expense), net, respectively.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

Notes forming part of the financial statements

- financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets are carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since

initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent

that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

viii. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

Notes forming part of the financial statements

The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

ix. Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated in to INR, the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gain and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- qualifying cash flow hedges to the extent that the hedges are effective.

The company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

b) Foreign operations

The assets and liabilities of foreign branches are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

x. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

xi. Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item

recognised directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Notes forming part of the financial statements

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

xii. Employee benefits

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the

asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Employee stock option based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes forming part of the financial statements

xiii. Standalone Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non –cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

xiv. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate

of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of standalone profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

xv. Research and development

Revenue expenditure pertaining to research is charged to the standalone statement of profit and loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for property, plant and equipment.

xvi. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

Notes forming part of the financial statements

2 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

2.1 Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				(Amount in Rupees Lacs unless otherwise stated)	
	As at 1 April 2019	Additions	Deductions / adjustments	As at 31 March 2020	As at 1 April 2019	Depreciation for the period	Deductions / adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Tangible assets										
Freehold land	34	-	-	34	-	-	-	-	34	34
	(34)	-	-	(34)	-	-	-	-	(34)	(34)
Leasehold land	560	-	-	560	24	8	-	32	528	536
	(560)	-	-	(560)	(16)	(8)	-	(24)	(536)	(544)
Buildings	1,654	4	-	1,658	274	91	-	365	1,293	1,380
	(1,627)	(27)	-	(1,654)	(177)	(97)	-	(274)	(1,380)	(1,450)
Plant and equipment	206	157	-	363	157	27	-	184	179	49
	(189)	(17)	-	(206)	(140)	(17)	-	(157)	(49)	(49)
Office equipment	117	19	1	135	46	23	1	68	67	71
	(75)	(42)	-	(117)	(29)	(17)	-	(46)	(71)	(46)
Computer equipment	1,649	633	1	2,281	1,004	396	1	1,399	882	645
	(1,242)	(414)	(7)	(1,649)	(675)	(334)	(5)	(1,004)	(645)	(567)
Vehicles	327	124	-	451	137	71	-	208	243	190
	(247)	(93)	(13)	(327)	(85)	(64)	(12)	(137)	(190)	(162)
Furniture and fixtures	178	1	-	179	44	35	-	79	100	134
	(92)	(86)	-	(178)	(12)	(32)	-	(44)	(134)	(80)
	4,725	938	2	5,661	1,686	651	2	2,335	3,326	3,039
	(4,066)	(679)	(20)	(4,725)	(1,134)	(569)	(17)	(1,686)	(3,039)	(2,932)
Other intangible assets										
Software	823	184	9	998	645	134	9	770	228	178
	(638)	(186)	(1)	(823)	(514)	(132)	(1)	(645)	(178)	(124)
Total	5,548	1,122	11	6,659	2,331	785	11	3,105	3,554	3,217
	(4,704)	(865)	(21)	(5,548)	(1,648)	(701)	(18)	(2,331)	(3,217)	(3,056)

Note:

(i) Figures in bracket in the table above pertain to the previous comparative period.

Notes forming part of the financial statements

2.2 Transition to Ind AS 116

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

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

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

This has resulted in recognizing a right of use asset and corresponding lease liability of ₹ 458 lakhs as at 1 April 2019. The nature of expenses in respect of operating leases has changed from lease rent in the previous periods to depreciation cost for the right of use asset and finance cost for the interest accrued on lease liability. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 9.3% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2020:

<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars	As at 31 March 2020
Balance as at 1 April 2019	458
Additions	168
Amortization	201
Balance as at 31 March 2020	425

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

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars	As at 31 March 2020
Current lease liabilities	166
Non-current lease liabilities	253
Total	419

The following is the movement in lease liabilities during the year ended 31 March 2020:

<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars	As at 31 March 2020
Balance as of 1 April 2019	458
Additions	132
Finance cost accrued during the period	38
Payment of lease liabilities	209
Balance as at 31 March 2020	419

The table below provides details regarding future lease payments as at 31 March 2020 on an undiscounted basis:

<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars	As at 31 March 2020
Not later than 1 year	198
Later than 1 year but not later than 5 years	271
More than 5 year	-
Total	469

Notes forming part of the financial statements

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 56 lacs for the year ended 31 March 2020.

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

2.3 A. NON-CURRENT INVESTMENTS

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
Investments in equity shares of subsidiaries (unquoted)		
<i>Equity shares at cost</i>		
a. 625,000 (As at 31 March 2019 - 625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore	163	163
b. 1,000,000 (As at 31 March 2019 -1,000,000) equity shares of US Dollar 0.35 each, fully paid up, in Nucleus Software Inc., USA	163	163
Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	(163)	(163)
c. 200 (As at 31 March 2019 - 200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha	41	41
d. 1,000,000 (As at 31 March 2019 - 1,000,000) equity shares of ₹ 10 each, fully paid up, in VirStra i-Technology Services Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	100	100
e. 7,500 (As at 31 March 2019 - 7,500) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands	489	489
Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands	(489)	(489)
f. 10,000,000 (As at 31 March 2019 - 10,000,000) equity shares of ₹ 10 each, fully paid up, in Nucleus Software Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	1,194	1,194
g. 100,000 (As at 31 March 2019 - 100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	55	55
h. 10 (As at 31 March 2019 - 10) equity shares of ZAR 61,200 each fully paid up, in Nucleus Software South Africa (Pty.) Limited, South Africa	32	32
i. 11,110 (As at 31 March 2019 - 11,110) equity shares of ₹ 10 each, fully paid up in Avon Mobility Solutions Private Limited [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	350	350
Less: Provision for diminution in value of investment in Avon Mobility Solutions Private Limited (see note 2.41)	(350)	-
	1,585	1,935
Investment in equity instruments (Quoted)		
<i>Equity shares at FVOCI</i>		
250,000 (250,000) equity shares of ₹ 10 each, fully paid up, in Ujjivan Financial Services Limited	371	870
Investments in preference shares of subsidiaries (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
4,000,000 (As at 31 March 2019 - 4,000,000) 11% Preference shares of ₹ 10 each fully paid up in Avon Mobility Solutions Private Limited. (see note 2.41)	-	150

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 8.15% L&T Finance Holding Ltd.(Preference Shares - 2020)	-	1,393
b. 16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	501
Less: Provision for impairment of investment	(501)	(501)
c. 17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	-	100
Less: Provision for impairment of investment	-	(100)
d. 8.33% Tata Capital Ltd (Preference Shares - 2022)	-	116
e. 7.50% Tata Capital (Preference Shares - 2020)	1,500	1,500
	1,500	3,009
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
a. 8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.30)	-	556
b. 10% Tata Motors Finance Ltd (CCPS - 2025) (see note 2.30)	2,100	2,129
	2,100	2,685
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	991	977
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	540	539
c. 8.09% Power Finance Corporation Tax Free Bonds 2021	474	477
d. 7.51% Power Finance Corporation Tax Free Bonds 2021	518	519
e. 8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	2,101	2,114
f. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,030	1,030
g. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
h. 7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	307	309
i. 8.20% Power Finance Corporation Tax Free Bonds 2022	63	64
j. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47
k. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
l. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	142	142
m. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	108	108
n. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
o. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
p. 7.21% Power Finance Corporation Tax Free Bonds 2022	514	514
q. 7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	122	122
r. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201
s. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	543	553
t. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	548	557
	8,714	8,738

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in mutual funds (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
a. HDFC FMP 1169D February 2017 (1)	-	579
b. HDFC FMP 1150D February 2017 (1)	-	347
c. Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	-	560
d. ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	-	1,120
e. ICICI Prudential FMP - Series 82 - 1225 Days Plan B	586	546
f. UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	586	546
g. Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12 (formerly known as Reliance Fixed Horizon Fund XXXV (1227 days) - series 12)	580	540
h. Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	585	546
i. ICICI Prudential FMP - Series 82 - 1203 Days Plan K	583	542
j. Nippon India Fixed Horizon Fund XXXVI - Series 6 (formerly known as Reliance Fixed Horizon Fund XXXVI - Series 6)	581	540
k. UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	579	539
	4,080	6,405
Investment in mutual funds (Unquoted)		
a. HDFC Corporate Bond Fund - Growth-Direct	382	261
b. DSP Banking & PSU Debt Fund - Growth- Direct	1,125	547
c. Axis Banking and PSU Debt Fund - Growth-Direct	496	-
d. ICICI Prudential Bond Fund - Growth- Direct	603	540
e. IDFC Corporate Bond Fund - Growth- Direct	-	688
f. L&T Short Term Bond Fund - Growth- Direct	603	550
g. Nippon India FRF - ST - Growth- Direct	-	544
h. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,034	-
i. Tata Short Term Bond Fund - Growth- Direct	711	-
j. SBI Corporate Bond Fund - Growth- Direct	351	-
k. Kotak Bond Short Term Fund - Growth- Direct	1,022	-
	6,327	3,130
Aggregate amount of non-current investments	24,677	26,922
Aggregate book value of quoted investments	14,664	19,021
Aggregate market value of quoted investments	15,233	19,651
Aggregate value of unquoted investments	10,012	5,815
Aggregate amount of impairment in value of quoted investments	501	601
Aggregate amount of impairment in value of unquoted investments	1002	652

B. Equity shares designated as at fair value through other comprehensive income

As at 1 April 2016, the Company designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that company intends to hold for long- term for strategic purpose

	Fair value as at 31 March 2020	Dividend income recognised during the year ended 31 March 2020	Fair value as at 31 March 2019
Investment in Ujjivan Financial Services Limited	371	1	870

No strategic investments were disposed off during the year ended March 31 2020 as well in the previous year ended 31 March 2019 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Notes forming part of the financial statements

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
2.4 LONG-TERM LOANS		
(Unsecured considered good unless otherwise stated)		
a. Loans and advances to employees		
Loans Receivables considered good - Unsecured	6	7
b. Loan to subsidiary credit impaired	407	732
	413	739
Less: Loss allowance on loan to subsidiary	(232)	(732)
	181	7
2.5 OTHER NON-CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposits	206	203
b. Long-term bank deposits	20	19
	226	222
Note:		
[Long term bank deposits include ₹ 20 Lacs (31 March 2019 ₹ 19 lacs) which are under lien]		

2.6 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	2,064	1,969
Deferred tax	550	(180)
Net tax expense	2,614	1,789

B. Income tax recognised in other comprehensive income

	For the year ended 31 March 2020		
	Before tax	Tax (expense) /benefit	Net of tax
Remeasurements of net defined benefit plans	(123)	31	(92)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(352)	106	(246)
Income tax recognised in other comprehensive income	(475)	137	(338)
	For the year ended 31 March 2019		
	Before tax	Tax (expense) /benefit	Net of tax
Remeasurements of net defined benefit plans	(125)	(6)	(131)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	163	(57)	106
Income tax recognised in other comprehensive income	38	(63)	(25)

Notes forming part of the financial statements

C. Reconciliation of effective tax rate

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Particulars	Percentage	For the year ended 31 March 2020	Percentage	For the year ended 31 March 2019
Profit before tax		12,218		9,352
Domestic tax rate	29%	3,558	35%	3,268
Effect of exempt non-operating income and deduction	-5%	(660)	-8%	(792)
Effect of non-deductible expenses	2%	228	3%	312
Additional deduction on research and development expenses	-4%	(450)	-5%	(495)
Taxes on income at different rates	-2%	(293)	-3%	(304)
Tax pertaining to Branch tax	0%	4	-2%	(200)
Change in tax rate and others	2%	227	0%	-
Effective tax	21%	2,614	19%	1,789

D. Movement in temporary differences

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Balance as at 1 April 2019	Recognised [Credited/ (Charge)] in profit or loss during the year ended 31 March 2020	Recognised [Credited/ (Charge)] in OCI during the year ended 31 March 2020	MAT created / (utilised) during the year ended 31 March 2020	Balance as at 31 March 2020
(i) Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	654	(361)	31	-	324
Provision for doubtful trade receivables / loans and service income accrued but not due and others	421	(127)	-	-	294
MAT credit entitlement	-	-	-	-	-
Trade receivables, security deposit and loans at amortised cost	31	(11)	-	-	20
Lease liability	-	5	-	-	5
	1,106	(494)	31	-	643
(ii) Deferred tax liabilities					
Property, plant and equipment	92	(23)	-	-	69
Forward contracts	58	-	(106)	-	(48)
Investments	168	79	-	-	247
	318	56	(106)	-	268
Net deferred tax asset	788	(550)	137	-	375

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.7 INCOME TAX ASSETS (NET)		
a. Advance income tax (net of provision)	1,511	1,636
	1,511	1,636

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.8 OTHER NON- CURRENT ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Employee advances	38	38
b. Capital advances	30	-
c. Prepaid expenses	8	5
d. Advance payment to gratuity trust (see note 2.38)	141	106
e. Deferred rent	-	30
f. Balances with Government authorities		
Corporate dividend tax*	326	-
	543	179

* Relates to corporate dividend tax paid in respect of interim dividend which was declared by the Company on March 16, 2020 and subsequently revoked. (Refer note 2.17)

2.9 Current investments

Investment in mutual funds

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2020	As at 31 March 2019
Investment in Mutual Funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	-	838
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Dividend Reinvestment	-	880
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Growth	1,348	-
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	-	1,754
HDFC Arbitrage Fund - Direct Plan - Growth	1,859	-
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend Reinvestment	-	263
IDFC Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	-	711
Kotak Equity Arbitrage Fund- Direct Plan - Fortnightly Dividend Reinvestment	-	3,276
Kotak Equity Arbitrage Fund- Direct Plan - Growth	3,480	-
L&T Ultra Short Term Fund - Direct Plan - Growth	526	-
L&T Liquid Fund - Direct Plan- Daily Dividend Reinvestment	-	708
Nippon India Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	-	1,164
Nippon India Arbitrage Fund - Direct Plan - Growth	1,239	-
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	800	546
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	454
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	1,000	786
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	575	643
Mahindra Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	667
Sundaram Money Fund - Direct Plan - Daily Dividend Reinvestment	-	630
UTI Liquid Cash Plan - Direct Plan - Daily Dividend Reinvestment	-	753
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment	-	477
ICICI Prudential Money Market Fund - Direct Plan - Growth	785	-
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	-	617
UTI Money Market Fund - Direct Plan - Growth	1,081	-
UTI Arbitrage Fund - Direct Plan - Growth	563	-
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	-	886
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	1,605	-
SBI Arbitrage Opportunities Fund - Direct Plan - Monthly Dividend Reinvestment	-	331
SBI Arbitrage Opportunities Fund - Direct Plan - Growth	1,136	-
HDFC Money Market Fund - Direct Plan - Growth	1,449	-
Axis Treasury Advantage Fund - Direct Plan - Growth	1,514	-
	18,960	16,384

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2020	As at 31 March 2019
Fixed Maturity Plans/Interval Plans (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
HDFC FMP 1169D February 2017 (1)	620	-
HDFC FMP 1150D February 2017 (1)	372	-
ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	1,198	-
Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	599	-
	2,789	-
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
8.15% L&T Finance Holding Ltd.(Preference Shares - 2020)	891	-
17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	100	-
Less: Provision for impairment of investment	(100)	-
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.30)	559	-
	559	-
Aggregate amount of investment	23,199	16,384
Aggregate book value of quoted investments	3,680	-
Aggregate market value of quoted investments	3,656	-
Aggregate value of unquoted investments	19,519	16,384
Aggregate amount of impairment in value of quoted investments	100	-

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.10 CURRENT TRADE RECEIVABLES		
a. TRADE RECEIVABLES		
Considered good - Unsecured	7,825	5,891
Credit impaired	473	247
	8,298	6,138
Less: Allowances for doubtful trade receivables	(473)	(247)
	7,825	5,891
b. Due from subsidiaries - considered good (see note 2.34)	84	214
Total	7,909	6,105
2.11 CASH AND CASH EQUIVALENTS		
a. Cash on hand	2	1
b. Balances with scheduled banks:		
- in Current accounts	2,755	64
- in Escrow accounts	82	46
- in EEFC accounts	1,058	1,108
c. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	12	8
- Citibank, United Arab Emirates	20	29
- Citibank, USA	17	21
d. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	179	113
Total	4,125	1,390

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.12 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	38	40
- dividend accounts		
b. Balances with scheduled banks in deposit accounts		
- Maturity with in 12 months of the reporting date	3,115	3,794
- Original maturity of less than 12 months		
Total	3,153	3,834
Note:		
[Balance with scheduled banks in deposit accounts include ₹ 51 lacs (31 March 2019 ₹ 42 lacs) which are under lien]		
2.13 SHORT-TERM LOANS		
a. Loan to subsidiary credit impaired	50	-
Less: Loss allowance on loan to subsidiary (see note 2.41)	(50)	-
b. Loans and advances to employees		
Loans Receivables considered good - Unsecured	21	28
	21	28
2.14 OTHER CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposit	6	4
b. Mark-to-market gain on forward contracts	-	167
c. Expenses recoverable from customers	17	41
d. Other recoverable from subsidiaries	44	-
e. Unbilled revenue		
Considered good	128	-
Credit impaired	22	-
	150	-
Less : Provision for unbilled revenue	(22)	-
	128	-
	195	212
2.15 OTHER CURRENT ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Income accrued but not due		
Considered good	855	1,406
Credit impaired	429	218
	1,284	1,624
Less : Provision for income accrued but not due	(429)	(218)
	855	1,406
b. Employee advances	31	54
c. Prepaid expenses	367	317
d. Contract cost	-	70
e. Balances with government authorities		
-Tax credit receivable GST/VAT	78	8
- Interest on income tax refund	-	43

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
f. Others		
- Supplier advances	433	387
g. Deferred employee benefits	5	5
	1,769	2,290

2.16 SHARE CAPITAL

a. Authorised

Equity shares

40,000,000 (As at 31 March 2019 - 40,000,000) equity shares of ₹ 10 each

4,000 **4,000**

b. Issued, Subscribed and Paid-Up

Issued

29,043,524 (As at 31 March 2019 - 29,043,524) equity shares of ₹ 10 each

2,904 2,904

Subscribed and Paid-Up

29,040,724 (As at 31 March 2019 - 29,040,724) equity shares of ₹ 10 each

2,904 2,904

2,904 **2,904**

Refer notes (i) to (v) below :-

(i) Reconciliation of the subscribed and paid-up number of shares and amount outstanding at the beginning and at the end of the reporting period :-

Particulars	Opening balance	Movement during the period	Closing balance
a. For the period ended 31 March 2020			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	29,044,240	-	29,044,240
b. For the year ended 31 March 2019			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	29,044,240	-	29,044,240

(ii) The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend is paid on the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-

Particulars	31 March 2020		As at 31 March 2019	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	31%	9,000,000	31%
Nucleus Software Engineers Private Limited	2,385,882	8%	2,385,882	8%
Madhu Dusad	3,066,248	11%	3,066,248	11%
Vishnu R Dusad	1,603,492	6%	1,603,492	6%

(iv) The subscribed and paid capital of ₹ 2,904 lacs include ₹ 15,000 in respect of 2,800 forfeited equity shares pending reissue.

Notes forming part of the financial statements

(v) Employees Stock Option Plan ("ESOP")

- a. Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as on the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- b. The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, majority of whom are independent directors.
- c. No options have been granted till date under the ESOP Scheme 2015.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.17 OTHER EQUITY		
a. Capital reserve	89	89
b. Capital redemption reserve	334	334
c. Retained earnings	49,326	42,733
d. Other comprehensive income	207	953
Total	49,956	44,109

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Capital Redemption reserve		
Opening Balance	334	334
Closing balance	334	334
c. Retained Earnings		
Opening balance	42,733	37,816
Add: Profit for the year	9,604	7,563
Less : Appropriations		
- Final dividend on equity shares [see note (i) below]	(2,614)	(2,323)
- Corporate Dividend tax	(305)	(192)
- Remeasurement of the defined benefit plans, net	(92)	(131)
Closing balance	49,326	42,733
d. Other comprehensive income		
Equity instrument through other comprehensive income		
Opening balance	845	839
Addition / (Deletion)	(499)	6
Closing balance	346	845
Hedging reserve, net		
Opening balance	108	2
Addition / (Deletion)	(247)	106
Closing balance	(139)	108
	207	953
	49,956	44,109

Notes forming part of the financial statements

Note :

- (i) The Board of Directors of the Company on 23 April 2019 recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2019. The payment was approved by the share holders in the Annual General Meeting held on 8 July 2019. This dividend was paid on 12 July 2019.

The Board of Directors of the Company in their meeting held on 16 March 2020 recommended payment of interim dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each). Subsequently, on account of situation arising out of Covid-19, the Board of Directors in their meeting held on 28 March 2020 revoked this interim dividend.

Nature and purpose of other reserves

Capital reserve

The Company had transferred forfeited ESOP application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption reserve

The Board of Directors of the Company, at its meeting held on 25 April 2017 had approved a proposal to buy-back equity shares not exceeding ₹ 11,779 lacs at maximum price of ₹ 350 per equity share.

The Shareholders of the Company approved the scheme of Buyback of 33,43,000 (Thirty Three Lakhs Forty Three Thousand) equity shares of the face value of ₹ 10 each fully paid up at a price of ₹ 350 (Rupees Three Hundred and Fifty Only) (the "Buyback Price") payable in cash aggregating upto ₹ 11,701 lacs (Rupees Eleven thousands Seven Hundred One lacs) through Postal Ballot on 15 June 2017. The Company made the Public Announcement of the same which was published on 19 June 2017.

Further, pursuant to Shareholders' approval vide Postal Ballot in June 2017, the Buy Back Committee of Board of Directors on 16 June 2017 approved the Buyback of 33,43,000 fully paid up Equity Shares of face value of ₹ 10 each of the Company at a price of ₹ 350 per Equity share, payable in cash for an aggregate consideration not exceeding ₹ 11,701 lacs. The settlement of the Buyback was done on 8 September 2017 and 33,43,000 Equity shares bought back were extinguished on 14 September 2017.

Capital Redemption Reserve was created to the extent of share capital extinguished ₹ 334 lacs. An amount of ₹ 3,254 lacs from Retained Earnings was used to offset the excess of buy-back cost of ₹ 11,701 lacs over par value of shares after adjusting the balance lying in Securities Premium of ₹ 219 lacs and General Reserve of ₹ 8,227 lacs.

Hedging reserve

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Equity instrument through other comprehensive income

The Company has designated its investments in certain equity instruments at fair value through other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

Remeasurement of net defined benefit plans

Remeasurement of net defined benefit plans (asset) comprises actuarial gain and losses and return on plan assets (excluding interest income)

		<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars		As at	As at
		31 March 2020	31 March 2019
2.18 OTHER NON- CURRENT FINANCIAL LIABILITIES			
a. Other trade and employee payables		117	39
		<u>117</u>	<u>39</u>
2.19 NON-CURRENT PROVISIONS			
Provision for employee benefits			
a. Provision for compensated absences		775	643
		<u>775</u>	<u>643</u>

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.20 TRADE PAYABLES		
a. Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises (see note below)	1,149	815
b. Due to subsidiaries (see note 2.34)	620	211
	1,769	1,026

Note: The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filling of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 and 31 March 2019 have been made in the financials statements based on information received and available with the Company.

	As at 31 March 2020		As at 31 March 2019	
	Principal	Interest	Principal	Interest
a) Amount due to vendor	-	-	-	-
b) Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
c) Interest due and payable for the period of delay in making payment	-	-	-	-
d) Interest accrued and remaining unpaid	-	-	-	-
e) Further interest remaining due and payable for the purpose of disallowance of a deductible expenditure under section 23	-	-	-	-
	-	-	-	-

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.21 OTHER CURRENT FINANCIAL LIABILITIES		
a. Unpaid dividends	38	40
b. Payable for purchase of Property, plant and equipment and Intangible assets	7	-
c. Mark-to-market gain/loss on forward contracts	187	-
d. Employee payable	2,826	4,072
	3,058	4,112
2.22 CURRENT PROVISIONS		
Provision for employee benefits		
a. Provision for compensated absences	225	180
	225	180
2.23 CURRENT TAX LIABILITIES		
a. Provision for tax	36	52
	36	52
2.24 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	6,571	4,506
b. Deferred revenue	5,297	5,125
c. Other payables - statutory liabilities	762	520
	12,630	10,151

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
2.25 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Software products and services (see note 2.37)		
- Sale of products	40,768	37,420
- Sale of services	2,459	2,256
	43,227	39,676

Impact of COVID-19

The Company primarily caters to customers in Banking and Financial Services sector. While the Company believes that it has offerings, which will have great value proposition for the customers even in COVID-19, the impact on future revenue streams could come from -

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers postponing their discretionary spend due to change in priorities

The Company has considered impact of the above reasons to the extent known and available currently. The Company has also taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations and based on the current estimate, it sees no material impact on the financial statements based on the current understanding. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

2.26 OTHER INCOME

a. Interest income on financial assets- carried at amortised cost :		
- Deposits with banks	305	258
- Tax free bonds	630	646
- Non- current trade receivable	19	47
- Fixed maturity plan	463	435
- Preference shares	190	284
- Others	13	11
b. Interest income on income tax refund	-	43
c. Dividend income		
- Current investments	708	678
- Non-current investments	259	58
- Subsidiary companies (see note 2.34)	2,190	1,400
d. Net gain / (loss) on sale of investments		
- Non trade investment	(1)	9
e. MTM gain or (loss) on		
- Current investments	247	11
- Non-current investments	290	344
f. - Gain / (Loss) on exchange fluctuation	260	(286)
g. Interest on loan to subsidiary	1	-
h. Other non-operating income		
- Net profit on sale of property, plant and equipment	6	32
- Lease rental income from subsidiary	10	7
- Premium on Forward Contracts	199	37
- Reversal of loss allowance on loan to subsidiary	500	-
- Miscellaneous income	4	15
	6,293	4,029

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
2.27 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	23,447	22,606
b. Contribution to provident and other funds	1,335	1,175
c. Gratuity expense (see note 2.38)	330	304
d. Staff welfare expenses	688	610
	25,800	24,695
2.28 OPERATING AND OTHER EXPENSES		
a. Outsourced technical service expense	1,266	888
b. Cost of software purchased for delivery to clients	128	189
c. Power and fuel	403	414
d. Rent (see note 2.2)	56	332
e. Repair and maintenance		
- Buildings	99	55
- Others	477	364
f. Insurance	44	38
g. Rates and taxes	16	18
h. Travel expenses		
- Foreign	1,577	1,252
- Domestic	520	446
i. Advertisement, business development and promotion	209	205
j. Legal and professional (see note 2.32)	491	392
k. Directors remuneration	142	123
l. Conveyance	136	165
m. Communication	161	171
n. Training and recruitment	316	287
p. Conference, exhibition and seminar	310	212
q. Information technology expenses	1,111	783
r. Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	626	38
t. Provision for doubtful Loans (see note 2.41)	50	-
s. Provision for diminution in value of investment (see note 2.41)	350	-
s. Impairment loss on preference shares carried at amortised cost	-	601
t. Fair value change in preference shares of subsidiary at FVTPL (see note 2.41)	150	250
t. Commission to channel partners	202	195
u. Expenditure on corporate social responsibility (see note 2.40)	145	102
v. Sales and marketing fee	1,204	1,028
w. Miscellaneous expenses	264	379
	10,453	8,927
Directors Remuneration includes :		
Non Executive Directors		
a. Commission	107	85
b. Sitting fees	35	38
	142	123
2.29 FINANCE COST		
Bank Charges	24	30
Interest expense on lease liability	38	-
	62	30

Notes forming part of the financial statements

2.30 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2020 are as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	(Amount in ₹ Lacs unless otherwise stated)		
					Total fair value	Level 1	Level 2 Level 3
Assets:							
Cash and cash equivalents (2.11)	4,125	-	-	4,125	4,125		
Other bank balances (2.12)	3,153	-	-	3,153	3,153		
Investments (2.3 and 2.9)							
Equity Instruments (Other than subsidiaries)	-	-	371	371	371	371	
Tax free bonds	8,714	-	-	8,714	9,205	9,205	
Mutual funds (other than FMPs)	-	25,287	-	25,287	25,287	25,287	
Fixed maturity plans (FMPs)	6,869	-	-	6,869	6,957	6,957	
Preference shares	2,391	2,659	-	5,050	5,016	2,357	2,659
Trade receivables (2.10)	7,909	-	-	7,909	7,909		
Loans (2.4 and 2.13)	202	-	-	202	202		
Other financial assets (2.5 and 2.14)	421	-	-	421	421		
	33,784	27,946	371	62,101	62,646		
Liabilities:							
Trade payables (2.20)	1,769	-	-	1,769	1,769		
Lease liabilities (2.2)	420	-	-	420	420		
Other financial liabilities (2.18 and 2.21)	2,988	-	187	3,175	3,175		
	5,177	-	187	5,364	5,364		

Notes forming part of the financial statements

The carrying value and fair value of financial instruments by categories as at 31 March 2019 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	(Amount in ₹ Lacs unless otherwise stated)			
				Total carrying value	Total fair value	Level 1	Level 2 Level 3
Assets:							
Cash and cash equivalents (2.11)	1,390	-	-	1,390	1,390		
Other bank balances (2.12)	3,834	-	-	3,834	3,834		
Investments (2.3 and 2.9)							
Equity Instruments (Other than subsidiaries)	-	-	870	870	870	870	
Tax free bonds	8,737	-	-	8,737	9,007	9,007	
Mutual funds (other than FMPs)	-	19,514	-	19,514	19,514	19,514	
Fixed maturity plans (FMPs)	6,406	-	-	6,406	6,408	6,408	
Preference shares	3,009	2,836	-	5,844	6,201	3,365	2,836
Trade receivables (2.10)	6,105	-	-	6,105	6,105		
Loans (2.4 and 2.13)	35	-	-	35	35		
Other financial assets (2.5 and 2.14)	267	-	167	434	434		
	29,783	22,350	1,037	53,169	53,798		
Liabilities:							
Trade payables (2.20)	1,026	-	-	1,026	1,026		
Other financial liabilities (2.18 and 2.21)	4,151	-	-	4,151	4,151		
	5,177	-	-	5,177	5,177		

Notes forming part of the financial statements

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- a) the use of quoted market prices or dealer quotes for similar instruments.
- b) for forward exchange contracts, the fair value is determined based on confirmations received from the bankers at the reporting date.
- c) the fair value of remaining financial instruments is determined using discounted cash flows method.

The fair values of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities, other bank balances and cash and cash equivalents are considered to be the same as their carrying amount, due to their short-term nature.

The fair value of long term loan, non-current security deposit and non-current financial liabilities were calculated based on cash flows discounted using the lending rate as on the transition date since there is no material change in the lending rate.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Reconciliation table in respect of Level 3 Investments

The following table shows a reconciliation of the fair value from the opening balances to the closing balances for Level 3 investments.

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	2,835	265
Purchases	-	2,135
Reclassification from amortised cost to FVTPL	-	512
Net change in Fair Value (recognized in profit or loss)	(176)	(77)
	2,659	2,835

b) Financial risk management

The Company's activities expose it to a variety of financial risks arising from financial instruments

- Market risk,
- Credit risk and
- Liquidity risk

Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the Company to identify risks and rate them appropriately. Top risks are identified and remaining are categorized as other risks. The RMC then places updates to the Board of Directors on a quarterly basis, on key risks facing the Company, along with their mitigation plans.

i) Market risk

a) Currency risk

The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk.

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services and purchase of services from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected if the rupee appreciates/depreciates against these currencies.

Notes forming part of the financial statements

The Company's risk management policy is to hedge 40% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

For the period end foreign currency exposures are given below :

Currency	As at 31 March 2020		As at 31 March 2019	
	Amount in foreign currency in lacs	Amount in Rupees in lacs	Amount in foreign currency in lacs	Amount in Rupees in lacs
Receivable				
USD	38	2,860	47	3,237
EUR	1	104	1	83
MYR	29	506	20	335
SGD	0	21	1	39
JPY	71	49	217	135
ZAR	0	2	6	27
AED	8	159	2	42
CHF	0	6	-	-
GBP	2	189	7	612
AUD	4	188	-	-
QAR	1	15	-	-
Payable				
USD	5	346	4	270
EUR	-	-	0	2
MYR	0	4	0	4
GBP	1	68	0	10
SGD	4	208	1	63
AED	3	62	4	68
JPY	128	89	0	0
AUD	6	262	2	90
SAR	-	-	0	2

Cash flow sensitivity of currency risk

For the period ended 31 March 2020 and year ended 31 March 2019 a 10% strengthening/weakening of the Indian rupee against the respective Foreign currencies, would have affected the Company's total comprehensive income by ₹ 306 lacs and ₹ 400 lacs respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency due to exchange rate fluctuations between the previous reporting year and the current reporting period.

Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

Notes forming part of the financial statements

b) Price risk

(i) Exposure

The Company's exposure to equity securities and mutual funds arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

(ii) Sensitivity

The sensitivity of profit or loss in respect of investments in mutual funds and equity instruments (other than subsidiaries) at the end of the reporting period for +/- 2% change in price and net asset value is presented below:

	Impact on profit before tax		Impact on other components of equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Increase 2%				
Mutual funds	506	390	-	-
Equity instruments (other than subsidiaries)	-	-	7	17
Decrease 2%				
Mutual funds	(506)	(390)	-	-
Equity instruments (other than subsidiaries)		-	(7)	(17)

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts:

Contract outstanding	Buy/Sell	As at 31 March 2020	Equivalent amount in Rupees in lacs	As at 31 March 2019	Equivalent amount in Rupees in lacs
		(Original currency)	31 March 2020	(Original currency)	31 March 2019
In USD (Amount in USD lacs)	Sell	67	5,032	64	4,392

The foreign exchange contracts mature within six months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance sheet date

Particulars	As at		As at	
	31 March 2020 Amount in USD in lacs	31 March 2020 Equivalent amount in Rupees in lacs	31 March 2019 Amount in USD in lacs	31 March 2019 Equivalent amount in Rupees in lacs
Not later than one month	10	757	12	795
Later than one month and not later than three months	19	1,438	24	1,625
Later than three months and not later than one year	38	2,838	29	1,971

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The following table provides the reconciliation of cash flow hedge reserve for the period ended :

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	108	2
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	(247)	106
Balance at the end of the period	(139)	108

Notes forming part of the financial statements

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Effects of hedge accounting on financial performance

	For the year ended 31 March 2020	For the year ended 31 March 2019
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss), net	(352)	163
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	228	(212)

The following table provides quantitative information about offsetting of derivative financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Gross amount of recognized financial asset/ (financial liabilities)	(187)	167
Net amount presented in balance sheet	(187)	167

ii) Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward- looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 7,909 lacs and ₹ 6,105 lacs as of 31 March 2020 and 31 March 2019 respectively and income accrued but not due / unbilled revenue amounting to ₹ 983 lacs and ₹ 1,406 lacs as of 31 March 2020 and 31 March 2019 , respectively. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and income accrued but not due/ unbilled revenue. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers.

The following table gives details in respect of percentage of revenues generated from its top most customer and the top five customers:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
	(in %)	(in %)
Revenue from top customer	8.88%	12.63%
Revenue from top five customers	26.00%	29.48%

Notes forming part of the financial statements

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the year ended 31 March 2020 is ₹ 329 lacs and for the year ended 31 March 2019 was ₹ 22 lacs.

	For the Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning	247	228
Impairment loss recognised	329	22
Amounts written off	(103)	(3)
Balance at the end	473	247

- b) The lifetime expected credit loss on income accrued but not due/ unbilled revenue for the period ended 31 March 2020 is ₹ 297 lacs and for the year ended 31 March 2019 was ₹ 4 lacs.

	For the Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning	218	214
Impairment loss recognised	297	4
Amounts written off	(64)	-
Balance at the end	451	218

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units, quoted bonds issued by government, preference shares and non convertible debentures.

- a) Expected credit loss for loans, security deposits and Investments

As at 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	14,293	0%	-	14,293
		Loans to employee	6	0%	-	6
		Security deposits	206	0%	-	206
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Loan to subsidiary	407	57%	(232)	175
		Investment at amortised cost	601	100%	(601)	-

Notes forming part of the financial statements

As at 31 March 2019

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	18,152	0%	-	18,152
		Loans to employee	7	0%	-	7
		Security deposits	203	0%	-	203
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Loans to subsidiaries	732	100%	(732)	-
		Investment at amortised cost	601	100%	(601)	-

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2020

Ageing	Not due	0-90 days past due	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	3,710	3,066	642	268	366	330	8,382
Less : Expected credit losses (Loss allowance provision)	1	-	70	195	87	120	473
Carrying amount of trade receivables (net of impairment)	3,709	3,066	572	73	279	210	7,909

As at 31 March 2019

Ageing	Not due	0-90 days past due	91-180 days past dues	181-270 days past dues	271-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	3,782	1,606	232	155	38	539	6,352
Less : Expected credit losses (Loss allowance provision)	-	-	-	-	27	220	247
Carrying amount of trade receivables (net of impairment)	3,782	1,606	232	155	11	319	6,105

c) Expected credit loss for income accrued but not due / unbilled revenue under simplified approach

As at 31 March 2020

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	786	100	57	79	412	1,434
Less : Expected credit losses (Loss allowance provision)		1	27	64	359	451
Carrying amount (net of impairment)	786	99	30	15	53	983

Notes forming part of the financial statements

As at 31 March 2019

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	902	219	191	94	218	1,624
Less : Expected credit losses (Loss allowance provision)	-	-	-	-	218	218
Carrying amount (net of impairment)	902	219	191	94	-	1,406

iii) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that its working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March 2020, the Company had a working capital of ₹ 22,487 lacs including cash and cash equivalent of ₹ 4,125 lacs and current investment of ₹ 23,199 lacs (31 March 2019 ₹ 14,722 lacs including cash and cash equivalents of ₹ 1,390 lacs and current investments of ₹ 16,384 lacs). A substantial portion of the current investments are classified as Level 1 and their fair value is marked to an active market, which factors the uncertainties arising out of COVID-19 and material volatility is not expected. Further, the cash and cash equivalents, bank deposits and earmarked balances are with banks where the Company has assessed the counterparty credit risk.

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

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	1,769	-	1,769
Lease liabilities	166	253	419
Other financial liabilities	3,058	117	3,175

The table below provides details regarding the contractual maturities of significant liabilities as of 31 March 2019:

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	1,026	-	1,026
Other financial liabilities	4,112	39	4,151

c) Capital Management

The Company's objectives when managing capital are to:

Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an appropriate capital structure

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 March 2020	As at 31 March 2019
Total Liabilities	19,029	16,203
Less: Cash and cash equivalents	4,125	1,390
Adjusted net debt	14,904	14,813
Total equity	52,860	47,013
Less: Effective portion of cash flow hedges	(139)	108
Adjusted Equity	52,999	46,905
Adjusted net debt to equity ratio	28%	32%

Notes forming part of the financial statements

(i) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, raise debts or issue new shares.

(ii) Dividends

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Equity Shares		
(i) Final dividend for the year ended 31 March 2019 / 31 March 2018 of ₹ 9/ ₹ 8 Per share fully paid up respectively	2,614	2,323
(ii) Dividends not recognised at the end of reporting period	-	2,614
The Board of Directors on 23 April 2019 recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2019. The payment was approved by the share holders in the Annual General Meeting held on 8 July 2019. This dividend was paid on 12 July 2019.		
The Board of Directors in their meeting held on 16 March 2020 recommended payment of interim dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each). Subsequently, on account of business considerations the Board of Directors in their meeting held on 28 March 2020 revoked this interim dividend.		

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
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2.31 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

a. Contingent liabilities	Refer note below	-
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Note :

In the current year, the Income Tax Appellate Tribunal (ITAT) has issued a notice to the Company in respect of an order related to the Assessment year 2011-12 whereby the Assessing Officer had made an addition of ₹ 360 Lakhs to the book profits computed u/s 115JB of the Income Tax Act, 1961. This matter was adjudicated by the CIT (A) and an order in favour of the Company was passed in an earlier year. Subsequently, the tax authorities have filed an appeal against the order of the CIT (A). The amount of tax demand calculated by the Company on the basis of addition made by the assessing officer is ₹ 72 lacs. The Company has applied under Direct tax Vivad se Vishwas Act 2020, to settle the pending litigation as per the governing provisions of the said Act. Consequently, the Company has created a provision of ₹ 36 lacs in respect of this matter which is expected to be the amount at which the demand shall be settled with the tax authorities.

The Company has certain other tax litigations in respect of other assessment years which are still ongoing. The Company is firmly of the view that these demands are not tenable and highly unlikely to be retained.

b. Capital Commitments	193	93
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Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
2.32 AUDITORS REMUNERATION (EXCLUDING TAXES)		
a. As auditors - statutory audit, including quarterly audits	52	52
b. For other services	6	18
c. Reimbursement of expenses	9	6
	67	76
2.33 EARNINGS PER SHARE		
a. Profit after taxation available to equity shareholders (Rupees)	9,604	7,563
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	29,040,724	29,040,724
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share (Numbers)	29,040,724	29,040,724
e. Basic earnings per share (Rupees)	33.07	26.04
f. Diluted earnings per share (Rupees)	33.07	26.04

2.34 RELATED PARTY TRANSACTIONS

List of related parties

Where control exists

Subsidiary Companies

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan
- Nucleus Software Inc., USA
- Nucleus Software Netherlands B.V., Netherlands
- VirStra i-Technology Services Limited, India
- Nucleus Software Limited, India
- Nucleus Software Australia Pty. Ltd., Australia
- Nucleus Software South Africa Pty. Limited, South Africa
- Avon Mobility Solutions Private Limited, India

Other related parties with whom transactions have taken place :

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director)
- Ashish Nanda (Chief Financial officer)
- Poonam Bhasin (Company Secretary)
- Parag Bhise (Additional executive Director) (w.e.f 16 March 2020)

Others :

- Nucleus Software Foundation (Entity in which relatives of KMPs are trustees) (see note 2.41)
- Avon Solutions & Logistics Pvt Ltd (Entity in which erstwhile director was interested) (Related party up to 31 March 2019)
- Ms Ritika Dusad (Relative of Key Managerial personnel)
- Ms Kritika Dusad (Relative of Key Managerial personnel) (Related party up to 31 May 2018)

Notes forming part of the financial statements

Transactions with related parties

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a. Software development services and products		
- Nucleus Software Japan Kabushiki Kaisha, Japan	62	375
- Nucleus Software Solutions Pte Ltd, Singapore	1,029	938
	1,091	1,313
b. Other income		
Dividend income		
- VirStra i-Technology Services Limited, India	-	400
- Nucleus Software Japan Kabushiki Kaisha, Japan	192	369
- Nucleus Software Solutions Pte Ltd, Singapore	1,998	631
Rental Income		
- Avon Mobility Solutions Private Limited, India	10	7
Interest Income		
- Avon Mobility Solutions Private Limited, India	1	-
	2,201	1,407
Transactions with related parties		
a. Salary and other benefits to Key managerial personnel		
Short-term employee benefits	523	489
Contribution to provident and other funds	24	22
	547	511
b. Cost of software purchased for delivery to clients		
- Nucleus Software Solutions Pte Ltd, Singapore	21	28
	21	28
c. Outsourced technical service expense		
- VirStra i-Technology Services Limited, India	14	31
- Avon Mobility Solutions Private Limited, India	30	10
- Nucleus Software Australia Pty Ltd.	647	357
	691	398
d. Expenditure on Corporate Social Responsibility		
Nucleus Software Foundation (see note 2.40)	145	102
	145	102
e. Lease rent paid		
- Nucleus Software Limited, India	-	82
	-	82
f. Reimbursement of expenses from		
- Nucleus Software Solutions Pte Ltd, Singapore	14	18
- Nucleus Software Japan Kabushiki Kaisha, Japan	497	569
- Nucleus Software Inc., USA	2	3
- Nucleus Software Netherlands B.V., Netherlands	1	1
- VirStra i-Technology Services Limited, India	1	1
- Avon Mobility Solutions Private Limited	2	2
	517	594
g. Reimbursement of expenses to		
- Nucleus Software Solutions Pte Ltd, Singapore		1
- Nucleus Software Japan Kabushiki Kaisha, Japan	18	-
- Nucleus Software Limited, India	-	9
- Avon Mobility Solutions Private Limited	1	
	19	10

Notes forming part of the financial statements

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
h. Sales & marketing fee		
- Nucleus Software Japan Kabushiki Kaisha, Japan	203	227
- Nucleus Software Solutions Pte Ltd, Singapore	658	511
- Nucleus Software Inc., USA	168	155
- Nucleus Software Australia Pty Ltd.	175	135
	1,204	1,028
i. Communication Expenses		
- Avon Solutions & Logistics Pvt Ltd	-	24
	-	24
j. Salary to Ms Kritika Dusad (Relative of Key Managerial personnel)	-	11
	-	11
k. Remuneration to other Non Executive Directors		
- Ms Ritika Dusad (Relative of Key Managerial personnel)		
a. Commission	21	14
b. Sitting fees	2	1
	23	15
l. Loan to subsidiary		
- Avon Mobility Solutions Private Limited, India	50	-
	50	-
m. Loan repaid by subsidiary		
- Nucleus Software Limited, India	325	-
	325	-
n. Loss allowance for loan to subsidiary		
- Avon Mobility Solutions Private Limited, India	50	-
	50	-
o. Provision for diminution in value of investment		
- Avon Mobility Solutions Private Limited, India	350	-
	350	-
p. Fair value change in preference shares of subsidiary at FVTPL		
- Avon Mobility Solutions Private Limited, India	150	250
	150	250
n. Investment with Subsidiary		
- Avon Mobility Solutions Private Limited	-	158
	-	158
o. Investment in preference shares		
- Avon Mobility Solutions Private Limited	-	135
	-	135
Outstanding balances as at period end		

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
a. Trade receivables		
- Nucleus Software Solutions Pte Ltd, Singapore	78	79
- Nucleus Software Japan Kabushiki Kaisha, Japan	6	135
	84	214
b. Other recoverable from subsidiaries - considered good		
- Nucleus Software Japan Kabushiki Kaisha, Japan	43	-
	43	-

Notes forming part of the financial statements

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
c. Trade payables		
- Nucleus Software Solutions Pte Ltd, Singapore	39	62
- VirStra i -Technology Services Limited, India	9	2
- Nucleus Software Japan Kabushiki Kaisha, Japan	89	-
- Nucleus Software Australia Pty Ltd., Australia	261	88
- Avon Mobility Solutions Private Limited, India	-	11
- Nucleus Software Inc., USA	52	37
	450	200
d. Expenses Payable to Subsidiaries		
- Nucleus Software Solutions Pte Ltd, Singapore	169	6
- Avon Mobility Solutions Private Limited	-	3
- VirStra i -Technology Services Limited, India	-	2
	169	11
e. Loan to subsidiary		
- Nucleus Software Limited, India	407	732
- Avon Mobility Solutions Private Limited, India	50	-
	457	732
f. Loss allowance for loan to subsidiary		
- Nucleus Software Limited, India	232	732
- Avon Mobility Solutions Private Limited, India	50	-
	282	732
g. Investments in subsidiary companies (net of provision) (see note 2.3)	1,585	1,935
	1,585	1,935
h. Investments in preference shares of subsidiary companies (Fair Value)		
- Avon Mobility Solutions Private Limited, India	-	400
	-	400
i. Fair value change of preference shares of subsidiary at FVTPL		
¹ - Avon Mobility Solutions Private Limited, India	-	250
	-	250
j. Remuneration payable to Non Executive Directors		
- Ms Ritika Dusad (Relative of Key Managerial personnel)	21	14
	21	14

2.35 Research and development expenditure

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Expenditure on research and development as per Ind AS 38		
Revenue Expenditure	3,133	3,106

The Company had been accorded initial recognition for the in-house Research and Development (R&D) unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December 2012 which was valid till 31 March 2015. The Company further received renewal of recognition for its R&D center for three years starting from 1 April 2015 till 31 March 2018 and subsequently from 1 April 2018 till 31 March 2021.

Notes forming part of the financial statements

2.36 SEGMENT REPORTING – BASIS OF PREPARATION

a. Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of standalone interim financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the geographies of the Company's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by geographical segments.

b. Composition of reportable segments

The Company operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Company.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are allocated to segments based on factors such as revenue, payroll cost etc. Certain expenses are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between geographical segments. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under the "Unallocated" head.

Information in respect of reportable segments being geographies

The profit and loss is set out below:

a (i) For the year ended 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	17,956	2,315	4,792	3,789	7,763	1,719	2,738	2,155	43,227
Expenses	8,488	1,199	5,942	2,835	4,710	1,125	1,554	1,093	26,946
Segment result	9,468	1,116	(1,150)	954	3,053	594	1,184	1,062	16,281
Unallocated corporate expenditure									10,356
Operating profit before taxation									5,925
Other income									6,293
Profit before taxation									12,218
Tax Expense									
Net current tax expense									2,064
Deferred tax (credit) /charge									550
									2,614
Profit for the year ended									9,604

a (ii) For the year ended 31 March 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	14,830	2,860	6,184	5,047	7,627	2,154	941	33	39,676
Expenses	6,952	1,244	6,315	3,216	4,693	822	678	303	24,223
Segment result	7,878	1,616	(131)	1,831	2,934	1,332	263	(270)	15,453

Notes forming part of the financial statements

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Unallocated corporate expenditure									10,130
Operating profit before taxation									5,323
Other income									4,029
Profit before taxation									9,352
Tax Expense									
Net current tax expense									1,969
Deferred tax (credit) /charge									(180)
									1,789
Profit for the year ended									7,563

a (iii) Revenue from a top customer, that is contributing more than 10% of the total revenue, is presented segment wise as follows:

For the year ended 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-
For the year ended 31 March 2019									
Revenue from operations	-	-	-	5,010	-	-	-	-	5,010

Assets and liabilities of reportable segments being geographies are as follows:

a. As at 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	6,115	414	1,539	322	975	153	190	121	9,829
Unallocated corporate assets									62,060
Total assets									71,889
Segment liabilities	6,042	523	2,437	887	3,304	875	1,854	381	16,303
Unallocated corporate liabilities									2,726
Total liabilities									19,029
Capital employed									52,860

Notes forming part of the financial statements

b. As at 31 March 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	3,737	541	1,280	714	1,508	373	-	19	8,172
Unallocated corporate assets									55,044
Total assets									63,216
Segment liabilities	5,270	503	3,406	1,071	3,400	1,395	373	38	15,456
Unallocated corporate liabilities									747
Total liabilities									16,203
Capital employed									47,013

A listing of capital expenditure, depreciation and other non-cash expenditure of the geographical segment are set out below:

a (i) For the year ended 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)	1,314								1,314
Total capital expenditure									
Depreciation expenditure (Unallocated)									987
Total depreciation									
Non-cash expense other than depreciation	328	-	101	-	(4)	201	-	-	626
Total non cash expenditure other than depreciation	328	-	101	-	(4)	201	-	-	626
Non-cash expense other than depreciation (Unallocated)									550

a (ii) For the year ended 31 March 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)									870
Total capital expenditure									756
Depreciation expenditure (Unallocated)									701
Total depreciation									525
Non-cash expense other than depreciation	48	(8)	3	3	(8)	-	-	-	38
Non-cash expense other than depreciation (Unallocated)									601

Notes forming part of the financial statements

2.37 DISAGGREGATION OF REVENUE

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of the Company's revenues and cash flows are affected by industry, market and other economic factors.

(A) Revenues by geography*

a (i) For the year ended 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	17,956	2,315	4,792	3,789	7,763	1,719	2,738	2,155	43,227

(ii) For the year ended 31 March 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	14,830	2,860	6,184	5,047	7,627	2,154	941	33	39,676

* Disclosure relating to revenues by geography has been made with respect to location of customers.

(B) Revenues in products and services **

(Amount in ₹ Lacs unless otherwise stated)

Description	Products	Services	Total
a. For the year ended 31 March 2020			
Revenue	40,768	2,459	43,227
b. For the year ended 31 March 2019			
Revenue	37,419	2,257	39,676

** Revenue from Products comprises revenue generated from Company's own developed software and from third party software supplied along with the Company's software. It also includes services such as enhancements to the product, maintenance of the product and any other related service in respect of the product. Revenue other than the above is categorized under Revenue from Services.

2.38 EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plans

An amount of ₹ 1,210 lacs for the year ended 31 March 2020 (Year ended 31 March 2019 ₹ 1,076 lacs), has been recognized as an expense in respect of the company's contribution towards Provident Fund and ₹ 3 lacs (Year ended 31 March, 2019 ₹ 7 lacs) has been recognised as an expense in respect of Employee State Insurance Fund and ₹ 122 lacs (Year ended 31 March 2019 ₹ 92 lacs) has been recognized as an expense for the year ended 31 March 2020 in respect of National Pension Scheme and has been shown under Employee Benefits expense in the standalone statement of Profit and Loss.

In relation to the judgement of the Honorable Supreme Court of India (SC) on 28 February 2019 related to provident fund, there are considerable interpretative challenges including its retrospective implications due to which the impact of the retrospective period cannot be reliably estimated. Pending further clarity, the Company has, based on this judgement, paid ₹ 21 lacs during the year ended 31 March 2020 in respect of the year ended 31 March 2019.

Further, with effect from 1 April 2019, the Company has aligned its salary structure in accordance with the (SC) judgement.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess

Notes forming part of the financial statements

of 6 months subject to a maximum limit of ₹ 20 lacs in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service

Provision in respect of gratuity and compensated absence has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

The Company had made contributions to Nucleus Software Export Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2020 :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	2,650	2,155
Current service cost	344	284
Past service cost	-	-
Interest cost	170	144
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	118	59
Actuarial loss/(gain) arising from change in demographic assumptions	-	7
Actuarial loss/(gain) arising on account of experience changes	26	82
Benefits paid	(95)	(81)
Obligation at year end	3,213	2,650
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	2,755	1,783
Expected return on asset plan	185	123
Contributions by employer	487	907
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	22	23
Benefits paid	(95)	(81)
Plan assets at year end, at fair value	3,354	2,755
c. Net asset recognised in the Balance Sheet		
Present value of defined benefit obligation	3,213	2,650
Fair value of plan assets	3,354	2,755
Funded status- Surplus/ (Deficit)	141	105
Unrecognised past service costs	-	-
Net asset recognised in the Balance Sheet	141	105
d. Expected employer's contribution next year	200	200

Notes forming part of the financial statements

e. Expense recognised in Profit or Loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	344	284
Past service cost	-	-
Interest cost	(14)	20
Net gratuity cost	<u>330</u>	<u>304</u>

f. Remeasurements income recognised in other comprehensive income:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Actuarial (gain) loss on defined benefit obligation	145	148
Return on plan assets excluding interest income	(22)	(23)
	<u>123</u>	<u>125</u>

Actuarial assumptions for gratuity and long-term compensated absences

g. Economic assumptions :	As at 31 March 2020	As at 31 March 2019
Discount rate	6.35%	7.00%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected return on plan assets:

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

h. Demographic assumptions

Retirement age	58 years	58 years
Mortality table	IALM Mortality (2006-08)	IALM Mortality (2006-08)

i. Withdrawal rates

Ages - Withdrawal Rate (%)

21-50 years - 16%

51-54 years - 2%

55-57 years - 1%

j. Category of asset

Insurer Managed Funds	3,354	2,755
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The company does not invest directly in any property occupied by the company nor in financial security issued by the company.

Notes forming part of the financial statements

k. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

Particulars :	Year ended		Year ended	
	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(89)	99	(74)	78
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	72	(68)	59	(58)

2.39 FUNCTION WISE CLASSIFICATION OF STATEMENT OF STANDALONE PROFIT AND LOSS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income from software product and services	43,227	39,676
Software development expenses *	27,761	25,952
Operating profit from software product & services	15,466	13,724
Less :		
Selling and marketing expenses	3,646	3430
General and administration expenses	4,908	4270
Operating profit before depreciation	6,912	6,024
Less :		
Depreciation and amortisation expense	987	701
Operating profit after depreciation	5,925	5,323
Add :		
Other income	6,293	4,029
Profit before tax	12,218	9,352
Less :		
Tax expense:		
Net current tax expense	2,064	1,969
Deferred tax (credit) /charge	550	(180)
	2,614	1,789
Profit for the period	9,604	7,563

* Includes indirect expenses which have been allocated on a reasonable basis.

2.40 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a Gross amount required to be spent by Company during the year ended 31 March 2020 / 31 March 2019 :	139	108
b Amount spent during the period		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than Construction/acquisition of any asset		
- Paid to Nucleus Software Foundation	145	102

Notes forming part of the financial statements

- 2.41** Operating and other expenses for the year ended 31 March 2020 in the standalone financial statements include a provision/charge for ₹ 500 lakhs on account of impairment of investments in the company's wholly owned subsidiary Avon Mobility Solutions Private Limited ('Avon') and a provision of ₹ 50 lakhs towards a short term loan given to Avon.
- 2.42** Other income for the year ended 31 March 2020 in the standalone financials statements includes ₹ 500 lakhs in respect of reversal of loss allowance on loan given by the Company to its wholly owned subsidiary Nucleus Software Limited.
- 2.43** In view of pandemic relating to COVID-19, the Company has considered internal and external information and has performed an analysis based on current estimates while assessing the provision towards employee benefits and recoverability of right-of-use assets, trade receivables, investments and other financial assets, for any possible impact on the Standalone Financial Statements. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting and control etc. and is of the view that based on its present assessment this whole matter does not materially impact these Standalone financial statements. However, the actual impact of COVID-19 on these financial statements may differ from that estimated due to unforeseen circumstances and the Company will continue to closely monitor any material changes to future economic conditions.
- 2.44** On 28 February 2019, the Board of Directors of the Company had approved a scheme of amalgamation ("the Scheme") for merger of the Company with two of its wholly owned subsidiaries, Avon Mobility Solutions Private Limited and Virstra I-Technology Services Limited w.e.f 1 April 2019, being the appointed date. The petition for merger has been approved by the National Company Law Tribunal (NCLT), Delhi Bench on 18 March 2020. As on date, the Company is awaiting a certified copy of this order alongwith the approved the scheme of merger from the NCLT. Since the filing of these documents with the Registrar of Companies (ROC) and other necessary statutory compliances required to give effect to the Scheme are still pending as on date, the standalone financial statements for the year ended 31 March 2020 only includes the financial information of the Company.
- 2.45 TRANSFER PRICING**
- The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The law requires existence of such information and documentation to be contemporaneous in nature. The Company will further update above information and records and expects these to be in existence latest by due date of the filing of return, as required under law. The management is of the opinion that all above transactions are at arm's length so that aforesaid legislation will not have any impact on the standalone interim financial statements, particularly on the amount of tax expense and that of provision for taxation.

In terms of our report attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-

ASHWIN BAKSHI

Partner

Membership number : 506777

UDIN: 20506777AAAABD6843

For and on behalf of the Board of Directors

NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-

SIDDHARTHA MAHAVIR

ACHARYA

Chairman

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

RAVI PRATAP SINGH

CEO & Whole-time
Director

Sd/-

ASHISH NANDA

Chief Financial Officer

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 23 May 2020

Place: Noida

Date: 23 May 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
CONSOLIDATED OPERATIONS OF NUCLEUS SOFTWARE EXPORTS LTD. AND SUBSIDIARY COMPANIES**

Forming Part of the Consolidated Financial Statements for the year ended March 31, 2020

Management's Discussion And Analysis Of Financial Condition And Results Of Consolidated Operations Of Nucleus Software Exports Ltd. And Subsidiary Companies

Management's discussion and analysis of financial condition and results of operations include forward-looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the Management has considered future risks as part of the discussions, future uncertainties are not limited to the Management perceptions.

The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2017 (transition date being April 1, 2016) pursuant to notification issued by Ministry of Corporate Affairs dated February 16, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the financial results have been prepared in accordance with Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with read with Companies (Indian Accounting Standards) Rules as amended from time to time.

Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

Nucleus Software Exports Limited (Consolidated) includes the parent Company, Nucleus Software Exports Ltd. (the Company) and its subsidiaries and branches worldwide, collectively referred to as Group.

Overview

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited with its registered office at 33-35 Thyagraj Market, New Delhi, India. Subsequently in October 1994, it was converted into a Public Limited Company. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd., and BSE Ltd. Nucleus Software is the leading provider of mission critical lending and transaction banking products to the global financial services industry. Its software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

Nucleus Software is known for its world-class expertise and innovation in lending and transaction banking technology. We have inter-alia, two flagship products, built on the latest technology:

- **FinnOne™**, 10 time winner - World's Best Selling Lending Solution.
- **FinnAxia™**, an integrated global transaction banking solution used by banks worldwide to offer efficient and Innovative global payments and receivables, liquidity management and business internet banking services.

During the year, we have continued to enhance our solutions to take advantage of market trends, such as increasing digitization of financial services. We have leveraged India Stack further to offer end to end digitization of Loan lifecycle. We launched FinnOne Neo 4.0 and FinnOne Neo 4.5 products that let financial institutions offers

Gold Loans, Overdrafts and process packaged loan application – single application with multiple products.

We launched a Geo tracking application for microfinance sourcing channel – mFin and mobile collection channel –mCollect. This application empowers the sales team and field collections team to be efficient in data capturing, planning customer visits and field collections. This channel capability is fully extended to the core application processing platform FinnOne Neo CAS.

This year, we also launched the latest version of our transaction banking solution FinnAxia 7.0 which introduces a sophisticated virtual account management (VAM) solution- designed to enable banks to open virtual accounts for their corporate customers. These virtual accounts can replace real current accounts and instantly route payments and collections to a linked 'master' current account. Reducing the number of physical accounts helps streamline the corporate accounts receivable process, ensuring faster payee identification, error-free reconciliation, reduced days sales outstanding (DSO) and improved working capital management. With FinnAxia VAM, corporate banks can tap into new markets while also putting more power in their customers' hands with a range of intuitive self-service solutions. They can centralize cash operations for their corporate customers thereby providing real-time visibility and better control of liquidity positions along with enhanced forecasting capabilities for faster and more informed decision making. FinnAxia VAM also helps banks onboard customers faster with a number of features including an AI-based intelligent text extractor. FinnAxia VAM enables banks to provide an enhanced customer experience, reduce their operational costs through high STP rates combined with low IT expenses, and also improve their compliance to regulations such as BASEL III.

During the year, Payse, our offline payment solution is further enriched in functionality to help us expand its reach further. PaySe got selected by RBI to participate in RBI Sandbox on retail payments. The regulator is also appreciating the power of offline payments and digital transformation solution for the last mile. The solution introduced an enhanced version of PaySe device which can reduce dependency of NFC enabled smartphones, thus offering a low-cost NFC solution for end customers.

PaySe is also gaining traction in a number of State/Central Government digital payment initiatives.

Over the years, our committed professionals have provided par excellence and with our deep expertise and global experience, we have created a global footprint of customers and partners across multiple continents with multi-product, multi-service, multi-currency and multi-lingual implementations, leading to worldwide acceptability and customer satisfaction.

Nucleus operates through integrated and well-networked subsidiaries in India, Japan, Netherlands, Singapore, USA, Australia and South Africa. Since 1995, product development has been our forte and the Company has chosen to exclusively develop products and further add value through dedicated Research and Development initiatives.

Management's Discussion and Analysis

Strengths

The Group's business broadly consists of Development and Marketing of Software Products and Software Services for business entities in the Banking and Financial Services (BFS) vertical. With a single point focus on the banking and financial industry, the Group's focus on product development is to build products on latest architecture & technology stack, with products that have advanced feature & functionalities to support growing need of business. We are performing today to deliver top-tier performance, while investing to ensure that our performance levels can be sustained in the long term. We have stepped up our investments in brand building, R&D, sales and our people. All of this coupled with differentiated products' help us drive sales and ultimately bring in customer satisfaction. The definitive goal is to touch and improve lives of more and more people across the world by equipping Banks with superior technology products for managing lending operations.

Building on our strong product innovation and R&D capabilities, we executed strategic initiatives for new products, sales and market development and people to help drive transformation and continue the momentum of growth. This endeavor demonstrates our passion for perfection and relentless commitment to deliver world class products to our customers. In this journey, we have been honoured and feel grateful for having received various accolades, listed elsewhere in this annual report.

A brief on the functionality of our products is given below:

FinnOne™ NEO, is the next-generation lending solution built on an advanced technology platform, designed to shape the future of lending across Retail, Corporate and Islamic sectors. The multi-channel solution helps digitize the complete loan lifecycle end to end, from initial contact with customers and helping make better credit decisions faster to comprehensive loan servicing and sophisticated delinquency management. FinnOne Neo has been designed to meet the challenges of delivering agile and efficient solutions while reducing the cost of operations.

FinnOne Neo supports both cloud and on-premise deployments. It can be deployed quickly in partnership with leading cloud providers without high upfront capital expenditure. Cloud deployment provides flexibility in scale while optimizing costs by supporting pay-per-use models.

The suite offers the following line of products, which can be used as independent modules or together to form a single suite:

- **FinnOne Neo Customer Acquisition System (CAS)** is a comprehensive loan origination software, which controls and automates various business processes/activities performed in processing of a loan or credit card application for advanced risk management and business process optimization. It allows financial institutions to integrate various processes for acquisition and pre-disbursal. It supports the entire acquisition lifecycle from customer self-application (knowing upfront eligibility, automatic credit evaluation and disbursal) to customer walk-in and decision by the underwriter for the disbursement. Additionally, it allows integration with channels and lending tools using the digital API stack.
- **FinnOne Neo Loan Management System (LMS)** is an advanced and comprehensive loan management system that aims to improve the quality, turnaround time and service for end-customers. It enables banks to improve the agility, transparency and efficiency of their lending solutions. As a loan management solution, it enables financial institutions to automate the processes for achieving cost savings and enhanced customer experience. The solution is empowered with API stack to let financial institutes achieve digital transformation in lending processes.
- **FinnOne Neo Collections** is a customer centric, web based and workflow driven solution that allows financial institutions to manage, monitor and control the delinquent loan accounts while automating the loan collections management framework. The workflow manager governs the entire business processes and the rule engine defines the supporting rules in line with their policies. The single solution caters to Collection, Legal and Repossession processes for delinquency management. The API stack allows to digitalize the field collection through channels.
- **FinnOne Neo Enterprise Content Management (ECM)** provides image based processing capabilities in loan acquisitions and various lifecycle events. ECM provides capability to store and retrieve various contents like document images, letters, communications etc. for a particular account. It is well integrated with other modules of the FinnOne Neo suite and offers API stack for digital integration.
- **FinnOne Neo GeoTracker** module is a web-based module, which transforms the Latitude & Longitude received from the resources (Mobile Applications) into map based business insights. Further, it helps supervisors as tracking and monitoring tool to track their subordinates in the field and activities performed by them. FinnOne Neo GeoTracker module is integrated with agent based mobile channels like mCAS-Sourcing, mCAS-Verify, mFin & mCollect. The geo-coordinates are fetched by Geo Tracker from these (mCAS-Sourcing, mCAS-Verify, mFin & mCollect) mobile channels. FinnOne Neo Geo Tracker supports Map My India and Google Maps APIs as ready integrations.
- **FinnOne Neo Channel Solutions** offered in FinnOne Neo caters to mobile as well as web based channels. The FinnOne Neo Mobility suite is a portfolio of mobile solutions aimed at creating end customer empowerment while digitalizing various lending business processes – Loan origination by field staff (mCAS), Loan origination by field staff for MicroFinance (mFin), Loan origination by prospect customers (mApply), Loan self-servicing (mServe), & Field collection management (mCollect). The suite offers functional areas for use by end customers and by staff of banks and finance companies. The FinnOne Neo Internet Channel suite provides web based applications for customer Self Application (eApply) and customer Self Service (eServe).
- **FinnOne Neo Lending Analytics** is a business user friendly and enterprise class analytical platform that ensures various steps of the analytics lifecycle such as “build-deploy-monitor-retrain” are made easier & faster. This solution is packed with a wide variety of analytical tools available for rapid deployment

Management's Discussion and Analysis

allowing operationalization of the decision models for use cases spanning across the entire loan lifecycle such as faster credit decision making, better customer service & optimize delinquency management. In the effort to continuously enrich the product with new releases, the product is infused with AI/ML capabilities for advanced data insights such as neural networks & text analytics as well as functionalities relevant to lending business such as hosting external scorecards, early warning signals, expected credit losses etc. making it a full-fledged suite for credit risk management.

- **FinnOne Neo Finance against Securities (FAS 1.0)**, is a comprehensive solution that establishes credit lines to individuals and corporate against the pledging of financial securities including & not limited to equity shares, mutual funds and government & corporate bonds. It is an end-to-end solution which automates the business processes right from portfolio/Account creation to daily assessment of the portfolio value to account closure.
- **FinnOne Islamic Financing** is an offering comprising of CAS and LMS modules designed as per Islamic/Shariah rules. It is designed with function specific modules, managing the complete finance cycle starting from origination till after sales transactions.
- **FinnOne Mobility** suite is a portfolio of mobile solutions aimed at digitizing various lending business processes – Loan origination by field staff (mCAS), Loan origination by prospect customers (mApply), Loan self-servicing (mServe), & Field collection management (mCollect). The suite offers functional areas for use by end customers and by staff of banks and finance companies.

FinnAxia™ is an integrated global transaction banking solution built on latest Java J2EE technology and Service Oriented Architecture (SOA) platform. With this product suite, banks can breakdown traditional product silos, launch personalized products/services over multiple channels and create winning corporate customer propositions.

The key product components of FinnAxia™:

- **Global Receivables** enables banks to provide comprehensive accounts receivable management solutions to corporate customers across transaction types, jurisdictions and time zones.
- **Global Payments** enables banks to manage the accounts payables process of their corporate customers via multiples payment methods including real time payments and related A/P reporting, advising & notifications. It enables multi-currency payments across jurisdictions and time zones.
- **Global Liquidity Management** gives bank the power to manage the cash positions of their corporate customers on an

international basis resulting in better utilisation of available funds and reduced interest costs through short-term bank borrowings. It helps the banks setup and manage complex cash concentration and pooling structures for automated fund movements and consolidation within the group. Global Liquidity Management automates all transactions, interest & tax calculations, manages a registry of intercompany lending/borrowing history and limits for the corporate entity.

- **Financial Supply Chain Management** offers an integrated way of managing invoice presentation and transaction processing across a corporate's supply chain, covering its suppliers and dealers. It aims to optimize working capital with its wide array of supply chain financing options like Invoice discounting, invoice financing, factoring, reverse factoring and dynamic discounting etc.
- **Digital Compass** is a delivery channel for bank's customers, offering convenience to bank anytime and anywhere. It allows banks to provide easy access to information from multiple back-end systems as relevant data into a single customer view. It is an easy to use, robust solution that provides direct access to a comprehensive suite of transaction banking products developed for bank's corporate customers. **E- Trade Finance** gives the corporate customers of the bank a flexibility to digitize their trade finance service requests via trade products like letter of credit, bank guarantees, import-export financing, Standby Letter of Credit, Shipping Guarantee and Import-Export Bills for collection.

FINANCIAL PERFORMANCE

Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company has nine subsidiary companies, all of which are wholly-owned. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis. The financial results of the Company have been discussed in this report in two parts:

- Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, discussed in this chapter. This consolidated presentation is more relevant for understanding the overall performance of the group especially as intercompany transactions are eliminated being contra.
- Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company has been discussed in the earlier part of this Annual Report.

Management's Discussion and Analysis

The consolidated financial results are as below:

(₹ in crore)

For the Year Ended March 31,	2020	% of Revenue	2019	% of Revenue	Growth (%)
Revenue From Operations	520.83	100.00	484.03	100.00	7.60
Expenses					
a) Employee benefit expense	322.29	61.88	313.53	64.77	2.79
b) Operating and other expenses	104.32	20.03	91.25	18.85	14.32
c) Finance costs (Bank charges)	1.12	0.22	0.51	0.11	119.61
Total Expenses	427.73	82.12	405.29	83.73	5.54
Operating Profit (EBITDA)	93.10	17.88	78.74	16.27	18.24
Depreciation	13.55	2.60	9.93	2.05	36.46
Operating Profit after Interest and Depreciation	79.55	15.27	68.81	14.22	15.61
Other Income	37.23	7.15	27.48	5.68	35.48
Profit Before Tax	116.78	22.42	96.29	19.89	21.28
Taxation	27.79	5.34	21.75	4.49	27.77
Profit After Tax	88.99	17.09	74.54	15.40	19.39
Other Comprehensive Income	(7.47)	(1.43)	0.26	0.05	(2,973.08)
Total Comprehensive Income for the period	81.52	15.65	74.80	15.45	8.98

Revenue from Operations

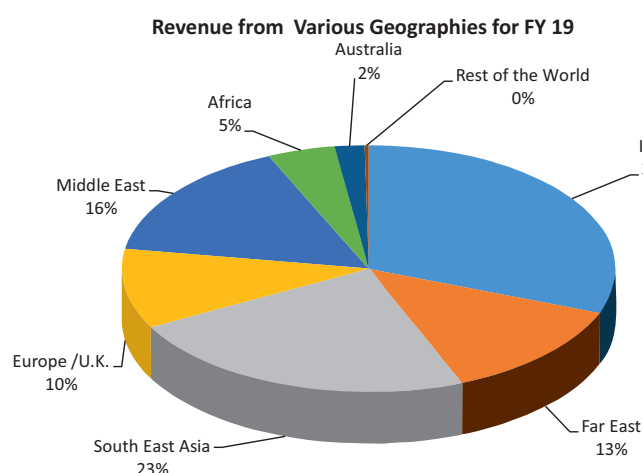
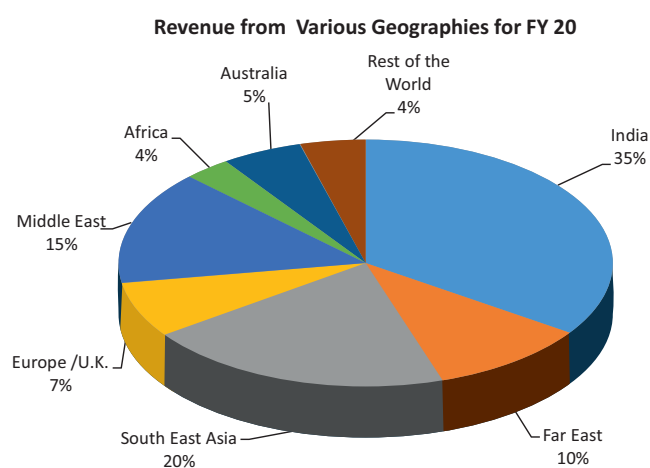
Our revenues from software development comprise of income from fixed price and time and material contracts. Revenue from fixed price contracts comprising of license, related customization and implementation is recognized in accordance with the output method based on percentage completion. Revenue from time and material contracts is recognised as the services are rendered. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.

During the year, revenue from operations is ₹ 520.83 crore, as compared to ₹ 484.03 crore for the previous year.

Revenue from Various Geographies

Your Group's parent Company is incorporated in India, and caters to customers situated all across the globe, and hence significant part of the revenue is derived from international sales. We operate in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia, which represent the reportable segments. These segments are based on location of customers of the Company.

For the year, around 65% of revenue was derived from overseas. The graph below presents a geography-wise distribution for the year as well as the previous year.



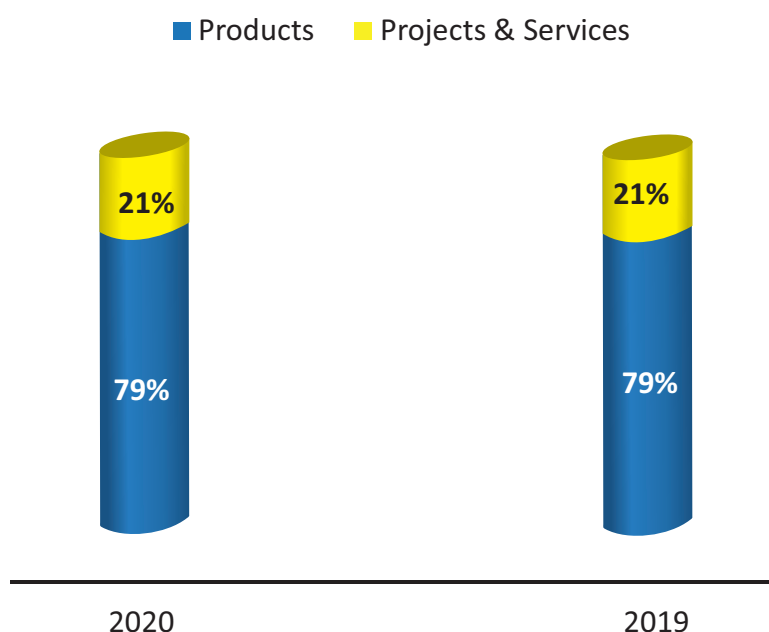
Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. "Products", comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 414.33 crore, 79.55% of the total revenue, against ₹ 383.27 crore, 79.18% of total revenue, in the previous year.

Management's Discussion and Analysis

Software services rendered by the Company typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Revenue from Software projects and services revenue for the year is ₹ 106.50 crore, 20.45% of the total revenue, against ₹ 100.76 crore, 20.82% of the total revenue in the previous year.

Revenue from Products and Services



EXPENSES

Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed, variable and incentives components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 2.79% to ₹ 322.29 crore, 61.88% of revenue against ₹ 313.53 crore, 64.77% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)

For the Year Ended March 31,	2020	% of Revenue	2019	% of Revenue	Growth %
Salaries	294.41	56.53	288.15	59.53	2.17
Contribution to provident and other funds	15.83	3.04	14.56	3.01	8.72
Gratuity expense	3.49	0.67	3.25	0.67	7.38
Staff welfare	8.56	1.64	7.57	1.56	13.08
Total Employee Benefit Expenses	322.29	61.88	313.53	64.77	2.79
Revenue	520.83	100.00	484.03	100.00	7.60

Operating and Other Expenses

Operating and other expense primarily consist of expenses such as travel to execute work at client site and for other sales and Marketing activities, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges, expenses on account of brand building activities, training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, contribution to CSR activities and others.

Operating and other expenses at ₹ 105.45 crore, 20.25% of revenue for the year, increased by 14.92% in comparison to ₹ 91.76 crore, 18.96% of revenue in the previous financial year.

Management's Discussion and Analysis

(₹ in crore)

For the Year Ended March 31,	2020	% of Revenue	2019	% of Revenue	Growth %
Outsourced technical service expense	6.51	1.25	5.66	1.17	15.02
Cost of software purchased for delivery to clients	1.63	0.31	2.35	0.49	(30.64)
Travel expense	22.60	4.34	19.00	3.93	18.95
Power and fuel	4.52	0.87	4.64	0.96	(2.59)
Rent	3.09	0.59	8.42	1.74	(63.30)
Rates & Taxes	0.20	0.04	0.24	0.05	(16.67)
Repair and maintenance	6.48	1.24	4.87	1.01	33.06
Legal and professional	19.11	3.67	10.24	2.12	86.62
Directors remuneration	1.48	0.28	1.29	0.27	14.73
Conveyance	1.75	0.34	2.09	0.43	(16.27)
Communication	2.29	0.44	2.49	0.51	(8.03)
Training and recruitment	4.56	0.88	3.63	0.75	25.62
Information technology expenses	11.22	2.15	7.97	1.65	40.78
Provision for doubtful debts/advances/other current assets	6.71	1.29	0.40	0.08	1,577.50
Commission to channel partners	2.02	0.39	1.95	0.40	3.59
Conference, exhibition and seminar	3.15	0.60	2.17	0.45	45.16
Advertisement and business promotion	2.17	0.42	2.17	0.45	-
Insurance	0.54	0.10	0.48	0.10	12.50
Provision for impairment of Investment	-	-	6.01	1.24	(100.00)
Finance Cost	1.12	0.22	0.51	0.11	119.61
Miscellaneous expenses	2.85	0.55	4.16	0.86	(31.49)
Contribution to CSR Activities	1.45	0.28	1.02	0.21	42.16
Total Operating and Other Expenses	105.45	20.25	91.76	18.96	14.92
Revenue	520.83	100.00	484.03	100.00	7.60

The Increase in Operating and other expense for FY 2020 from FY 2019 is primarily due to provision for doubtful debts, income accrued, higher travel expenses and higher legal & Professional Expenses.

The Company has set up Nucleus Software Foundation, a trust for the purpose of undertaking CSR activities of the company. During the year, the Company contributed ₹ 1.45 crore towards CSR activities to the trust. The details of CSR initiatives undertaken by the trust has been provided in a separate section in the Annual Report.

Operating Profit (EBITDA)

Operating Profit at ₹ 93.10 crore, 17.88% of revenue against ₹ 78.74 crore, 16.27% of revenue in the previous year.

Depreciation & Amortization

Depreciation & Amortization on fixed assets was ₹ 13.55 crore, 2.60% of revenue for the year, against ₹ 9.93 crore, 2.05% of revenue in the previous year. This includes provision for amortization in goodwill for one of our subsidiary, Avon Mobility Solutions Pvt. Ltd by ₹ 0.67 crore for the year, against ₹ 2.50 crore in the previous year.

Other Income

Other Income represents income received in the form of dividends from current investments, interest on fixed deposits and bonds and capital gains on the sale of current investments.

(₹ in crore)

For the Year Ended March 31,	2020	2019
Dividend on investment in Mutual fund units and Other Instruments	10.20	7.87
Interest income on financial assets- carried at amortised cost	16.50	17.52
Net Gain / (Loss) on foreign currency	2.71	(2.62)
Profit on sale of assets/ investments	5.49	3.67
Others	2.33	1.05
Total	37.23	27.48

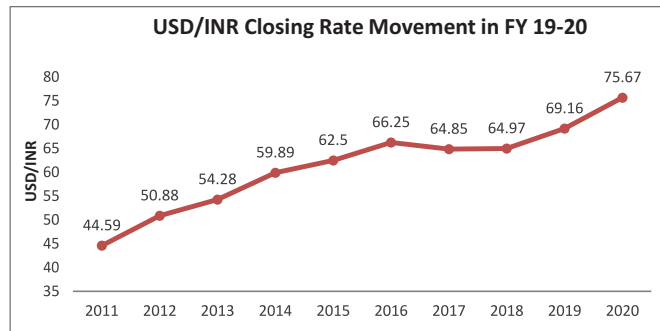
Other income for the year is ₹ 37.23 crore, against ₹ 27.48 crore in the previous year.

Management's Discussion and Analysis

Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from translation of current assets and liabilities at quarter end rates, those arising from realization/payments of receivables/payables. During the year, the Company had a foreign exchange gain of ₹ 2.71 crore against loss of ₹ 2.62 crore in the previous year.

Foreign Exchange continues to be volatile, as depicted in the below mentioned chart.



Source: FEDAI

The monthly closing rate of Indian Rupee varied from a high of ₹ 70.59 to the Dollar in Dec 2019 to a low of ₹ 76.56 in March 2020 and overall lost 8.45% against the US Dollar on a March end to March end comparison.

The Company follows a well-defined policy of hedging close to receivables through Forward Contracts which are designated as Highly Probable forecast transactions. The Company has a conservative approach and does not speculate in foreign currency markets. Forwards are held to maturity and regular reporting and monitoring systems are in place including quarterly updates to the Audit Committee. In terms of foreign currency hedges, we had on March 31, 2020, 6.65 million US dollars of forward contracts at an average rate of ₹ 73.65, designated as highly probable forecast transactions. There is a mark-to-market loss of ₹ 187 lakhs reflected in the hedging reserve in balance sheet.

Currency-wise revenues for the year along with a comparison for the previous years are as follows:

	(In %)	
For the Year Ended March 31,	2020	2019
INR	35%	31%
JPY	3%	5%
SGD	11%	10%
USD	34%	37%
MYR	1%	2%
EUR	1%	1%
GBP	6%	9%
AUD	5%	2%
AED	3%	2%
ZAR	1%	1%
TOTAL	100%	100%

Taxation

It represents provision for corporate & income taxes determined in accordance with tax laws applicable in countries where the Company and subsidiaries operate.

(₹ in crore)

For the Year Ended March 31,	2020	2019
- Current Tax Expense	23.76	23.28
- Deferred Tax Credit (net)	4.03	(1.53)
Total	27.79	21.75

Total effective tax for the year is 23.80% of Profit Before Tax, in comparison to 22.59% of Profit Before Tax for the previous year. Expenditure of the Company's R & D centre in Noida which is duly recognized by the Department of Scientific and Industrial Research (DSIR), is entitled to weighted tax deduction in accordance with section 35(2 AB) of the Income Tax Act, 1961.

Profit After Tax

Our profit after tax for the year is ₹ 88.99 crore, 17.09% of revenue, against ₹ 74.54 crore, 15.40% of revenue, for the previous year.

This age of competition necessitates overall revenue growth, earned in an optimal cost environment. We remain committed to achieving higher productivity and generate better margins. Our sales and marketing efforts are focused on increasing our customer base and hence the market share, which would ultimately yield better realizations. Emerging markets across the world will continue to provide stability and growth would be led by larger engagements and value offerings.

Other Comprehensive Income (OCI)

Other comprehensive income represents

- Equity instruments through OCI – this is primarily on account of fair valuation of investment for which the company has made an irrevocable option to present the same in the OCI. For the year it is ₹ (4.99) crore, against ₹ 0.06 crore in the previous year.
- Remeasurements of the defined benefit plans – consist mainly of remeasurements gain/losses on our defined benefit plans. For the year it is ₹ (0.91) crore net after Tax, against ₹ (1.32) crore net after Tax in the previous year.
- Effective portion of gain (loss) on hedging instruments of effective cash flow hedges, net – when a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivative is recognized in OCI. For the year it is ₹ (2.59) crore net after Tax, against ₹ 1.17 crore net after Tax in the previous year.
- Exchange difference on translation of foreign operations. For the year it is ₹ 1.02 crore, against ₹ 0.36 crore in the previous year.

Total other comprehensive income for the year is ₹ (7.47) crore, against ₹ 0.26 crore in the previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up share capital as on March 31, 2020 is 29,040,724 equity shares of ₹ 10 each as compared to 29,040,724 equity shares of ₹ 10 each as on March 31, 2019.

Management's Discussion and Analysis

Subsidiaries

The Company has nine subsidiary companies, all over the world, all of which are wholly-owned. Its gross investment in Paid-up Share Capital of the Subsidiaries as on March 31, 2020 is as per the below table.

Name of Subsidiary Company	Currency	As at March 31, 2020		As at March 31, 2019	
		In foreign Currency	Eqv. Rupees (in crore)	In foreign Currency	Eqv. Rupees (in crore)
Nucleus Software Solutions Pte. Ltd. Singapore. 625,000 equity shares of SGD 1 each.	SGD	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US\$ 0.35 cents each	USD	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaisha, Japan. 200 equity shares of JPY 50,000 each	JPY	10,000,000	0.41	10,000,000	0.41
Virstra i-Technology Services Ltd., India. 1,000,000 equity shares of ₹ 10 each	INR	-	1.00	-	1.00
Nucleus Software Netherlands B.V., Netherlands. 7500 equity shares of Euro 100 each	Euro	750,000	4.89	750,000	4.89
Nucleus Software Limited, India. 10,000,000 equity shares of ₹ 10/- each	INR	-	11.94	-	11.94
Nucleus Software Australia. 100,000 Equity share of 1 AUD each	AUD	100,000	0.55	100,000	0.55
Nucleus Software South Africa (Pty.) Limited. 10 Equity shares of ZAR 61,200 each	ZAR	612,000	0.32	612,000	0.32
Avon Mobility Solutions Pvt Ltd. 11,110 (10,666) equity shares of ₹ 10 each	INR	-	3.50	-	3.50
Avon Mobility Solutions Pvt Ltd. Provision for diminution in value of investment in Avon Mobility Solutions Private Limited	INR	-	(3.50)	-	-
Avon Mobility Solutions Private Limited. 4,000,000, 11% Preference shares of ₹ 10 each	INR	-	4.00	-	4.00
Avon Mobility Solutions Private Limited. Provision for diminution in value of investment in Preference Shares	INR	-	(4.00)	-	(2.50)

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries. Provision for diminution in value of investment in Equity shares of Avon Mobility Solutions Private Limited is ₹ 3.50 Crore and ₹ 4.00 Crore in Preference shares of Avon Mobility Solution Pvt. Ltd.

Other Equity

The movement in the components of Other Equity is as below:

(₹ in crore)

	Closing Balance as on March 31, 2020	Additions/ (Deletions) during the year	Opening Balance as on April 1, 2019
General Reserve	6.61	-	6.61
Capital Reserve	0.89	-	0.89
Capital Redemption reserve	3.34	-	3.34
Retained Earnings	458.62	58.89	517.51
Other Comprehensive Income			
Hedging Reserve	1.19	(2.59)	(1.40)
Foreign Currency Translation Reserve	0.41	1.01	1.43
Equity instrument through other comprehensive income	8.45	(4.99)	3.46
Total	479.51	52.33	531.84

Management's Discussion and Analysis

Property, plant and equipment, Intangible assets and Investment Property

As at March 31, 2020, Net carrying Amount of Property, Plant and Equipment and Intangible assets and Investment Property is ₹ 50.98 crore against ₹ 46.54 crore as on March 31, 2019.

(₹ in crore)

As at March 31,	2020	2019	Inc/Dec (%)
Gross Carrying Amount			
Freehold land	0.34	0.34	-
Leasehold land	10.26	21.44	(52.15)
Leasehold improvements	0.14	0.14	-
Buildings	11.93	15.61	(23.57)
Plant and equipment	5.32	3.45	54.20
Computer equipment	23.77	17.28	37.56
Vehicles	4.51	3.27	37.92
Furniture and fixtures	1.87	1.86	0.54
Software	10.14	8.39	20.86
Investment Property	14.90	-	-
Intangible Assets under Development	0.05	0.02	150.00
Total	83.22	71.80	15.92
Less; accumulated depreciation	32.25	25.26	27.67
Net Carrying Amount	50.98	46.54	9.54

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets.

Goodwill on Consolidation

The goodwill in the books has arisen based on the difference in the book value of the investment vis-à-vis the consideration paid for acquisition of 96% stake in AVON Mobility Solutions Pvt. Ltd., a mobile technology solutions provider in March 2016.

The total amount of goodwill is ₹ Nil as of the Balance Sheet date. The Management has performed a valuation of the intrinsic value of the business of this entity. Accordingly, on best estimates an impairment of ₹ 2.5 crores in the goodwill is taken in the books of accounts.

Investments

- a. **Non-current investments** totaling ₹ 230.91 crore as on March 31, 2020 against ₹ 248.37 crore as on March 31, 2019.
- Investment in equity shares of a listed company at FVOCI** - ₹ 3.71 crore.
 - Investment in preference shares at amortised cost** - ₹ 15.00 crore.
 - Investment in preference shares at Fair value through profit or loss (FVTPL)** - ₹ 21.00 crore.
 - Investment in tax free bonds at amortised cost** - ₹ 87.14 crore.
 - Investment in fixed maturity plans of mutual funds at amortised cost** - ₹ 40.80 crore.
 - Investment in mutual funds at Fair value through profit or loss (FVTPL)** - ₹ 63.26 crore.

b. Current investments and Bank Balances

The Company continues to remain debt-free and we believe that cash generated from operations and reserves and surplus are sufficient to meet our obligations and requirements towards capital expenditure and working capital requirements.

As of March 31, 2020 the cash and bank balances (including fixed deposits) stood at ₹ 88.34 crore against ₹ 82.94 crore on March 31, 2019, current investments are ₹ 243.84 crore against ₹ 176.06 crore on March 31, 2019.

Total cash and current investments are thus at ₹ 332.19 crore on March 31, 2020 against ₹ 259.00 crore as on March 31, 2019.

(₹ in crore)

As at March 31,	2020	2019
Balances with Bank		
In Current Accounts	50.72	24.31
In Fixed Deposit Account	37.62	58.63
Current Investments	243.85	176.06
Total	332.19	259.00

Operating Cash Flow

As a part of the financial policies, the Company believes in maintaining high level of liquidity as it provides immense support against contingencies and uncertainties.

Our net cash flow from operating activities before working capital changes is ₹ 102.34 crore for the financial year against ₹ 85.57 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 74.73 crore against ₹ 56.09 crore.

Operating cash flow is today considered a better measure of operations of the Company than the net profits as it measures the cash generated by the operations and our net cash flow from operating activities before working capital changes has increased this year with higher operating profitability.

To summarise the Company's liquidity position, given below are few ratios based on consolidated figures:

As at March 31,	2020	2019
Operating cash flow as % of revenue	14.35%	11.59%
Days of sale receivable	63	54
Cash and Equivalents as % of assets	43.51%	37.79%
Cash and Equivalents as % of revenue	63.77%	53.51%
Current investments as % of assets	31.94%	25.69%
Current investments as % of revenue	46.82%	36.37%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2020 are ₹ 90.24 crore, against ₹ 71.13 crore as on March 31, 2020.

Management's Discussion and Analysis

The age profile of the debtors (net of provision) is given below:

As at March 31,	2020	2019
Less than three months	83.09%	85.80%
Between 3 and 6 months	6.76%	3.25%
More than 6 months	10.15%	10.95%

Loans and Other Financial Assets

Loans and Other Financial assets have been classified into Non Current and Current based on their period of realization.

(₹ in crore)

As at March 31,	2020	2019
Non – Current		
Staff Loans	0.06	0.07
Security deposits	3.43	3.71
Long-term bank deposits	0.20	0.19
Total	3.69	3.97
Current		
Staff Loans	0.21	0.28
Security deposits	0.45	0.04
Mark-to-market gain on forward contracts	-	1.83
Expenses recoverable from customers	0.17	0.40
Unbilled Revenue	1.28	-
Total	2.11	2.55
Total Loans and other Financial Assets	5.80	6.52

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to ₹ 3.43 crore as on March 31, 2020 against ₹ 3.71 crore as on March 31, 2019. Long term bank deposits amounting to ₹ 0.20 crore as on March 31, 2020 include deposits held with bank for maturity more than 12 months from balance sheet date under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.

Other Assets

Other Assets represents income tax asset, Employee advances, Service income accrued but not due, Balances with Government authorities, Supplier and capital advances, prepaid and deferred expenses. Other assets have been classified into Non Current and Current based on their period of realization.

(₹ in crore)

As at March 31,	2020	2019
Non – Current		
Advance Tax	15.45	16.74
Employee Advances	0.38	0.38
Capital Advances	0.31	-
Revenue Equalization reserve	0.10	-
Prepaid Expenses	0.08	0.05
Advance payment to gratuity trust	1.44	1.10
Corporate dividend tax	3.26	-
Deferred Expenses	-	0.37
Total	21.02	18.64

(₹ in crore)

As at March 31,	2020	2019
Current		
Service income accrued but not due	10.80	16.67
Employee Advances	0.48	1.01
Prepaid Expenses	3.98	3.44
Contract cost	-	0.70
Balances with Government authorities	1.15	0.62
Supplier advances	4.50	4.15
Deferred Expenses	0.04	0.05
Revenue Equalization reserve	0.04	-
Total	20.99	26.64
Total Other Assets	42.01	45.28

Current Liabilities

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2020 the Current liabilities are ₹ 188.97 crore against ₹ 168.59 crore as on March 31, 2019

(₹ in crore)

As at March 31,	2020	2019
Financial liabilities		
Lease liabilities	2.98	-
Trade Payables	15.03	12.26
Unpaid dividends	0.38	0.39
Payable for purchase of fixed assets	0.11	-
Mark-to-market gain on forward contracts	1.87	-
Employee payable	33.20	43.71
Other current liabilities		
Advances from customers/Advance Billing	66.62	49.91
Deferred Revenue	52.97	51.26
Deferred lease income on Security deposit received	0.03	-
Statutory Liabilities	9.49	7.10
Short term provisions		
Compensated absences	2.92	2.11
Gratuity	0.02	0.04
Provision for asset retirement obligations	0.22	-
Income tax	3.13	1.81
Total	188.97	168.59

Trade payables represent the amount payable for providing goods and services and are ₹ 15.03 crore as on March 31, 2020 against ₹ 12.26 crore as on March 31, 2019. Advances from customers as on March 31, 2020 are ₹ 66.62 crore against ₹ 49.91 crore as on March 31, 2019. These consist of advance payments received from customers, for which related costs have not been yet incurred or product license delivery is a later date. Deferred revenue represents the advance invoicing for annual maintenance charges for which services are to be rendered in the future. As of March 31, 2020 it is ₹ 52.97 crore against ₹ 51.26 crore as on March 31, 2019.

Management's Discussion and Analysis

Employee Payables includes the provision for Bonus, accrued salaries, incentives and retention bonus payable to employees.

Statutory dues are the amounts accrued for taxes deducted at source by the Company, staff provident fund, employee state insurance liabilities, GST, etc. As on March 31, 2020 it is ₹ 9.49 crore against ₹ 7.10 crore as on March 31, 2019. Short term provisions for Compensated absences, gratuity and taxes are those for which liability is expected to arise in near future. Sum of all these short-term provisions as on March 31, 2020 are ₹ 6.29 crore against ₹ 3.96 crore as on March 31, 2019.

The Company has made contributions to Nucleus Software Employees Group Gratuity Assurance Trust, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Non-Current Liabilities

Non-Current Liabilities as on March 31, 2020 were ₹ 13.52 crore against ₹ 8.23 crore as on March 31, 2019. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)

As at March 31,	2020	2019
Financial liabilities		
Lease liabilities	3.34	
Annual incentive payable	1.17	0.39
Security Deposit	0.24	
Deferred lease income on Security deposit received	0.08	
Deferred Tax liability	0.09	0.08
Long-term Provisions		
Compensated absences	8.37	7.37
Gratuity	0.23	0.18
Asset retirement obligation	-	0.21
Total	13.52	8.23

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company based on actuarial valuation determines provision for Compensated absences.

Risk Management Report

At Nucleus Software, our risk management approach is designed to help us achieve our business objectives. We do this by identifying, analyzing, evaluating, monitoring, governing and mitigating all known forms of risks or potential threats to these objectives. We have developed and continue to refine policies and relevant internal controls to ensure we have an effective and efficient risk management system in place, a system that ensures the proper management of the Company's resources and the appropriate mitigation of risks.

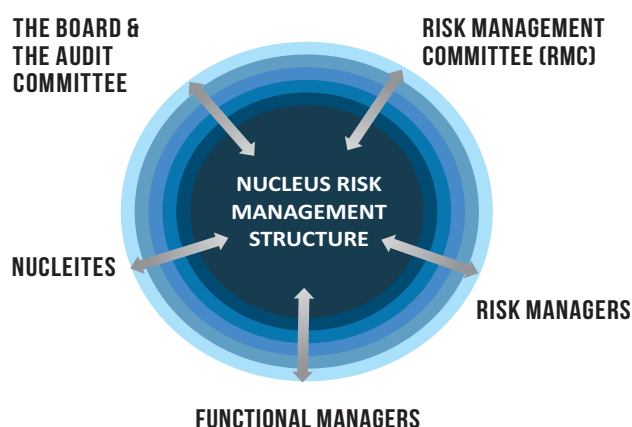
We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Our Risk Management Objectives, Structure and Approach

The three main objectives of Risk Management at Nucleus are:

1. Enable the Company to reduce the impact of risk events if they occur
2. Empower the Management to take informed decisions, under the guidance of our Board of Directors, to maximize value, reduce costs and balance risk with returns.
3. Promote confidence amongst the Company's stakeholders in the effectiveness of the Company's business management process and our ability to plan and meet strategic objectives.

We adopt a comprehensive approach to risk management that is conducted across the organisation at various levels. The key components of Risk Management structure are as follows:

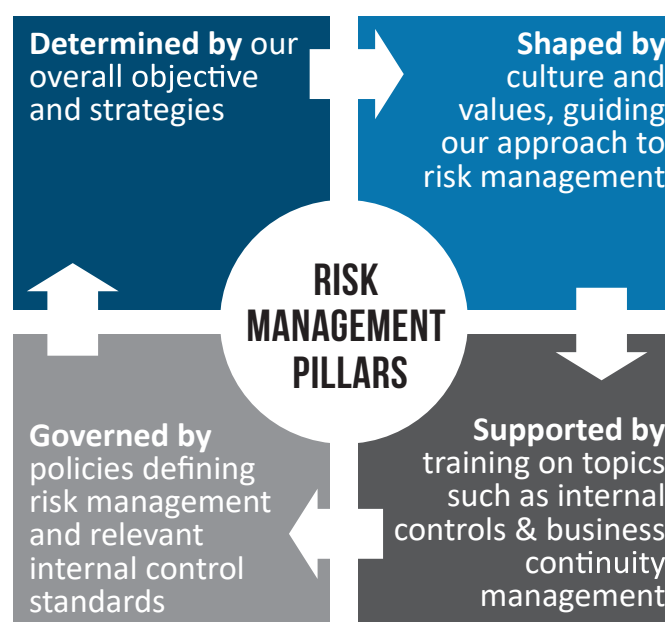


At a strategic level, our Risk Management practices are:

- **Risk Identification** – Risk Management Committee (RMC) is responsible for the identification, prioritization and review of risks and their associated mitigation plans. The RMC meets on a quarterly basis and works closely with the senior and middle level management of the Company. The RMC updates the Board on a quarterly basis, on the key risks facing the Company, along with their mitigation plans.
- **Risk measurement, mitigation and monitoring** – At the end of every quarter, the RMC reviews the current status of the mitigation plans put in place for the top identified risks and whether any changes have occurred in the nature of the risks during the quarter. If required the RMC then carries out an

analysis of the exposure and potential impact. Mitigation plans are finalized, owners are identified and progress of mitigation actions are monitored and reviewed. Each top risk is mapped as per a Risk Criticality Matrix.

- **Risk Reporting** – A Risk update is prepared every quarter and provided to the Audit Committee and the Board. Risks such as project risks, account level risks are reported to and discussed at appropriate levels of the organization.
- **Integration with strategy and business planning** – All relevant risks are used as key inputs for the development of Company's strategy and business plan.



Risk Categorization

The Company believes that all Risks can be categorized as follows:

1. Business environment Risk
2. Regulatory Risk
3. Technology change Risk
4. Internal operational Risk

The Risk Management Committee continuously monitors and reviews various risks as identified for categorizing them under the above categories and finalize their mitigation plans.

The risks currently faced by the Company are described below along with their associated mitigation plans.

Data management, privacy and protection has become a critical requirement: Our business practices with respect to our own data/IP, including data privacy and data protection, and in case of data as shared by the customers during our interactions, could give rise to operational interruption, liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection. New Regulations such as the European Union's General Data Protection Regulation (GDPR) are evolving and may have impact that we cannot

Risk Management Report

foresee today. The courts in different countries may interpret these laws differently. These may pose new type of risks for our business.

Non-compliance with the applicable data protection and privacy laws could lead to civil liabilities and fines, as well as loss of customers and damage to the Company's reputation. This is made more challenging because this area is increasingly complex, the laws are stringent, and they sometimes conflict with one another. Also privacy concerns and laws such as GDPR, cross-border data transfer restrictions and other domestic or foreign regulations especially in the case of our Cloud business model, may adversely affect our business.

The Company is taking all necessary steps to ensure that the Infrastructure (Systems / Network / Physical location) is properly secured. Proper background verification is done of people working on sensitive and high risk projects. We also keep our associates well informed to take care of the data and be well informed on what to do in case of any breach. In order to ensure security of both our data/IP as well as data received from the customer during our interactions, the Company will continue to take all measures to ensure the security of data by usage of processes and practices, tools and infrastructure that help in security of data along with terms and clauses in legal contracting that help in the same.

With 100% of your Company's workforce working from home during the COVID-19 lockdowns, we have taken additional steps to ensure that there are enough safeguards to maintain confidentiality of our data.

Connectivity to the employees to enable work from home has been allowed via Virtual Private Network (VPN) which is a secured network and the machines are configured, to ensure restricted data transfer

This Risk is primarily a "Regulatory/ Business operation Risk."

Our business depends on our talent including our ability to attract and retain talent at all levels, and depending on key roles. At the higher levels of the organization Succession planning, for key positions in Senior Management and Heads of Departments is also a critical aspect of risk management

The product-centric model of the Company depends on the retention of key talent; people with specific domain knowledge and technical skills. We also rely on our leadership team in the areas of product development, marketing, sales, services, and general and administrative functions and on mission-critical individual contributors in product development. We may lose key members of our management team or development and operations personnel, and may be unable to attract and retain employees we need to support our operations and growth.

High Attrition can happen due to many factors including growth, compensation expectations, work and empowerment processes, leadership, infrastructure etc. To execute our growth plan, we must attract and retain highly qualified personnel, and our managers must be successful in hiring employees who share our values and have the competencies to succeed at Nucleus

To mitigate this risk, we continue to train our line managers to help them become more people centric, in collaboration with HR Team.

Your Company has outsourced recruitment of engineering team to multiple companies. This is being done in addition to the internal recruitment in all the areas The Company makes strategic hires to

fill shortfalls , while continuing to focus on individual development programs across the entire organization. We have taken many initiatives in the last year through trainings and development programme to grow in-house talent and also retain the best talent We give exposure to talented people to work with our customers in different geographies and understand customer expectations in times to come. These expectations are then build in the product to make it future ready. We also lay focus on learning and development, help them in understanding their career, identifying achievers and rewarding them.

We spend considerable time identifying and developing potential internal leadership candidates, through our flagship programs such as Leadership Engagement Action & Development (LEAD) , Young Leaders' Program (YLP) and recently launched program Aarohan.

To put succession plans into action, the Company is focusing on:

- Identifying Critical Work/Roles
- Creating a probability matrix based on the criticality of role and the chances of leaving
- Pinpointing gaps between our current state and our desired state of next in line and putting in place training/coaching interventions

The senior management is asked to keep senior associates in their units aligned to all activities within the unit, and apprise them of organization level strategies on continuous basis, to help them to take responsibilities when such a need arises.

This Risk is primarily an "Internal Operational Risk."

Adopting new Business model of pricing may not ensure similar growth in revenue: The Business model where pricing is based on the growth of our customers' business may not always be a success. Our business growth may be hampered in cases where the customers' business does not grow and hence the expected revenues are not generated.

In order to mitigate the risk emanating from above, the Company will continue to improve the process of pre-qualification of its prospects before their on-boarding and also closely monitor the performance of its customers after their on-boarding. The Company further believes and ensures that value is consistently delivered alongside a superior customer experience in the form of Product upgrades, integration with the ecosystem, offering other modules, Report packs etc. Also high standards of customer support is very critical during the entire period of engagement.

This Risk is primarily a "Business Environment Risk."

Our focus on providing products and services only in the Banking and Financial Services (BFS) domain to Banks and Financial Institutions exposes us to the risk of Industry concentration.

For the foreseeable future, we expect to continue to derive our revenues from the products and services we provide to the financial services industry, which means that we are exposed to the global economic conditions in the financial services industry. Economic slowdowns can result in reduced levels of technology investment by banking & financial services firms as well as delaying decisions that are ongoing. This could have adverse effects on our business and financial conditions.

Risk Management Report

Digitization is now the default strategy for banks. The digital revolution is redrawing the boundaries of financial services and lowering entry barriers encouraging challengers to emerge.

While acknowledging this risk, we continue to focus on this sector and are confident that our “Value” based solutions will find greater market success. Our focus now is on improving efficiency by maintaining existing operations at a lower cost. Also we adopt a proactive stance and keep building our levels of business agility by rolling out knowledge sessions and training courses for required skill sets. We empower our staff with the latest tools, techniques and technical designs. The ongoing investment we make in our products will help to maintain their competitive edge superiority. With each six-monthly release Nucleus products are evolving and increasing in size and sophistication.

This Risk is primarily a “Business Environment Risk.”

Delays in project executions may adversely affect our implementations and revenues. The Company faces project execution risks, including the potential for project delays, poor customer satisfaction in the area of system quality and weak customer engagements. These factors may hinder our ability to deliver large projects with the required quality and within the agreed timeframes. Our projects depend on the availability of skilled resources and the availability of the required infrastructure. If these are not available then the project will be at risk.

Our customers’ deployment timeframes vary based on many factors including the number and type of applications being deployed, the complexity and scale of the customers’ businesses and operations, the configuration requirements, the number of integrations with other systems. Indeed many factors are beyond our control. Our professional services approach requires great skills, not least of which is the appropriate management of expectations. In addition any issues, worries or concern raised by the customer must be handled with great care. There is also a risk of order cancellation, loss of market goodwill, financial liability and losses due to overruns on projects.

In the current scenario, due to the global spread of COVID-19, there is considerable uncertainty, unprecedented delays and disruptions across the world. The Company’s operations might be adversely impacted due to the incapacitation of sections of the global workforce due to exposure to the virus. Moreover, travel restrictions, social distancing and other new operating practices may delay the execution of existing projects.

Good project governance is crucial to mitigating this risk. A well-considered, detailed and agreed project plan, with well-defined work breakdown structure that provides visibility into key activities, is vital. In addition to the detailed project plan we continuously monitor projects in terms of:

- o Product Development capacity augmentation to deliver contractual commitments
- o Customer Expectation Management/ Connect with customer officials at relevant levels
- o Schedule and Cost containment
- o Continual Risk Monitoring
- o Regulatory requirements fulfilment
- o Product quality improvements

As a result of efforts from our COVID-19 Taskforce the Company has been able to meet all the committed deliverables to the customers despite the challenges of remote working. In the process we have earned appreciations from many customers.

This Risk is primarily an “Internal Operational Risk.”

We face strong competition across all markets for our products and services. Our markets are highly competitive in terms of both existing and new competitors. We expect that our target markets will continue to attract new well-funded competitors, often leveraging disruptive new approaches. In addition to start-ups and FinTechs, our competitors include international software vendors and large technology companies. Our competitors range in size from Fortune 500 companies with significant research and development resources to small, specialized single-product businesses. In addition, we also compete with numerous small indigenous companies in various geographic markets. The competition is also from players who offer broad based software solution to our customers, including the solutions around Lending business of the customer.

In addition to the risk of competition in traditional way, Banking and Financial Services business are facing huge pressure from known and yet-to-be known challengers who are attempting to re-define financial services businesses and trying to bring in disruption in the traditional BFSI Business model. It is not clear how this tussle will unfold in the coming decade, however the Company is trying to proactively understand the impact it may have on business in future.

We compete based on our ability to offer to our customers’ competitive integrated solutions that provide the most current and desired product and services features. Another lever to mitigate this risk are the Investments we make in research and development which help us to remain ahead in the innovation curve.

Our ability to remain competitive depends on our success in making, marketing and selling innovative products and services. A broad referral base created throughout our history, also helps us derive an edge over some of our competitors. The Company maintains a constant focus on product differentiation as well as product diversification to mitigate this risk.

To provide further flexibility to customers and prospects the Company has SaaS offerings and flexible pricing options. Business Case-based selling, and Value workshops are used to illustrate the business value we add. In addition, we sell the value of our product Roadmap. It is also important to position the digital capabilities of our products.

The Company is also continually investing in marketing mandated with the below objectives:

- Ensure that the Company is known to provide high quality, innovative lending and transaction banking solutions to the target markets.
- Establish Company as Industry Thought Leader
- Equip the sales team with the material and tools required to sell the product or service they represent.
- Leverage our strong domain expertise and significant project experience to attempt to stay ahead of competition.

This Risk is primarily a “Business Environment Risk.”

Risk Management Report

Legal Compliances world-wide expose us to risks. As an incorporated legal entity the Company can be impacted by changes in various laws, rules and regulations such as Companies Act, Accounting Standards, Labour laws, SEBI Regulations, etc.

Further the Company is incorporated in India, and has subsidiaries overseas in Japan, Netherlands, Singapore, USA, Australia and South Africa; which caters to customers operating in various countries and a significant part of the revenue is derived from international sales.

Our operations world-wide may be affected by changes in the political scenario, trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment. This risk could typically result in penalties, financial loss, and loss of reputation and are assessed on dimensions such as process effectiveness, compliance with policies and procedures and underlying controls.

To mitigate these risks, various departments within the Company, taking care of compliances of applicable laws/rules etc., are manned by qualified personnel. A proactive team of legal experts is also positioned at the head-office of the Company, and external, expert advice/opinion, is also taken, as per requirement, to ensure compliance.

This Risk is primarily a “Regulatory Risk.”

Less than adequate protection of our Intellectual Property (IP) rights The Company has an IP-led business model and globally licenses IP in the form of products for the Banking and Financial Services Industry. We rely on patent, copyright, trade secret and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners, and others to protect our intellectual property rights. Protecting our global intellectual property rights and combating unlicensed copying and use of software and other intellectual property is challenging. Any inaction to prevent violation or misuse of intellectual property could cause significant damage to our reputation and adversely affect our revenue and results of operations

We continue to make significant expenditure related to the use of technology and intellectual property rights as part of our strategy to manage this risk. The Company has system and processes in place to ensure the protection of our intellectual property rights. Our legal team regularly identifies incremental artefacts and files for their protection. Any violations or unauthorized use of License, are pursued through legal route.

As a policy, the Company develops own IP at its own cost using its own resources and is actively engaged in seeking maximum legal protection for the Intellectual Property through a combination of trademarks, confidentiality procedures and contractual provisions. There are also restrictions put in our network to detect and report of misuse of source code.

This Risk is primarily a “Regulatory / Internal Operational Risk.”

Product Obsolescence/ Rapid Changes in Technology may affect our business potential. The IT sector is characterized by rapid technological change, the evolution of existing products and the introduction of new products. The latest technology trends need to be closely monitored to ensure that products are in compliance with industry standards.

As a Product Company, our growth is based on our ability to offer products taking the latest technology trends and evolving industry standards into account. If we are unable to provide enhancements and new features for our existing applications or new applications that achieve market acceptance or that keep pace with rapid technological developments, our business and results of operations could be adversely affected.

Our future success will depend on our ability to absorb new technology trends and develop solutions that will keep pace with changes in the markets in which we provide services. Despite our constant efforts, we cannot be sure that we will be successful in developing new products with evolving technologies in a timely or cost-effective manner and along with this the success of developed products also cannot be guaranteed. Software creation can require long development and testing periods, and developing new technologies is complex. Delays in new releases or significant problems in creating new products or services could affect our revenue. Our new Product Strategy is based on rapid and continuous evolution of our Products. The timely delivery of the planned Scope of our roadmaps is key. Any delay or scope reduction can impact Sales and meeting customer commitments.

To mitigate this risk, continuous investments are made in conducting research and development to enhance both the technology and features of our products and to develop new products. Technology and functionality road maps for products are prepared and reviewed by the senior management and implemented. Each year we plan and deliver new releases for each of our Products and we focus engineering capacity to this effort. While an overload of “Asks from customers and prospects” can place too many demands on the Roadmap and while tactical demands may lead to the wrong prioritization of enhancements, our approach to six-monthly releases reduces this problem while increasing in size and sophistication of our Product. The flexibility we provide in our products through parameterization is one of our biggest strengths but can also make it increasingly difficult to ensure that all impacts of a code change are anticipated in advance. Here our approach to testing is vital, the scope of which also increases in line with the enhancement of our products. As our product complexity increases, we have increased our focus on automation of testing in our development environments.

We interact with top-class academic institutions to keep abreast of the latest advances and changes.

For more information on product launch during the year, please refer section “New product Launches “in Directors’ Report.

This Risk is primarily a “Technology Change Risk “

We have partnerships with third parties for product sale and for product implementation; failure on their part to deliver, could affect our performance.

In some cases, we partner with third party vendors, for software and / or hardware, who provide embedded or aligned products to support the services and product offerings provided by us. With a business partner, we have a group of people who not only sell and/ or implement our products, but share with us their vision, and value system. Onboarding a wrong partner or a partner that does not align to our values and operating principles may cost our Company in

Risk Management Report

terms of efforts, money and brand visibility. The Company may face following risks:

- Reputation Risk
- Scale mismatch risk
- Credit risk
- Legal & Regulatory Compliance Risks
- Country Risk
- Risks Owing to Cultural & Value Base Differences

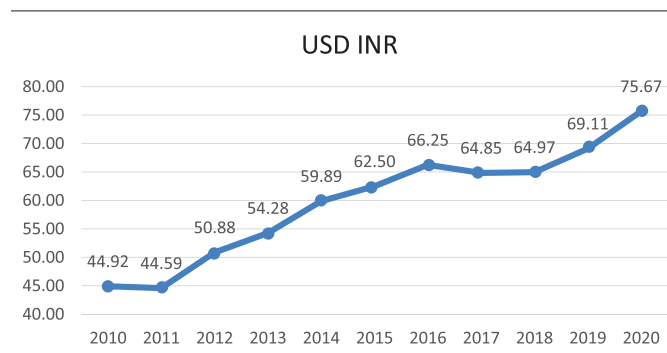
If we or our partners fail to deliver appropriately, our ability to complete the contract may be adversely affected, which may have a material and adverse impact on our revenue and profitability

To counter this risk, the Company has a dedicated “Alliance Management Team” to ensure proper contractual formalities before aligning with any such partner to reduce or limit the risk of their non/low performance. The team also works with current partners to enhance the partnership. The team ensures that in case of appointment of Partner in a new geography, there is extensive information available on economic, social and political conditions of the country and risks associated. There is evaluation of the commercial structure & clauses by the legal and finance teams. The Alliance Management team assists in creating roadmaps and regular monitoring of the milestones. Also strict governance with indicators & engagement ensures timeliness & quality.

This Risk is primarily an “Internal Operational Risk.”

The Company is constantly exposed to the risk of volatility in foreign exchange rates. The Company operates internationally in more than 50 countries and a major portion of our business is transacted in currencies other than the Indian Rupee. Nearly seventy percent of our revenue is denominated in foreign currency, predominantly the US Dollar. Seventy percent of our expenses are in the Indian Rupee. Foreign exchange currency markets are volatile, and such fluctuations in foreign currency exchange rates could materially and adversely affect the Company’s profit margins and results of operations and therefore the Company is exposed to continuing risk of foreign exchange fluctuation.

The exchange rate of the Rupee has been extremely volatile in the last ten years as shown by the chart below.



The volatility in the foreign currency markets may make it difficult to hedge our foreign currency exposures effectively. Inadequacies in the hedging mechanisms to deal with exchange rate fluctuation

could expose the Company to even larger losses than envisaged due to exchange rate fluctuations, and changes in currency exchange rates can adversely affect customer demand and our revenue and profitability.

The hedging strategies that we have implemented, or may in the future implement, to mitigate foreign currency exchange rate risks, may not reduce or completely offset our exposure to foreign exchange rate fluctuations. This may also expose our business to unexpected market, operational and counterparty credit risks. We may incur losses from our use of derivative financial instruments that could have a material adverse effect on our business, results of operations and financial condition.

Further, the policies of the Reserve Bank of India may change from time to time, also have a bearing on our operations and hence the revenues. Full or increased capital account convertibility, if introduced, could result in increased volatility in the fluctuations of exchange rates between the rupee and foreign currencies.

To mitigate this risk, the Company follows a well-defined policy of hedging close to receivables through Forward Contracts which are designated as Highly Probable forecast transactions. The Company has a conservative approach and does not speculate in foreign currency markets. Forwards are held to maturity and regular reporting and monitoring systems are in place including quarterly updates to the Audit Committee. Clear guidelines for concluding derivative transactions have been laid down and arrangements have been institutionalized to facilitate periodic review and audit of the operation, impact and consequences of such transactions, including verifying compliance with extant laws and regulations.

At the year end, the Company had US\$ 6.65 million of hedges compared to US\$ 6.95 million at the beginning of the year.

The following table gives details in respect of the outstanding foreign exchange forward and option contracts:

	As of March 31	
	2020	2019
Aggregate amount of outstanding forward and options contracts	\$6.65 million	\$ 6.95 million
Gain and (loss) on outstanding forward and options contracts reflecting in the Hedging Reserve in the Balance Sheet	(₹ 1.87) crore	₹ 1.83 crore

This Risk is primarily a “Business Environment Risk.”

Business continuity risk pose a threat to successfully running our operations. Our inability to put in place an effective Business Continuity Plan (BCP) to ensure the maintenance or recovery of operations, including service delivery to our customer, when confronted with adverse events such as a disruption or failure of our systems or operations in the event of a Fire, major earthquake, weather event, cyber-attack, terrorist attack, or other catastrophic event which could cause delays in completing sales, providing services, or performing other mission-critical functions. A significant portion of our research and development activities, and certain other critical business operations are located in Noida, India (our corporate headquarters) which is adjacent to the national capital of India, Delhi. Here it may be worthwhile to mention that, according to

a seismic zoning map issued by the Bureau of Indian Standards and quoted in the National Disaster Management (NDM) report, Delhi belongs to Zone IV, a severe intensity seismic zone. Any catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations.

To counter this risk, we have setup an Online disaster recovery site to replicate our IPR (Source code) in different seismic zone and backup copy on tape. In addition to this we are also having Disaster Recovery setup for few customers in different seismic zone who has agreement with Nucleus for business continuity and uninterrupted support though this facility is not in place for all the customers. The Company is continuously investing in security of its operations & processes and evaluating the risks on periodic basis. We are an ISO 27001: 2013 (ISMS) certified organization, which reflects our attitude to increase adherence to secure practices. More so for business continuity, the growth of any product business is directly linked to the install base and the feedback of existing customers. These two factors are key for the purchase decisions of prospective customers.

Hence a large negative impact on Company's reputation can be a big setback. The Company enjoys a very positive reputation of being a committed and high integrity Company with solid software solutions.

On the security front, strict procedures are in place to control the level of access to Datacenters and other sensitive areas. Access to the premises is controlled through Biometric access control systems and proximity cards. The Company has invested significantly in a state of the art network infrastructure for managing its operations and for establishing high-speed redundant links to overseas destinations. Additionally, the Internet filtering tools prevent any type of non-business usage over Internet within office and outside office. We have implemented Data loss prevention on mail gateway and laptops to safe guard the company IPR.

This Risk is primarily an "Internal Operational / Business environment Risk."

Adverse geo-political and market conditions may harm our business.

Our business is influenced by a range of factors that are beyond our control, including:

- General economic and business conditions;
- The overall demand for enterprise software;
- Customer budgetary constraints or shifts in spending priorities; and
- General political developments

The banking software industry is highly competitive and continues to evolve and innovate at a rapid rate. The rate of potential product obsolescence and level of competition amongst the providers is significant. We respond to these economic conditions through our commitment to product innovation and new product strategies.

Your Company has customers located in more than 50 countries and nearly 65% of the revenue comes from international sales. The global nature of business creates operational and economic risks such as deterioration of social, political or economic condition in a country or region and difficulties in staffing and managing foreign

operations. The IT spends in any market are affected by the domestic as well as global economic conditions. Considerable or a prolonged slowdown in a particular country or a region or industry within a region may severely affect investments in IT. Similarly, policy changes in global markets may also influence IT spending pattern.

Adverse geo-political and economic conditions leading to negative / low GDP growth may cause lower IT spending and adversely affect our revenue. Customers may curtail and / or postpone their budgets for investments in technology. Challenging economic conditions also may impair the ability of our customers to pay for products and services they have purchased. As a result, provision for doubtful accounts and write-offs of accounts receivable may increase.

Our global exposure enables us to leverage growth from both developed and emerging economies. In addition, our solutions help our customers to significantly reduce their costs in a difficult environment. Further, our target market covers financial institutions of different sizes – from large multi-national banks to niche NBFCs across a range of business areas – from retail and corporate lending to transaction banking.

This Risk is primarily a "Business Environment Risk."

Risks Associated with Acquisitions and New Product Lines and Markets. The transactions and arrangements such as acquisitions and development and launch of new product categories and product lines, involve significant challenges and risks including (but not limited to):

1. they do not advance our business strategy,
2. they do not meet projected or satisfactory level of sales, profits and/or return on investment as originally envisaged.
3. they may pose difficulty, delays and/or unanticipated costs in integrating the business, operations, personnel, and/or systems of an acquired business, or,
4. they distract management from our other businesses,
5. the Company's ability to retain and appropriately motivate key personnel of an acquired business.

The success of these transactions and arrangements will depend in part on our ability to leverage them to enhance our existing products and services or develop compelling new ones. It may take longer than expected to realize the full benefits from these transactions and arrangements, such as increased revenue, enhanced efficiencies, or increased market share, or the benefits may ultimately be smaller than we expected.

Acquisitions, where made, are done in pursuit of our overall Company strategy, i.e. in adjacent or complementary markets. This reduces our risk as we are leveraging our existing expertise and experience. When creating new products we undertake rigorous analysis of the market to ensure we minimize the risk.

This Risk is primarily a "Business Environment/ internal Operational Risk"

There is a risk of Insider Trading that may happen in the shares of your Company. The Company's shares are listed on the National Stock Exchange of India Ltd. and the Bombay Stock Exchange

Ltd. Hence there is an inherent risk of Insider Trading that may happen in the shares of the Company. Trading in Nucleus shares by the designated employees of the Company on the basis of price sensitive information or communication counseling or procuring any unpublished price sensitive information to or from any person may be termed as insider trading.

Insider trading is a matter of concern for the Management of the Company and to mitigate this risk, a "Code for Prevention of Insider Trading" is implemented in the Company. The code is reviewed by the Audit Committee regularly to ensure compliance and it is updated with the regulatory amendments. Secretarial audit includes a review of policies and processes governing any trading in the Company's shares by various stakeholders.

This Risk is primarily an "Internal Operational Risk."

If we cannot maintain our corporate culture, we could lose the innovation, teamwork and passion that we believe contribute to our success, and our business may be harmed. We believe that a critical component of our success has been our corporate culture, as reflected in our core values: Integrity, Respect, Result Orientation, Innovation and Collaboration. As we continue to grow, we will need to maintain our corporate culture among a larger number of employees dispersed in various geographic regions. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

During the year, there have been many workshops and trainings conducted across the organization, to instill a system and keep reminding the workforce about the values, which has helped the organization to grow in the past. In addition, we actively consider value-alignment during the recruitment of new employees. Performance appraisals also seek to reinforce our value system.

This Risk is primarily an "Internal Operational Risk."

Our organization structure, processes and business models may not be scalable. The structures and processes of the Company business operations may not have adequate potential to grow the revenue base significantly faster than the cost base; and hence may not be adequate for growth. Business models, how we sell, how we license, how we support, how we develop and manage the lifecycle of our products, how we go to market, may not be suitable for significant year on year growth. Supporting our existing and growing customer base could strain our personnel resources and infrastructure, and if we are unable to scale our operations and increase productivity, we may not be able to successfully implement our business plan.

The Management is working to mitigate this risk by instilling measures to develop and refresh leadership skills and competencies in employees, to retain the best-suited talent, to automate processes including installing enterprise software systems and through the development and deployment of innovative business models.

This Risk is primarily a "Business Environment/ Internal operational Risk."

INDEPENDENT AUDITORS' REPORT

To the Members of Nucleus Software Exports Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nucleus Software Exports Limited (hereinafter referred to as the ("Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section

143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Significant Judgments requirement in estimating percentage of work completed in fixed price contracts See note 1.2.iii to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
For the year ended 31 March 2020, revenue amounting to Rs. 52,083 lakhs has been recognized from the sale of software products and sale of services to customers. This revenue includes revenue from fixed price contracts which is recognized based on the percentage of work completed. This is estimated by the Company basis the completion of milestones and activities as agreed with the customers. Due to the number and complexity of the activities performed, significant judgments are required to estimate this percentage of completion. Therefore, the audit risk is that if there is an error in estimation of percentage of completion, this will have an impact on the accuracy of revenue recognized for the year ended 31 March 2020.	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> – Obtained an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. Performed walkthrough of the underlying process and documented the controls and assessed the effectiveness of their design and implementation. Also performed tests to assess whether the controls were operating as designed. – Involved IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion was derived from a system that is operating effectively. – Selected a sample of contracts, using a mix of quantitative and qualitative criteria, and performed the following procedures for each contract selected: <ul style="list-style-type: none"> o inspecting key terms, including transaction price, deliverables, performance obligations, timetable and milestones, set out in the contract; o inquiring of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies and billing schedules; o verified the project management tool for budgeted efforts and related percentage completion milestones and verified accuracy of milestones based on actualization of efforts for delivered projects and past data;

Significant Judgments requirement in estimating percentage of work completed in fixed price contracts	
See note 1.2.iii to the consolidated financial statements	
	<ul style="list-style-type: none"> o verified the details of activities completed with those stated in the customer contract and as confirmed by the project manager including agreeing the respective activities performed according to project management tool with customer report/ confirmations which forms the basis of percentage of completion; o tested on a sample basis the underlying invoices in respect of fixed price contracts and related cash receipts; and o verified the ageing analysis and performed analytical procedures, based on revenue trends, to assess the movements in accruals.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the

consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial information of two subsidiaries located outside India, whose financial information reflects total assets of Rs. 2,384 lakhs as at 31 March 2020, total revenues of Rs. 8,672 lakhs and net cash flows amounting to Rs. 1,482 lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial information in respect of these subsidiaries has been audited by other auditors and our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors.

We also did not audit the financial information of another subsidiary located outside India whose financial information reflects total assets of Rs. 296 lakhs as at 31 March 2020, total revenues of Rs. 824 lakhs and net cash flows amounting to Rs. 83 lakhs for the year ended on that date, as considered in the consolidated financial statements. In the case of this subsidiary the financial information has been prepared in accordance with accounting principles generally accepted in that country and which have been audited by other auditors under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statement of this subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of this subsidiary is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- (b) The financial information of three subsidiaries, whose financial information reflect total assets of Rs. 1,100 lakhs as at 31 March 2020, total revenues of Rs. 2,221 lakhs and net cash flows amounting to Rs. 14 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. This unaudited financial information has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies incorporated in India as on 31 March 2020 and taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Holding Company and its subsidiary companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and

Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 2.34 to the consolidated financial statements.
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2020.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies incorporated in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Ashwin Bakshi
Partner
Membership No. 506777
ICAI UDIN: 2056777AAAABD6843

Place: New Delhi
Date : May 23, 2020

Annexure A to the Independent Auditor's report on the consolidated financial statements of Nucleus Software Exports Limited for the year ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Nucleus Software Exports Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on

our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detec-

tion of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods

are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Ashwin Bakshi
Partner
Membership No. 506777
ICAI UDIN: 2056777AAAABD6843

Place: New Delhi
Date : May 23, 2020

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	3,374	4,472
Right of use assets	2.2	653	-
Intangible assets under development		5	2
Capital work in progress		21	-
Investment Property	2.3	1,418	-
Goodwill on consolidation	2.45	-	67
Other Intangible assets	2.1	229	180
Financial assets			
Investments	2.4	23,091	24,837
Loans	2.5	6	7
Other financial assets	2.6	363	390
Deferred tax assets (net)	2.7	523	786
Income tax asset (net)	2.8	1,545	1,674
Other non-current assets	2.9	557	190
		31,785	32,605
Current Assets			
Financial assets			
Investments	2.10	24,384	17,606
Trade receivables	2.11	9,024	7,113
Cash and cash equivalents	2.12	5,677	4,452
Other bank balances	2.13	3,157	3,842
Loans	2.14	21	28
Other financial assets	2.15	190	227
Other current assets	2.16	2,099	2,664
		44,552	35,932
Total Assets		76,337	68,537
EQUITY & LIABILITIES			
EQUITY			
Equity Share capital	2.17	2,904	2,904
Other equity	2.18	53,184	47,951
Total equity attributable to equity holders of the company		56,088	50,855
Non- controlling interest		-	-
Total Equity		56,088	50,855
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	334	-
Other financial liabilities	2.19	141	39
Other non-current liabilities	2.20	8	-
Deferred tax liabilities (net)	2.21	9	8
Provisions	2.22	860	776
		1,352	823
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	298	-
Trade payables	2.23	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,503	1,226
Other financial liabilities	2.24	3,556	4,410
Provisions	2.25	316	215
Current tax liabilities (net)	2.26	313	181
Other current liabilities	2.27	12,911	10,827
		18,897	16,859
TOTAL EQUITY AND LIABILITIES		76,337	68,537
See accompanying notes forming part of the financial statements	1 & 2		

As per our report of even date attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-

ASHWIN BAKSHI

Partner

Membership number : 506777

UDIN: 20506777AAAA8D6843

For and on behalf of the Board of Directors

NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-

SIDDHARTHA MAHAVIR ACHARYA

Chairman

Sd/-

ASHISH NANDA

Chief Financial Officer

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

RAVI PRATAP SINGH

CEO & Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 23 May 2020

Place: Noida

Date: 23 May 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020*(Amount in ₹ Lacs unless otherwise stated)*

	Ref.	For the year ended 31 March 2020	For the year ended 31 March 2019
1. REVENUE FROM OPERATIONS	2.28	52,083	48,403
2. OTHER INCOME	2.29	3,723	2,748
3. TOTAL INCOME (1+2)		55,806	51,151
4. EXPENSES			
a. Employee benefits expense	2.30	32,229	31,353
b. Operating and other expenses	2.31	10,432	9,125
c. Finance cost	2.32	112	51
d. Depreciation, amortisation and impairment expense	2.1, 2.2, 2.3 & 2.45	1,355	993
TOTAL EXPENSES		44,128	41,522
5. PROFIT BEFORE TAX (3-4)		11,678	9,629
6. TAX EXPENSE			
a. Current tax expense		2,376	2,328
b. Deferred tax (credit) /charge	2.7 and 2.21	403	(153)
NET TAX EXPENSE		2,779	2,175
7. PROFIT FOR THE YEAR (5-6)		8,899	7,454
8. OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans, net		(121)	(127)
b) Equity Instruments through Other Comprehensive Income, net		(499)	6
(ii) Tax relating to Items that will not be reclassified to profit or loss		30	(5)
(B) (i) Items that will be reclassified subsequently to profit or loss			-
a) Exchange difference on translation of foreign operations		102	36
b) Effective portion of gains and loss on hedging instruments in a cash flow hedge, net		(369)	178
(ii) Tax relating to Items that will be reclassified subsequently to profit or loss		110	(62)
TOTAL OTHER COMPREHENSIVE INCOME		(747)	26
9. TOTAL COMPREHENSIVE INCOME (7+8)		8,152	7,480
Profit attributable to			
Owners of the Company		8,899	7,454
Non- controlling interest		-	-
		8,899	7,454
10 Total comprehensive income attributable to			
Owners of the Company		8,152	7,480
Non- controlling interest		-	-
		8,152	7,480
11. EARNINGS PER EQUITY SHARE	2.35		
Equity shares of Rupees 10 each			
a. Basic (₹)		30.64	25.67
b. Diluted (₹)		30.64	25.67
Number of shares used in computing earnings per share			
a. Basic (₹)		29,040,724	29,040,724
b. Diluted (₹)		29,040,724	29,040,724
See accompanying notes forming part of the financial statements	1 & 2		

As per our report of even date attached
For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN: 20506777AAAABD6843

Place: New Delhi
Date: 23 May 2020

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
ASHISH NANDA
Chief Financial Officer

Place: Noida
Date: 23 May 2020

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time
Director

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020*(Amount in ₹ Lacs unless otherwise stated)*

	For the year ended 31 March 2020	For the year ended 31 March 2019
A.		
Net profit before tax	11,678	9,629
Adjustment for:		
Depreciation and amortisation expense	1,355	993
Exchange (gain) / loss on translation of foreign currency accounts (net)	(300)	190
Dividend received from current investments	(761)	(730)
Dividend received from non-current investment	(259)	(57)
Interest on fixed deposits and others	(1,625)	(1,687)
MTM (gain) / loss on investment	(549)	(358)
Net gain on sale of investments	1	(9)
Profit on sale of fixed assets (net)	(6)	(34)
Unwinding of interest on security deposit	1	-
Interest expense on lease liability	67	-
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	671	40
Discounting of staff loan and security deposit	(24)	(21)
Provision for impairment of Investment	-	601
Deferred lease income on Security deposit received	(2)	-
Reserve for lease equalisation	(13)	-
Operating profit before working capital changes	10,234	8,557
Adjustment for (increase) / decrease in operating assets		
Trade receivables	(1,874)	974
Loans	8	2
Other assests	(381)	(890)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	264	(4,168)
Provisions and other liabilities	1,336	3,475
Net Income taxes paid	9,587	7,950
Net cash from operating activities (A)	(2,114)	(2,341)
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(1,242)	(875)
Proceeds from sale of property, plant and equipment	6	37
Investment in subsidiary	-	(158)
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(3,761)	(2,860)
Bank deposits (net) not considered as cash and cash equivalents (placed) / matured	635	(203)
Interest received on fixed deposits and others	1,025	1,161
Dividend received from non current investments	427	62
Net cash used in investing activities (B)	(2,910)	(2,836)
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(421)	-
Interest paid on lease liabilities	(67)	-
Dividend paid (including corporate dividend tax)	(2,919)	(2,598)
Net cash used in financing activities (C)	(3,407)	(2,598)
Net increase in cash and cash equivalents (A+B+C)	1,156	175
Opening cash and cash equivalents	4,452	4,228
Exchange difference on translation of foreign currency bank accounts	69	49
Closing cash and cash equivalents	5,677	4,452

Notes:

(i) Figures in brackets indicate cash outflow.

See accompanying notes forming part of the financial statements

1 & 2

As per our report of even date attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-

ASHWIN BAKSHI

Partner

Membership number : 506777

UDIN: 20506777AAAABD6843

For and on behalf of the Board of Directors

NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-

SIDDHARTHA MAHAVIR ACHARYA

Chairman

Sd/-

ASHISH NANDA

Chief Financial Officer

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

RAVI PRATAP SINGH

CEO & Whole-time

Director

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 23 May 2020

Place: Noida

Date: 23 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity Share Capital

(Amount in ₹ Lacs unless otherwise stated)

	Balance as of 1 April 2019	Changes in equity share capital during the year	Balance as on 31 March 2020
	2,904	-	2,904

	Balance as of 1 April 2018	Changes in equity share capital during the year	Balance as on 31 March 2019
	2,904	-	2,904

B. Other Equity

	Reserves and Surplus					Items of OCI		Total
	Capital reserve	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign Currency translation reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2019	89	334	661	45,862	119	41	845	47,951
Profit for the year	-	-	-	8,899	-	-	-	8,899
Dividend on equity shares	-	-	-	(2,614)	-	-	-	(2,614)
Corporate dividend tax	-	-	-	(305)	-	-	-	(305)
Effective gain on hedging instruments	-	-	-	-	(259)	-	-	(259)
Exchange difference on translation of foreign operations	-	-	-	-	-	102	-	102
Equity Instruments through Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(499)	(499)
Remeasurements of the defined benefit plans	-	-	-	(91)	-	-	-	(91)
Attributable to owners of the company	89	334	661	51,751	(140)	143	346	53,184
Balance as of 31 March 2020	89	334	661	51,751	(140)	143	346	53,184

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Reserves and Surplus				Items of OCI			Total
	Capital reserve	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign Currency translation reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2018	89	334	661	41,296	2	5	839	43,226
Profit for the year	-	-	-	7,454	-	-	-	7,454
Dividend on equity shares	-	-	-	(2,323)	-	-	-	(2,323)
Corporate dividend tax	-	-	-	(275)	-	-	-	(275)
Effective gain on hedging instruments	-	-	-	-	117	-	-	117
Exchange difference on translation of foreign operations	-	-	-	-	-	36	-	36
Equity Instruments through Other Comprehensive Income (net of tax)	-	-	-	-	-	-	6	6
Remeasurements of the defined benefit plans	-	-	-	(132)	-	-	-	(132)
Investment in subsidiary	-	-	-	(158)	-	-	-	(158)
Utilised for buy back of equity shares (see note 2.17)	-	-	-	-	-	-	-	-
Attributable to owners of the company	89	334	661	45,862	119	41	845	47,951
Balance as of 31 March 2020	89	334	661	45,862	119	41	845	47,951

See accompanying notes forming part of the financial statements

1 & 2

As per our report of even date attached
For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/W-100024

Sd/-
ASHWIN BAKSHI
Partner
Membership number : 506777
UDIN: 20506777AAAA6D6843

Place: New Delhi
Date: 23 May 2020

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: Noida
Date: 23 May 2020

Notes forming part of the consolidated financial statements

Note 1:

1.1 Reporting Entity

Nucleus Software Exports Limited ('Nucleus' or 'the Company' or "the Holding Company") was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 31 March 2020, the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange.

The Company has wholly owned subsidiaries in India, Singapore, USA, Japan, Netherlands, Australia, and Africa. (the Company and its subsidiaries constitute "the Group").

The Group's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The consolidated financial statements were approved for issue by the Board of Directors of the Holding Company on 23 May 2020.

b) Functional and Presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, at some places ` - ' are also put up to values below INR 50,000 to make financials in round off to Rupees in Lacs.

c) Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Group normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is

restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of the non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Group normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of the non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has ascertained its operating cycle, being a period within 12 months for the purpose of classification of assets and liabilities as current and non-current.

d) Basis of measurement

The Consolidated financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations

e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the

Notes forming part of the consolidated financial statements

reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Leases classification :Note 2.2
- Estimates of expected contract costs to be incurred to complete contracts- Note 2.16
- Consolidation: whether the Group has de facto control over an investee.- Note 1.2 (ii)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of deferred tax asset and liabilities - Note 2.7 and Note 2.21
- Estimated useful life of property, plant and equipment and Intangible assets - Note 1.2 (v) and.(vi)
- Investment property Note 2.3
- Estimation of defined benefit obligations— Note 2.41
- Impairment of trade receivables- Note 2.11
- Impairment of Unbilled revenue and Income accrued but not due- Note 2.15 and Note 2.16
- Impairment of Goodwill – Note 2.45
- Impairment loss on preference shares carried at amortised cost-Note 2.4

f) Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support

the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii. Basis of Consolidation

a) Business combinations

As per Ind AS 101, at the date of transition, the Group has elected not to restate business combination that occurred before the date of transition.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the;

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate

Notes forming part of the consolidated financial statements

share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill and tested for impairment annually. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

c) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest

in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iii. Revenue Recognition

The Group earns revenue primarily from software product development and providing support services mainly for corporate business entities in the banking and financial services sector.

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact to the financial statements of the Group.

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognized in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.

Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.

Revenue from time and material contracts is recognised as the services are rendered.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third-party products are recorded at gross basis as the Group is acting as the principal.

Notes forming part of the consolidated financial statements

Out of pocket reimbursable expenses e.g.travel etc. if incurred in relation to performance obligation under the contract is recognised as revenue.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as Service income accrued but not due. (only act of invoicing is pending in accordance with terms of the contract).

Advances from customers/ Advance billing and Deferred revenue ("contract liability") is recognised when there is billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease

Unbilled revenue is recognised when there is excess of revenue earned over billings on contracts. Unbilled revenue is classified as other financial asset (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms

iv. Other income

Profit on sale of investments is determined as the difference between the sales price and the carrying value of the investment upon disposal of investments.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset ; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial

assets that have become credit- impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

v. Property, Plant and equipment

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

Depreciation on property, Plant and equipment, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective item of property, plant and equipment when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The management's estimates of the useful lives of the various property, plant and equipment are as follows:

Asset category	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Tangible asset		
Building*	30	30
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.	3	3

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Computers- servers and networking equipment*	4	6
Vehicles*	5	10
Furniture and fixtures*	5-7	10
Temporary wooden structures (included in Building)	3	3

*Based on technical evaluation, the useful lives as given above represent the period over which the management believes to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

vi. Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Property under construction or development for future use as an investment property is classified as investment property under construction.

Depreciation on investment property, except leasehold land, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease.

The management's estimates of the useful lives are as follows:

Category of investment property	Estimated useful life (in years)
Building	30
Temporary structure *	10

* Based on technical evaluation, the useful lives as given above represent the period over which the management believes to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

Any gain or loss on disposal of an investment property is recognized in the statement of profit or loss.

The fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer who holds a recognised and relevant professional

qualification and has recent experience in the location and category of the investment property being valued.

vii. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The management's estimates of the useful lives of the Software are 3-5 years.

For measurement of goodwill that arises on a business combination (see Note 1.2 (ii) (a))

Subsequent measurement is at cost less any accumulated impairment losses.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Software	3-5 years
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Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

viii. Financial instruments

a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

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- amortised cost;
- Fair value through other comprehensive income (FVOCI)-equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held

within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par

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amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vii)(e) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards

of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the

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changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

ix. Impairment

a) Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;
- At each reporting date, the Group assesses whether financial assets are carried at amortised

cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This

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is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

x. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

xi. Foreign Currency

a) Foreign currency transactions

Transactions in foreign currencies are translated into INR, the functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gain and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Assets and liabilities of subsidiaries with functional currency other than the functional currency of the Holding Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- qualifying cash flow hedges to the extent that the hedges are effective.

b) Foreign operations

The assets and liabilities of foreign operations (subsidiaries, branches) are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

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When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI.

xii. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

xiii. Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Group is

able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be real.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Group and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Group becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

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xiv. Employee benefits

a. India

Employee benefit includes provident fund, gratuity and compensated absences.

Defined contribution plans

The Group's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

b. Singapore

The respective subsidiary's contribution to central provident fund is deposited with the appropriate authorities and charged to the Consolidated Statement of Profit and Loss. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

c. United States of America/ Netherlands/ Japan/ Australia/Africa

The respective subsidiary's social security contributions are charged to the Consolidated Statement of Profit and Loss.

Employee stock option based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

xv. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or

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accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

xvi. Research and development

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for property plant and equipment.

xvii. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of standalone profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the

exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

Transition to Ind AS 116

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

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor.

Notes forming part of the consolidated financial statements

2.1 Property, plant and equipment

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT			
	Deemed cost As at 1 April, 2019	Transfer to Investment property	Additions	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2020	As at 1 April, 2019	Transfer to Investment property	Depreciation for the year	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2020	As at 31 March 2020	As at 31 March, 2019
Tangible assets												
Freehold land	34		-	-	34	-		-	-	-	34	34
	(34)		-	-	(34)			-	-	-	(34)	(34)
Leasehold land	2,144	1,118	-	-	1,026	61	38	7	-	30	996	2,083
	(2,144)		-	-	(2,144)	(41)		(20)		(61)	(2,083)	(1,638)
Leasehold improvements	14		-	-	14	14		-	-	14	-	-
	(14)		-	-	(14)	(14)		-	-	(14)	-	-
Buildings	1,561	372	4	-	1,193	317	44	92	-	365	828	1,244
	(1,534)		(27)	-	(1,561)	(206)		(111)	-	(317)	(1,244)	(1,794)
Plant and equipment	345		187	-	532	220		52	-	272	260	125
	(284)		(61)	-	(345)	(184)		(36)	-	(220)	(125)	(100)
Computer equipment	1,728		661	12	2,377	1,065		409	9	1,465	912	663
	(1,310)		(426)	(8)	(1,728)	(727)		(344)	(6)	(1,065)	(663)	(582)
Vehicles	327		124	-	451	137		71	-	208	243	190
	(247)		(93)	(13)	(327)	(85)		(64)	(12)	(137)	(190)	(161)
Furniture and fixtures	186		1	-	187	51		35	-	86	101	133
	(100)		(86)	-	(186)	(20)		(33)	-	(53)	(133)	(80)
	6,339	1,490	977	12	5,814	1,865	82	666	9	2,440	3,374	4,472
	(5,667)		(693)	(21)	(6,339)	(1,277)		(608)	(18)	(1,867)	(4,472)	(4,389)
Intangible assets												
Software	839	-	184	9	1,014	659		135	9	785	229	180
	(654)		(186)	(1)	(839)	(526)		(135)	(2)	(659)	(180)	(128)
Total	7,178	1,490	1,161	21	6,828	2,524	82	801	18	3,225	3,603	4,652
Previous year	(6,321)		(879)	(22)	(7,178)	(1,803)		(743)	(20)	(2,526)	(4,652)	(4,517)

(i) Includes the effect of translation in respect of assets held by foreign subsidiaries

(ii) Figures in brackets pertain to relevant previous year.

Notes forming part of the consolidated financial statements

2.2 Transition to Ind AS 116

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

For transition, the Group has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. It has therefore, not reassessed whether a contract, is or contains a lease, at the date of initial application; relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review; excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics. The Group has adopted Ind AS 116, effective period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective approach. Accordingly, the Group has not restated comparative information.

This has resulted in recognizing a right of use asset and corresponding lease liability of ₹ 722 lakhs as at 1 April 2019. The nature of expenses in respect of operating leases has changed from lease rent in the previous periods to depreciation cost for the right of use asset and finance cost for the interest accrued on lease liability. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 9.3% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Following are the changes in the carrying value of right of use assets for the period ended 31 March 2020:

<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars	As at 31 March 2020
Balance as at 1 April 2019	722
Additions	383
Depreciation	459
Translation Difference	7
Balance as at 31 March 2020	653

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

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars	As at 31 March 2020
Current lease liabilities	298
Non-current lease liabilities	334
Total	632

Notes forming part of the consolidated financial statements

The following is the movement in lease liabilities for the year ended 31 March 2020:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020
Balance as of 1 April 2019	722
Additions	326
Finance cost accrued during the period	67
Payment of lease liabilities	488
Translation Difference	5
Balance as of 31 March 2020	632

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020
Not later than 1 year	352
Later than 1 year but not later than 5 years	354
More than 5 year	
Total	706

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 309 lacs for the year ended 31 March 2020.

The Group does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Group has entered with lessors towards properties used as delivery centers/ sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

Notes forming part of the consolidated financial statements

2.3 Investment Property

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT			
	Deemed cost As at 1 April, 2019	Transfer from Property, plant and equipment	Additions	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2020	As at 1 April, 2019	Transfer from Property, plant and equipment	Depreciation for the year	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2020	As at 31 March 2019
Tangible assets											
Leasehold Land	-	1,118	-	-	1,118	-	38	13	-	51	1,067
Buildings	-	372	38	-	410	-	44	15	-	59	351
Total	-	1,490	38	-	1,528	-	82	28	-	110	1,418

Measurement of fair values

Particulars	Leasehold Land	Building	Total
As at 31 March 2020	281,832,000	39,373,070	321,205,070

There is no impairment as the fair value is greater than the carrying amount of Investment property as at 31 March 2020.

(i) Fair Value Hierarchy

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and requisite experience of the location and of the category of the property being valued. The fair value measurement for all of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. There is no impairment as the fair value is greater than the carrying amount of the Investment Property.

(ii) Valuation Techniques

The method of valuation adopted, in the subject instance is Land and Building method under Cost Approach. In this approach value of the land is arrived by taking a survey of the micro market for transactions of similar land parcels in the vicinity. Whereas, value of the building is arrived by analyzing the cost of construction for similar structures. Necessary discounting is considered on building to account for loss in economic value due to depreciation. The value of land and building so arrived is summed to obtain value of the property. Investment property comprises one property that is leased to external party. The lease contains an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. This property has been transferred from property, plant and equipment to investment property, since the building was no longer used by Nucleus Software Limited and as such it was decided that the building would be leased to a third party.

(iii) Amount recognised in Profit and Loss for :

Revenue amounting to ₹ 69 lacs is on account of rental income from investment property during the year ending 31 March 2020 and is included in the head 'Other Revenue'. This includes revenue of ₹ 12 lacs on account of reserve for lease equalization.

Notes forming part of the consolidated financial statements

2.4 A. NON-CURRENT INVESTMENTS

(Amount in ₹ Lacs unless otherwise stated)

Particulars as at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Investment in equity instruments (quoted)		
<i>Equity shares at FVOCI</i>		
250,000 (250,000) equity shares of ₹ 10 (₹ 10) each, fully paid up, in Ujjivan Financial Services Limited	371	870
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 8.15% L&T Finance Holding Ltd.(Pref. Share - 2020)	-	1,393
b. 16.46% Infrastructure Leasing & Financial Services Ltd. (Pref. Share - 2022)	501	501
Less: Provision for impairment of investment	(501)	(501)
c. 17.38% IL&FS Financial Services Ltd. (Pref. Shares - 2021)	-	100
Less: Provision for impairment of investment	-	(100)
d. 8.33% Tata Capital Ltd (Pref. Shares - 2022)	-	116
e. 7.50% Tata Capital Ltd. (Pref. Shares - 2020)	1,500	1,500
	1,500	3,009
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
a. 8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.31)	-	556
b. 10% Tata Motors Finance Ltd (CCPS - 2025)	2,100	2,129
	2,100	2,685
Investment in Preference Shares (unquoted)		
<i>Preference shares at Amortised cost</i>		
a. 8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.31)	-	-
Investment in bonds (quoted)		
a. 7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	991	977
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	540	539
c. 8.09% Power Finance Corporation Tax Free Bonds 2021	474	477
d. 7.51% Power Finance Corporation Tax Free Bonds 2021	518	519
e. 8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	2,101	2,114
f. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,030	1,030
g. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
h. 7.21% India Infrastructure Finance Company Limited Tax Free Bonds 2022	-	-
i. 7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	307	309
j. 8.20% Power Finance Corporation Tax Free Bonds 2022	63	64
k. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47
l. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
m. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	142	142
n. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	108	108
o. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
p. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
q. 7.21% Power Finance Corporation (PFC) Tax Free Bonds 2022	514	514
r. 7.35% Indian Railway Finance Corporation Tax Free Bonds 2031	122	122
s. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201
t. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	543	553
u. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	548	557
	8,714	8,738

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars as at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Investment in mutual funds (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
a. HDFC FMP 1169D February 2017 (1)	-	579
b. HDFC FMP 1150D February 2017 (1)	-	347
c. Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	-	560
d. ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	-	1,120
e. ICICI Prudential FMP - Series 82 - 1225 Days Plan B	586	546
f. UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	586	546
g. Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12	580	540
h. Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	585	546
i. ICICI Prudential FMP - Series 82 - 1203 Days Plan K	583	542
j. Nippon India Fixed Horizon Fund XXXVI - Series 6	581	540
k. UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	579	539
	4,080	6,405
Investment in mutual funds (unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. HDFC Corporate Bond Fund - Growth-Direct	382	261
b. DSP Banking & PSU Debt Fund - Growth- Direct	1,125	547
c. ICICI Prudential Corporate Bond Fund - Growth- Direct	603	540
d. IDFC Corporate Bond Fund - Growth- Direct	-	688
e. L&T Short Term Bond Fund - Growth- Direct	603	550
f. Aditya Birla Sun Life Floating Rate Fund -Dividend Reinvestment- Direct	-	-
g. Axis Banking and PSU Debt Fund - Growth - Direct	496	-
h. Nippon India FRF - ST - Growth- Direct	-	544
i. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,034	-
j. Tata Short Term Bond Fund - Growth- Direct	711	-
k. SBI Corporate Bond Fund - Growth- Direct	351	-
l. Kotak Bond Short Term Fund - Growth- Direct	1,021	-
	6,326	3,130
Aggregate amount of non current-investments	23,091	24,837
Aggregate amount of quoted investments	14,664	19,021
Aggregate market value of quoted investments	15,233	19,651
Aggregate amount of unquoted investments	8,427	5,815
Aggregate amount of impairment in value of quoted investments	501	601

B. Equity shares designated as at fair value through other comprehensive income

As at 1 April 2016, the Group designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that the group intends to hold for long- term for strategic purpose

	Fair value as at 31 March 2020	Dividend income recognised during the year ended 31 March 2020	Fair value as at 31 March 2019
Investment in Ujjivan Financial Services Limited	371	1	870

No strategic investments were disposed off during the year ended 31 March 2020 as well in the previous year ended 31 March 2019 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Notes forming part of the consolidated financial statements

Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.5 LOANS - LONG TERM		
a. Loans and advances to employees		
Loans Receivables considered good - Unsecured	6	7
	<u>6</u>	<u>7</u>
2.6 OTHER NON-CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposits	343	371
b. Long-term bank deposits	20	19
	<u>363</u>	<u>390</u>

[Long term bank deposits include ₹ 20 Lacs (31 March 2019 ₹ 19 lacs) which are under lien]

2.7 DEFERRED TAX ASSET (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	31 March 2020	31 March 2019
Current tax	2,376	2,328
Deferred tax	403	(153)
Net tax expense	<u>2,779</u>	<u>2,175</u>

B. Income tax recognised in other comprehensive income

	Before tax	Tax expense / (benefit)	Net of tax
Remeasurements of net defined benefit plans	(121)	30	(91)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(369)	110	(259)
Income tax recognised in other comprehensive income	<u>(490)</u>	<u>140</u>	<u>(350)</u>

C. Reconciliation of effective tax rate

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Particulars	Percentage	For the year ended 31 March, 2020	Percentage	For the year ended 31 March, 2019
Profit before tax		11,678		9,629
Computed tax expense	29.12%	3,401	34.94%	3,365
Effect of exempt non-operating income	(5.77%)	(674)	(8.34%)	(803)
Effect of non- deductible expenses	1.97%	230	2.89%	278
Additional deduction on research and development expenses	(3.85%)	(450)	(5.13%)	(494)
Taxes on income at different rates	(2.51%)	(293)	(3.15%)	(303)
Tax effect due to non taxable income for Indian tax purpose	5.43%	634	5.00%	481
Tax reversals, overseas and domestic	1.75%	204	(1.88%)	(181)
Tax pertaining to Branch tax	0.03%	4	0.10%	10
Tax on undistributed reserves of subsidiaries	(1.50%)	(175)	0.00%	-
Effect of subsidiaries different tax rates	(0.87%)	(102)	(1.85%)	(178)
Effective tax	23.80%	2,779	22.59%	2,175

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particular	Opening As at 1 April 2019	Recognised [[Credited)/ Charge] in profit or loss during the year	Recognised [[Credited)/ Charge] in OCI during the year	MAT changes during the period	As at 31 March 2020
a. Deferred tax assets					
Provision for compensated absences, gratuity and other employee benefits	667	(360)	30	-	337
Provision for doubtful debts / loans and service income accrued but not due	422	(127)	-	-	295
MAT credit entitlement	156	-	-	(23)	133
Trade receivables, security deposit and loans at amortised cost	31	(11)	-	-	20
Lease liability	-	5	-	-	5
Asset retirement obligation	4	(3)	-	-	1
	1,280	(496)	30	(23)	791
b. Deferred tax liabilities					
Property, plant and equipment	88	(22)	-	-	66
Forward contracts	63	-	(110)	-	(47)
Investments	168	81	-	-	249
Undistributed reserves of subsidiaries	175	(175)	-	-	-
	494	(116)	(110)	-	268
Net deferred tax asset	786	(380)	140	(23)	523
c. Net deferred tax asset	786	(380)	140	(23)	523

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.8 INCOME TAX ASSETS (NET)		
a. Advance income tax	1,545	1,674
	1,545	1,674
2.9 OTHER NON CURRENT ASSETS (Unsecured, considered good)		
a Employee advances	38	38
b Capital advances	31	-
c Reserve for lease equalization	10	-
d Prepaid expenses	8	5
e Advance payment to gratuity trust	144	110
f Deferred rent	-	37
g Balances with Government authorities - Corporate Dividend tax*	326	-
	557	190

*relates to corporate dividend tax paid in respect of interim dividend which was declared by the Company on 16 March 2020 and subsequently revoked (Also refer to note 2.18)

Notes forming part of the consolidated financial statements

2.10 CURRENT INVESTMENTS - NON TRADE (AT THE LOWER OF COST AND FAIR VALUE)

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Name	As at 31 March 2020	As at 31 March, 2019
-Investment in Mutual Funds (Unquoted)		
Mutual funds at Fair value through profit or loss (FVTPL)		
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	-	838
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Dividend Reinvestment	-	880
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Growth	1,348	-
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	-	1,754
HDFC Arbitrage Fund - Direct Plan - Growth	1,859	-
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend Reinvestment	-	562
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Growth	319	-
ICICI Prudential Liquid Fund- Direct Plan- Daily Dividend Reinvestment	-	544
IDFC Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment	-	711
Kotak Equity Arbitrage Fund- Direct Plan - Fortnightly Dividend Reinvestment	-	3,276
Kotak Equity Arbitrage Fund- Direct Plan - Growth	3,480	-
L&T Ultra Short Term Fund Direct Plan- Growth	526	-
L&T Liquid Fund - Direct Plan- Daily Dividend Reinvestment	-	708
Nippon India Arbitrage Fund-Direct Monthly Dividend Plan	-	1,164
Nippon India Arbitrage Fund-Direct Plan - Growth	1,239	-
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	800	546
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	454
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	1,000	786
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	575	643
Mahindra Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	667
Sundaram Money Fund - Direct Plan - Daily Dividend Reinvestment	-	630
UTI Liquid Cash Plan - Direct Plan - Daily Dividend Reinvestment	-	753
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment	-	477
ICICI Prudential Money Market Fund - Direct Plan - Growth	1,588	-
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	-	617
UTI Money Market Fund - Direct Plan - Growth	1,081	-
UTI Arbitrage Fund - Direct Plan - Growth	563	-
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	-	886
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	1,605	-
SBI Arbitrage Opportunities Fund - Direct Plan - Monthly Dividend Reinvestment	-	331
SBI Arbitrage Opportunities Fund - Direct Plan - Growth	1,136	-
Kotak Money Market Scheme - Direct Plan - Daily Dividend Reinvestment	-	43
Kotak Money Market Scheme - Direct Plan - Growth	63	-
Kotak Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	336
HDFC Money Market Fund - Direct Plan - Growth	1,449	-
Axis Treasury Advantage Fund - Direct Plan - Growth	1,514	-
	20,145	17,606
- Fixed Maturity Plans/Interval Plans (quoted)		
HDFC FMP 1169D February 2017 (1)	620	-
HDFC FMP 1150D February 2017 (1)	372	-
ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	1,198	-
Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	599	-
	2,789	-

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2020	As at 31 March, 2019
Investment in Preference Shares (quoted)		
8.15% L&T Finance Holding Ltd.(Pref. Share - 2020)	891	-
17.38% IL&FS Financial Services Ltd. (Pref. Shares - 2021)	100	-
Less: Provision for impairment of investment	(100)	-
	891	-
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.31)	559	-
	559	-
Aggregate amount of investments	24,384	17,606
Aggregate amount of quoted investments	3,680	-
Aggregate amount of impairment in value of quoted investments	100	-
Aggregate market value of quoted investments	3,656	-
Aggregate amount of unquoted investments	20,704	17,606

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
2.11 CURRENT TRADE RECEIVABLES		
(Unsecured)		
a. Trade receivables Considered good	9,024	7,113
b. Trade receivables - Credit impaired	473	258
	9,497	7,371
Less: Allowance for doubtful trade receivables	(473)	(258)
	9,024	7,113
	9,024	7,113
2.12 CASH AND CASH EQUIVALENTS		
A. Cash and cash equivalents		
a. Cash on hand	3	1
b. Remittance in transit	43	-
c. Balances with scheduled banks:		
- in current accounts	2,776	93
- in EEFC accounts	1,155	1,131
- in Escrow accounts	82	46
d. Balance with non scheduled banks in current accounts:		
-Citibank, United Kingdom	13	8
-Citibank, U.A.E	20	29
-Citibank,USA	17	21
-Citibank, Singapore	244	309
-PNC Bank, USA	34	46
-Citibank,USA	310	263
-Bank of Tokyo Mitsubishi, Japan	18	32
-Citibank, Japan	275	277
-Citibank, Australia	30	113
-Nedbank, South Africa	36	42
-Citibank, Netherlands	16	20
e. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	605	2,021
	5,677	4,452
	5,677	4,452

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2020	As at 31 March 2019
2.13 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	38	40
b. Balances with scheduled banks in deposit accounts with original maturity of more than 3 months :		
- Maturity with in 12 months of the reporting date	3,119	3,802
	<u>3,157</u>	<u>3,842</u>
[Balance with scheduled banks in deposit accounts include ₹ 51 lacs (31 March 2019 ₹ 47 lacs) which are under lien]		
2.14 LOANS		
(Unsecured)		
a. Loans and advances to employees	21	28
	<u>21</u>	<u>28</u>
2.15 OTHER CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposit	45	4
b. Mark-to-market gain on forward contracts	-	183
c. Expenses recoverable from customers	17	40
d. Unbilled revenue		
- Considered good	128	-
-Credit impaired	22	-
	150	-
Less : Allwance for unbilled revenue	(22)	-
	128	-
	<u>190</u>	<u>227</u>
2.16 OTHER CURRENT ASSETS		
(Unsecured)		
a. Income accrued but not due		
Unsecured		
- Considered good	1,080	1,667
- Credit impaired	476	218
	1,556	1,885
Less : Allowance for income accrued but not due	(476)	(218)
	<u>1,080</u>	<u>1,667</u>
b. Employee advances	48	101
c. Prepaid expenses (considered good)	398	344
d. Contract cost	-	70
e. Balances with Government authorities		
- Tax credit receivable (GST/ VAT)	115	19
- Interest on tax refund receivable	-	43
f. Others		
Supplier advances		
- Considered good	450	415
- Credit impaired	3	2
	453	417
Less : Allowance for doubtful advances	(3)	(2)
	450	415
g. Deferred employee benefits	4	5
h. Reserve for lease equalization	4	-
	<u>2,099</u>	<u>2,664</u>

Notes forming part of the consolidated financial statements

2.17 SHARE CAPITAL

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
a. Authorised		
Equity shares		
40,000,000 (As at 31 March 2019 - 40,000,000) equity shares of ₹ 10 each	4,000	4,000
b. Issued, Subscribed and Paid-Up		
Issued		
29,043,524 (As at March 2019 - 29,043,524) equity shares of ₹ 10 each	2,904	2,904
Subscribed and Paid-Up		
29,040,724 (As at March 2019 - 29,040,724) equity shares of ₹ 10 each	2,904	2,904
	<u>2,904</u>	<u>2,904</u>

Refer notes (i) to (v) below :-

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

Particulars	Opening balance	Movement during the period	Closing balance
a. For the period ended 31 March 2020			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	290,422,240	-	290,422,240
b. For the year ended 31 March, 2019			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	290,422,240	-	290,422,240

(ii) **Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend is paid on the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) **Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

Particulars	As at 31 March 2020		As at 31 March 2019	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	31%	9,000,000	31%
Nucleus Software Engineers Private Limited	2,385,882	8%	2,385,882	8%
Madhu Dusad	3,066,248	11%	3,066,248	11%
Vishnu R Dusad	1,603,492	6%	1,603,492	6%

(iv) The subscribed and paid capital of ₹ 2,904 lacs include ₹ 15,000 in respect of 2,800 forfeited equity shares pending reissue.

(v) **EMPLOYEES STOCK OPTION PLAN ("ESOP")**

- Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, the majority of whom are independent directors.
- No options have been granted till date under the ESOP Scheme 2015.

Notes forming part of the consolidated financial statements

		<i>(Amount in ₹ Lacs unless otherwise stated)</i>	
Particulars	As at 31 March 2020	As at 31 March 2019	
2.18 OTHER EQUITY			
a. Capital reserve	89	89	
b. Capital Redemption reserve	334	334	
c. General reserve	661	661	
d. Retained Earnings	51,751	45,862	
e. Other comprehensive Income	349	1,005	
Total	53,184	47,951	
a. Capital reserve			
Opening balance	89	89	
Closing balance	89	89	
b. Capital Redemption reserve			
Opening balance	334	334	
Addition during the year (see note 2.16)	-	-	
Closing balance	334	334	
c. General reserve			
Opening balance	661	661	
Transferred from surplus in statement of Profit and Loss (see note 2.16)	-	-	
Closing balance	661	661	
d. Retained Earnings			
Opening balance	45,862	41,296	
Add: Profit for the year	8,899	7,454	
- Final dividend on equity shares [see note (i) below]	(2,614)	(2,323)	
- Tax on dividend	(305)	(275)	
- Investment in subsidiary	-	(158)	
- Remeasurement of the defined benefit plans, net	(91)	(132)	
Closing balance	51,751	45,862	
e. Other comprehensive Income			
Equity instrument through other comprehensive income	845	839	
Add: Income for the year	(499)	6	
	346	845	
Foreign currency translation reserve			
Opening balance	41	5	
Add: Addition during the year	102	36	
Closing balance	143	41	
Hedging reserve, net [see note 2.31]			
Opening balance	119	2	
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	(259)	117	
Closing balance	(140)	119	
Other comprehensive income - Closing balance	349	1,005	
Closing balance	53,184	47,951	

Note:

- (i) The Board of Directors of the Holding Company on 23 April 2019 have recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2019. The payment was approved in the Annual General Meeting held on 8 July 2019. This dividend was paid on 12 July 2019.

The Board of Directors of the Holding Company in their meeting held on 16 March 2020 recommended payment of interim dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each). Subsequently, on account of situation arising due to COVID-19 the Board of Directors of the Holding Company in their meeting held on 28 March 2020 revoked this interim dividend.

Notes forming part of the consolidated financial statements

Nature and purpose of other reserves

Capital reserve

The Holding Company had transferred forfeited ESOP application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Hedging reserve

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Capital Redemption reserve

The Board of Directors of the Holding Company, at its meeting held on 25 April 2017 had approved a proposal to buy-back equity shares not exceeding ₹ 11,779 lacs at maximum price of ₹ 350 per equity share.

The Shareholders of the Holding Company approved the scheme of Buyback of 33,43,000 (Thirty Three Lakhs Forty Three Thousand) equity shares of the face value of ₹.10 each fully paid up at a price of ₹ 350 (Rupees Three Hundred and Fifty Only) (the "Buyback Price") payable in cash aggregating upto ₹ 11,701 lacs (Rupees Eleven thousands Seven Hundred One lacs) through Postal Ballot on 15 June 2017. The Holding Company made the Public Announcement of the same which was published on 19 June 2017.

Further, pursuant to Shareholders' approval vide Postal Ballot in June 2017, the Buy Back Committee of Board of Directors on 16 June 2017 approved the Buyback of 33,43,000 fully paid up Equity Shares of face value of ₹ 10 each of the Company at a price of ₹ 350 per Equity share, payable in cash for an aggregate consideration not exceeding ₹ 11,701 lacs. The settlement of the Buyback was done on 8 September 2017 and 33,43,000 Equity shares bought back were extinguished on 14 September 2017.

Capital Redemption Reserve was created to the extent of share capital extinguished ₹ 334 lacs. An amount of ₹ 3,254 lacs from Retained Earnings was used to offset the excess of buy-back cost of ₹ 11,701 lacs over par value of shares after adjusting the balance lying in Securities Premium of ₹ 219 lacs and General Reserve of ₹ 8,227 lacs.

General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

Foreign currency translation reserve

These comprise of all exchange difference arising from translation of financial statements of foreign operations.

Equity instrument through other comprehensive income

The Holding Company has designated its investments in certain equity instruments at fair value through other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Holding Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

Remeasurement of net defined benefit plans

Remeasurement of net defined benefit plans (asset) comprises actuarial gain and losses and return on plan assets (excluding interest income).

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at	As at
	31 March 2020	31 March 2019
2.19 OTHER FINANCIAL LIABILITIES-NON CURRENT		
Employee payable	117	39
Security Deposit	24	-
	<u>141</u>	<u>39</u>
2.20 OTHER NON-CURRENT LIABILITIES		
Deferred lease income on Security deposit received	8	-
	<u>8</u>	<u>-</u>

Notes forming part of the consolidated financial statements

2.21 DEFERRED TAX LIABILITIES

<i>(Amount in ₹ Lacs unless otherwise stated)</i>			
Particular	1 April, 2019	(Credited)/ Charge during the year	31 March 2020
a. Deferred tax liabilities			
Property, plant and equipment	20	2	22
MAT credit entitlement	(12)	(1)	(13)
	<u>8</u>	<u>1</u>	<u>9</u>
Refer to reconciliation of effective tax rate in Note 2.7			

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
2.22 NON CURRENT - PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	837	737
- Provision for gratuity	23	18
- Provision for asset retirement obligations	-	21
	<u>860</u>	<u>776</u>

2.23 TRADE PAYABLES

Trade Payables (see note below)		
-Total outstanding dues of micro enterprises and small enterprises (see note below)	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	1,503	1,226
	<u>1,503</u>	<u>1,226</u>

Note: The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filling of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 and 31 March 2019 have been made in the financials statements based on information received and available with the Group.

	As at 31 March 2020		As at 31 March 2019	
	Principal	Interest	Principal	Interest
Amount due to vendor	-	-	-	-
Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
2.24 OTHER CURRENT FINANCIAL LIABILITIES		
a. Unpaid dividends	38	39
b. Payable for purchase of fixed assets	11	-
c. Mark-to-market gain on forward contracts	187	-
d. Employee payable	3,320	4,371
	<u>3,556</u>	<u>4,410</u>
2.25 CURRENT PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	292	211
- Provision for gratuity	2	4
- Provision for asset retirement obligations	22	-
	<u>316</u>	<u>215</u>

Notes forming part of the consolidated financial statements

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
2.26 CURRENT TAX LIABILITIES (NET)		
Provision for tax	313	181
	313	181
2.27 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	6,662	4,991
b. Deferred revenue	5,297	5,126
c. Other payables - statutory liabilities	949	710
d. Deferred lease income on Security deposit received	3	-
	12,911	10,827

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
2.28 REVENUE FROM OPERATIONS		
Software products and services		
- Sale of products	41,433	38,327
- Sale of services	10,581	10,052
- Other revenue	69	24
	52,083	48,403

Impact of COVID-19

The Group primarily caters to customers in Banking and Financial Services sector. While the Group believes that it has offerings, which will have great value proposition for the customers even in COVID-19, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers postponing their discretionary spend due to change in priorities

The Group has considered impact of the above reasons to the extent known and available currently. The Group has also taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations and based on the current estimate, it sees no material impact on the financial statements based on the current understanding. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

2.29 OTHER INCOME

a. Interest income on		
- Deposits with banks	323	275
- Tax free bonds	630	646
- Non- current trade receivable	19	47
- Fixed maturity plan	463	435
- preference shares	190	284
- others	24	21
b. Interest income on Income tax refund	1	43
c. Dividend income from		
- Current investments	761	730
- Non-current investments	259	57
d. Net gain on sale of investments		
- Non trade investment	(1)	9
e. MTM gain or (loss) on mutual funds		
- Current investments	259	11
- Non-current investments	290	347

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
f. - Gain / (Loss) on exchange fluctuation	271	(262)
g. Other non-operating income		
- Net profit on sale of property, plant and equipment	6	34
- Premium on Forward Contracts	215	42
- Deferred lease income on Security deposit received	2	-
- Miscellaneous income	11	29
	3,723	2,748
2.30 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	29,441	28,815
b. Contribution to provident and other funds	1,583	1,456
c. Gratuity expense (see note 2.41)	349	325
d. Staff welfare expenses	856	757
	32,229	31,353
2.31 OPERATING AND OTHER EXPENSES		
a. Outsourced technical service expense	651	566
b. Cost of software purchased for delivery to clients	163	235
c. Power and fuel	452	464
d. Rent (see note 2.2)	309	842
e. Repair and maintenance		
- Buildings	126	92
- Others	522	395
f. Insurance	54	48
g. Rates and taxes	20	24
h. Travel expenses	2,260	1,900
i. Advertisement, business development and promotion	217	217
j. Legal and professional (refer note 2.35)	1,911	1,024
k. Directors remuneration (refer note below)	148	129
l. Conveyance	175	209
m. Communication	229	249
n. Training and recruitment	456	363
o. Conference, exhibition and seminar	315	217
p. Information technology expenses	1,122	797
q. Written off and allowance/Provision for doubtful trade receivables/advances/ other current assets	671	40
q. Impairment loss on preference shares carried at amortised cost	-	601
r. Commission to channel partners	202	195
t. Expenditure on Corporate Social Responsibility (see note 2.4)	145	102
u. Miscellaneous expenses	284	416
	10,432	9,125
Note:		
Directors Remuneration includes :		
Non Executive Directors		
a. Commission	107	85
b. Sitting fees	41	44
	148	129

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
2.32 FINANCE COST		
a. Bank charges	44	51
b. Unwinding of interest on security deposit	1	-
c. Interest expense on lease liability	67	-
	112	51

Notes forming part of the consolidated financial statements

2.33 FINANCIAL INSTRUMENTS

a) Financial instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2020 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.12)	5,677	-	-	5,677	5,677			
Other bank balances (2.13)	3,157	-	-	3,157	3,157			
Investments (2.4 and 2.10)								
Equity Instruments	-	-	371	371	371	371		
Tax free bonds	8,714	-	-	8,714	9,205	9,205		
Mutual funds (other than FMPs)	-	26,472	-	26,472	26,472	26,472		
Fixed maturity plans (FMPs)	6,869	-	-	6,869	6,957	6,957		
Debentures	-	-	-	-	-			
Preference shares	2,391	2,659	-	5,050	5,016	2,357		2,659
Trade receivables (2.11)	9,024	-	-	9,024	9,024			
Loans (2.5 and 2.14)	27	-	-	27	27			
Other financial assets (2.6 and 2.15)	553	-	-	553	553			
	36,412	29,131	371	65,914	66,459	45,362	-	2,659
Liabilities:								
Trade payables (2.23)	1,503	-	-	1,503	1,503			
Lease liabilities	631			631	631			
Other financial liabilities (2.19 and 2.24)	3,510	-	187	3,697	3,697			
	5,644	-	187	5,831	5,831			

Notes forming part of the consolidated financial statements

The carrying value and fair value of financial instruments by categories of 31 March 2019 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.12)	4,452	-	-	4,452	4,452			
Other bank balances (2.13)	3,842	-	-	3,842	3,842			
Investments (2.4 and 2.10)								
Equity Instruments	-	-	870	870	870	870		
Tax free bonds	8,737	-	-	8,737	9,007	9,007		
Mutual funds (other than FMPs)	-	20,736	-	20,736	20,736	20,736		
Fixed maturity plans (FMPs)	6,406	-	-	6,406	6,408	6,408		
Debentures	-	-	-	-	-			
Preference shares	3,009	2,686	-	5,695	6,051	3,365	-	2,685
Trade receivables (2.11)	7,113	-	-	7,113	7,113			
Loans (2.5 and 2.14)	35	-	-	35	35			
Other financial assets (2.6 and 2.15)	435	-	183	618	618			
	34,029	23,422	1,053	58,504	59,132	40,386	-	2,685
Liabilities:								
Trade payables (2.23)	1,226	-	-	1,226	1,226			
Other financial liabilities (2.19 and 2.24)	4,449	-	-	4,449	4,449			
	5,675	-	-	5,675	5,675			

Notes forming part of the consolidated financial statements

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- for forward exchange contracts, the fair value is determined based on confirmations received from the bankers at the reporting date.
- the fair value of remaining financial instruments is determined using discounted cash flows method.

The fair values of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities, other bank balances and cash and cash equivalents are considered to be the same as their carrying amount, due to their short-term nature.

The fair value of non-current trade receivables, long term loan, non-current security deposit and non-current financial liabilities were calculated based on cash flows discounted using the lending rate as on the transition date since there is no material change in the lending rate.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Reconciliation table in respect of Level 3 Investments

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening balance	2,685	-
Purchases	-	2,000
Reclassification from amortised cost to FVTPL	-	512
Net change in Fair Value (recognized in profit or loss)	(26)	173
	2,659	2,685

b) Financial risk management

The Group's activities expose it to a variety of financial risks arising from financial instruments

- **Market risk,**
- **Credit risk and**
- **Liquidity risk**

Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the Group to identify risks and rate them appropriately. Top risks are identified and remaining are categorized as other risks. The RMC then places updates to the Board on a quarterly basis, on key risks facing the Company, along with their mitigation plans.

i) Market risk

a) Currency risk

The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The Group's risk management policy is to hedge 40% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

Notes forming part of the consolidated financial statements

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

The year end foreign currency exposures are given below :

Currency	As at 31 March 2020		As at 31 March 2019	
	Amount in foreign currency in lacs	Amount in Rupees in lacs	Amount in foreign currency in lacs	Amount in Rupees in lacs
Receivable				
USD	41	3,105	51	3516
EURO	1	104	1	83
MYR	29	506	20	335
SGD	-	-	-	23
ZAR	-	2	6	27
AED	8	159	2	42
CHF	-	6	-	-
GBP	2	189	7	612
AUD	4	188	-	-
QAR	1	15	-	-
PHP	2	3	-	-
IDR	120	1	-	-
Payable				
USD	4	295	4	244
EUR	-	-	-	2
MYR	-	4	-	4
GBP	1	68	-	10
AED	3	62	4	68
AUD	-	1	-	2
PHP	-	-	2	3
IDR	-	-	2,416	12
SAR	-	-	-	2
BDT	-	-	-	-

For the year ended 31 March 2020 and 31 March 2019, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Group's total comprehensive income by ₹ 385 lacs and ₹ 429 lacs respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting year and the current reporting year.

Impact of COVID-19 (Global pandemic)

The Group basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

b) Price risk

(a) Exposure

The Group's exposure to equity securities and Mutual funds price risk arises from investments held by the Group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

Notes forming part of the consolidated financial statements

(b) Sensitivity

The sensitivity of profit or loss in respect of investments in mutual funds and equity instruments at the end of the reporting period for +/- 2% change in price and net asset value is presented below:

	Impact on profit before tax		Impact on other components of equity	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Increase 2%				
Mutual funds	529	415	-	-
Equity instruments (other than subsidiaries)			7	17
Decrease 2%				
Mutual funds	(529)	(415)	-	-
Equity instruments (other than subsidiaries)			(7)	(17)

Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Forward contracts

Forward contract outstanding	Buy/Sell	As at 31 March 2020	Equivalent amount in Rupees 31 March 2020	As at 31 March 2019	Equivalent amount in Rupees 31 March 2019
In USD (Amount in USD lacs)	Sell	67	5,032	70	4,807

The foreign exchange forward contracts mature within six months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance sheet date

Particulars	As at	Equivalent amount in Rupees	As at	Equivalent amount in Rupees
	31 March 2020	31 March 2019	31 March 2019	31 March 2019
Not later than one month	10	757	13	865
Later than one month and not later than three months	19	1,438	26	1,764
Later than three months and not later than one year	38	2,838	32	2,179

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2020:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the period	119	2
Gain / (Loss) recognised in other comprehensive income during the period	(259)	117
Balance at the end of the period	(140)	119

The Group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes forming part of the consolidated financial statements

Effects of hedge accounting on financial performance

Cash flow hedge- Foreign exchange risk

	Year ended 31 March 2020	Year ended 31 March 2019
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss), net	(369)	178
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	246	(234)

The following table provides quantitative information about offsetting of derivative financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Gross amount of recognized financial asset/ (financial liabilities)	(187)	183
Net amount presented in balance sheet	(187)	183

ii) Credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 9,024 lacs and ₹ 7,113 lacs as of 31 March 2020 and 31 March 2019 respectively and unbilled revenue/ income accrued but not due amounting to ₹ 1,208 lacs and ₹ 1,667 lacs as of 31 March 2020 and 31 March 2019 respectively. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenue/ income accrued but not due. The provision matrix takes into account available external and internal credit risk factors such as Group's historical experience for customers. In addition to the historical pattern of credit loss, the Group has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

Particulars	Year ended 31 March 2020 (in %)	Year ended 31 March 2019 (in %)
Revenue from top customer	9.33	12.84
Revenue from top five customers	32.85	37.57

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the period ended 31 March 2020 is ₹ 329 lacs and for the year ended 31 March 2019 was ₹ 22 lacs.

	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning	258	240
Impairment loss recognised/ reversed	329	21
Amounts written off	(114)	(3)
Balance at the end	473	258

Notes forming part of the consolidated financial statements

- b) The lifetime expected credit loss on income accrued but not due / unbilled revenue for the period ended 31 March 2020 is ₹ 344 lacs and for the year ended 31 March 2019 was ₹ 4 lacs.

	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning	218	214
Impairment loss recognised/ reversed	344	4
Amounts written off	(64)	-
Balance at the end	498	218

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units, quoted bonds issued by government, preference shares and non convertible debentures.

a) Expected credit loss for loans, security deposits and Investments

As at 31 March 2020

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	14,293	-	-	14,293
		Loans to employee	6	-	-	6
		Security deposits	343	-	-	343
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Investment at amortised cost	601	100%	(601)	-

As at 31 March 2019

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	18,152	-	-	18,152
		Loans to employee	7	-	-	7
		Security deposits	371	-	-	371
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Investment at amortised cost	601	NA	(601)	-

Notes forming part of the consolidated financial statements

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2020

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	4,477	3,414	643	267	366	330	9,497
Expected credit losses (Loss allowance provision)	1	-	70	195	87	120	473
Carrying amount of trade receivables (net of impairment)	4,476	3,414	573	72	279	210	9,024

As at 31 March 2019

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	4,285	2,136	231	155	38	526	7,371
Expected credit losses (Loss allowance provision)	-	-	-	-	27	231	258
Carrying amount of trade receivables (net of impairment)	4,285	2,136	231	155	10	295	7,113

c) Expected credit loss for income accrued but not due/ unbilled revenue under simplified approach

As at 31 March 2020

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,009	99	69	80	449	1,706
Expected credit losses (Loss allowance provision)		1	38	66	393	498
Carrying amount (net of impairment)	1,009	98	31	14	56	1,208

As at 31 March 2019

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,130	251	192	94	218	1,885
Expected credit losses (Loss allowance provision)	-	-	-	-	218	218
Carrying amount (net of impairment)	1,130	251	192	94	-	1,667

iii) Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March, 2020 the Group had a working capital of ₹ 25,655 lacs including cash and cash equivalent of ₹ 5,677 lacs and current investment of ₹ 24,384 lacs (31 March 2019 ₹ 19,073 lacs including cash and cash equivalents of ₹ 4,452 lacs and current investments of ₹ 17,606 lacs). A substantial portion of the current investments are classified as Level 1 and their fair value is marked to an active market, which factors the uncertainties arising out of COVID-19 and material volatility is not expected. Further, the cash and cash equivalents, bank deposits and earmarked balances are with banks where the Group has assessed the counterparty credit risk.

Notes forming part of the consolidated financial statements

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

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,503	-	1,503
Lease liability	298	334	632
Other financial liabilities	3,556	141	3,697

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,226	-	1,226
Other financial liabilities	4,410	39	4,449

c) Capital Management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- Maintain an appropriate capital structure

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Group monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Group is not subject to externally imposed capital requirements.

The Group monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Total Liabilities	20,249	17,682
Less: Cash and cash equivalents	5,677	4,452
Adjusted debt	14,572	13,230
Total equity	56,088	50,855
Less: Effective portion of cash flow hedges	(140)	119
Adjusted equity	56,228	50,736
Adjusted net debt to equity ratio	26%	26%

(i) Risk management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, raise debts or issue new shares.

Notes forming part of the consolidated financial statements

(ii) Dividends

Particulars	31 March 2020	31 March 2019
(i) Equity Shares		
(i) Final dividend for the year ended 31 March 2019 / 31 March 2018 of ₹ 9/ ₹ 8 Per share fully paid up respectively	2,614	2,323
(ii) Dividends not recognised at the end of reporting period	-	2,614
The Board of Directors of the Holding Company on 23 April 2019 have recommended a payment of Final Dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2019. The payment was approved in the Annual General Meeting held on 8 July 2019. This dividend was paid on 12 July 2019.		
The Board of Directors of the Holding Company in their meeting held on 16 March 2020 recommended payment of interim dividend of ₹ 9 per share (on equity share of par value of ₹.10 each). Subsequently, on account of situation arising due to COVID-19 the Board of Directors of the Holding Company in their meeting held on 28 March 2020 revoked this interim dividend.		

2.34 PENDING LITIGATIONS AND COMMITMENTS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March, 2020	As at 31 March, 2019		
a. Pending litigations	Refer note below			
Nucleus Software Exports Limited, the Holding Company				
In the current year, the Income Tax Appellate Tribunal (ITAT) has issued a notice to the Company in respect of an order related to the Assessment year 2011-12 whereby the Assessing Officer had made an addition of ₹ 360 Lakhs to the book profits computed u/s 115JB of the Income Tax Act, 1961. This matter was adjudicated by the CIT (A) and an order in favour of the Company was passed in an earlier year. Subsequently, the tax authorities have filed an appeal against the order of the CIT (A). The amount of tax demand calculated by the Company on the basis of addition made by the assessing officer is ₹ 72 lacs. The Company has applied under Direct tax Vivad se Vishwas Act 2020, to settle the pending litigation as per the governing provisions of the said Act. Consequently, the Company has created a provision of ₹ 36 lacs in respect of this matter which is expected to be the amount at which the demand shall be settled with the tax authorities. The Company has certain other tax litigations in respect of other assessment years which are still ongoing. The Company is firmly of the view that these demands are not tenable and highly unlikely to be retained."				
Virstra I-Technology Services Limited (refer note below)				
Name of the statute	Nature of dues	Amount of dispute (₹)	Assess- ment Year	Forum of Dispute
Income Tax Act, 1961	Income Tax	2	AY 2014/15	Deputy Commissioner of Income Tax
Management is of the view that the above demand is not tenable and is unlikely to be retained. This matter is considered as a contingent liability as on 31 March 2020				
b. Capital Commitments (to the extent not provided for)	195	93		
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).				

2.35 AUDITORS REMUNERATION (EXCLUDING TAX) (REFER NOTE BELOW)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
a. As auditors - statutory audit and quarterly audits (refer note below)	86	97
b. For other services	7	9
c. Reimbursement of expenses	9	-
Note : Includes payments to other auditors ₹ 21 lacs (previous year ended 31 March 2019 - ₹ 35 Lacs)	102	106

Notes forming part of the consolidated financial statements

2.36 EARNINGS PER SHARE

a. Profit after taxation available to equity shareholders (Rupees in lacs)	8,899	7,454
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	29,040,724	29,040,724
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share	29,040,724	29,040,724
e. Basic earnings per share (Rupees)	30.64	25.67
f. Diluted earnings per share (Rupees)	30.64	25.67

2.37 RELATED PARTY TRANSACTIONS

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director)
- Ashish Nanda (Chief Financial officer)
- Poonam Bhasin (Company Secretary)
- Parag Bhise (Additional Executive Director) (w.e.f 16 March 2020)
- Mark McCoy (Director, Subsidiary Company)
- Thomas Zachariah (Director, Subsidiary Company) (w.e.f 17 March 2016)
- Yasmin Javeri Krishan (Director, Subsidiary Company) (w.e.f 22 February, 2016)

Enterprise over which KMP or Directors are able to exercise significant influence

- Avon Solutions and Logistics Private Limited (w.e.f 17 March, 2016)
- Pelican Legal Solutions Private Limited
- Nucleus Software Foundation (see note 2.44)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Transactions with related parties		
a. Salary and other benefits to Key managerial personnel		
Short-term employee benefits	596	563
Contribution to provident and other funds	26	24
	622	587
b. Remuneration to other Non Executive Directors		
- Ms Ritika Dusad (Relative of Key Managerial personnel)		
a. Commission	21	14
b. Sitting fees	2	1
c. Expenditure on Corporate Social Responsibility		
- Nucleus Software Foundation	145	102
d. Communication Expenses		
- Avon Solutions & Logistics Pvt Ltd	-	24
e. Legal and Professional		
Pelican Legal Solutions Private Limited	-	24

Terms and conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash

Notes forming part of the consolidated financial statements

2.38 RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue Expenditure	3,133	3,106
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The Hodling Company had been accorded initial recognition for the in-house Research and Development (R&D) unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which was valid till 31 March, 2015. The Company further received renewal of recognition for its R&D center for three years starting from 1 April 2015 till 31 March 2018 and subsequently from 1 April 2018 till 31 March 2021.

2.39 SEGMENT REPORTING – BASIS OF PREPARATION

a. Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of consolidated financial statements of the Group and is in conformity with Ind AS 108. The segmentation is based on the geographies of the Group's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by geographical segments.

b. Composition of reportable segments

The Group operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Group.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are allocated to segments based on factors such as revenue, payroll cost etc. Certain expenses are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Group believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent assets and liabilities of that segment. All the property, plant and equipment of the Group are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between geographical segments. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under the "Unallocated" head.

Information in respect of reportable segments being geographies

The profit and loss for reportable primary segment is set out below:

a. For the year ended 31 March, 2020

<i>(Amount in ₹ Lacs unless otherwise stated)</i>									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	18,057	5,361	10,417	3,788	7,763	1,719	2,738	2,240	52,083
Expenses	8,595	3,496	8,879	2,837	4,710	1,126	1,467	1,139	32,249
Segment result	9,462	1,865	1,538	951	3,053	593	1,271	1,101	19,834
Unallocated corporate expenditure									11,879
Operating profit before tax									7,955
Other income									3,723
Profit before tax									11,678
Tax Expense									
Net current tax expense									2,376
Net deferred tax credit									403
									2,779
Profit for the year									8,899

Notes forming part of the consolidated financial statements

d. For the year ended 31 March, 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	14,898	6,315	11,289	5,047	7,627	2,154	941	132	48,403
Expenses	7,146	3,964	9,666	3,219	4,693	823	614	354	30,479
Segment result	7,752	2,351	1,623	1,828	2,934	1,331	327	(222)	17,924
Unallocated corporate expenditure									11,043
Operating profit before tax									6,881
Other income									2,748
Profit before tax									9,629
Tax Expense									
Net current tax expense									2,328
Net deferred tax credit									(153)
									2,175
Profit for the year									7,454

Revenue from top customers, who are contributing more than 10% of total revenue, are presented segmentwise as follows:

For the year ended 31 March, 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-
For the year ended 31 March, 2019									
Revenue from operations	-	6,214	-	5,010	-	-	-	-	11,224

Assets and liabilities of reportable primary segment are as follows:

a. As at 31 March, 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	5,973	1,102	3,476	339	975	189	223	481	12,758
Unallocated corporate assets									63,579
Total assets									76,337
Segment liabilities	6,100	533	3,091	889	3,304	876	1,631	387	16,811
Unallocated corporate liabilities									3,438
Total liabilities									20,249
Capital employed									56,088

Notes forming part of the consolidated financial statements

b. As at 31 March, 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	3,800	1,376	4,519	734	1,508	415	116	334	12,802
Unallocated corporate assets									55,735
Total assets									68,537
Segment liabilities	5,603	673	4,433	1,072	3,389	1,395	310	43	16,918
Unallocated corporate liabilities									764
Total liabilities									17,682
Capital employed									50,855

A listing of capital expenditure, depreciation and other non-cash expenditure of the reportable primary segment are set out below:

a. For the year ended 31 March, 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure									1,566
Total capital expenditure									1,566
Depreciation and amortisation expenditure									1,355
Total depreciation									1,355
Segment non-cash expense other than depreciation	325	-	149	-	(4)	201	-	-	671
Total non cash expenditure other than depreciation	325	-	149	-	(4)	201	-	-	671

b. For the year ended 31 March, 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure									892
Total capital expenditure									892
Depreciation expenditure									992
Total depreciation									992
Segment non-cash expense other than depreciation	50	(8)	3	3	(8)	-	-	-	40
Total non cash expenditure other than depreciation	50	(8)	3	3	(8)	0	-	-	40

Information in respect of secondary segment

Information for business segments

(Amount in ₹ Lacs unless otherwise stated)

Description	Products	Services and Other revenue	Total
a. For the year ended 31 March 2020			
Revenue	41,433	10,650	52,083
Carrying amount of segment assets	10,149	2,609	12,758
b. For the year ended 31 March 2019			
Revenue	38,327	10,076	48,403
Carrying amount of segment assets	10,137	2,665	12,802

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

Notes forming part of the consolidated financial statements

2.40 DISAGGREGATION OF REVENUE

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Group believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(A) Revenues by geography*

a (i) For the year ended 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	18,057	5,361	10,417	3,788	7,763	1,719	2,738	2,240	52,083

a (ii) For the year ended 31 March 2019

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	14,898	6,315	11,289	5,047	7,627	2,154	941	132	48,403

* Disclosure relating to revenues by geography has been made with respect to location of customers.

(B) Revenues in products and services *

(Amount in ₹ Lacs unless otherwise stated)

Description	Products	Services and other revenue	Total
a. For the year ended 31 March 2020			
Revenue	41,433	10,650	52,083
b. For the year ended 31 March 2019			
Revenue	38,327	10,076	48,403

* Revenue from product comprises of revenue generated from Group's own developed software and from third party software supplied along with own software. It also includes services such as enhancements to the product, maintenance of the product and any other related service on the product. Revenue other than the above is categorized under services and other revenue

2.41 EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plans

An amount of ₹ 1,410 lacs for the year ended 31 March, 2020 (Year ended 31 March 2019 ₹ 1,271 lacs) has been recognized as an expense in respect of Group's contribution towards Provident Fund, ₹ 3 lacs (Year ended 31 March 2019 ₹ 8 lacs) has been recognised as an expense in respect of Employee State Insurance Fund, ₹ 42 lacs (Year ended 31 March 2019 ₹ 18 lacs) has been recognized as an expense in respect of Labour welfare fund and ₹ 128 lacs (Year ended 31 March 2019 ₹ 99 lacs) has been recognized as an expense for the year ended 31 March 2020 in respect of National Pension scheme and has been shown under Employee Benefits expense in the standalone interim statement of Profit and Loss.

In relation to the judgement of the Honorable Supreme Court of India (SC) on 28 February 2019 related to provident fund, there are considerable interpretative challenges including its retrospective implications due to which the impact of the retrospective period cannot be reliably estimated. Pending further clarity, the Company has, based on this judgement, the Group paid ₹ 21 lacs during the year ended 31 March 2020 in respect of the year ended 31 March 2019.

Further, with effect from 1 April 2019, the Group has aligned its salary structure in accordance with the (SC) judgement.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of ₹ 20 lacs in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and compensated absence has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

Notes forming part of the consolidated financial statements

The Company had made contributions to Nucleus Software Export Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2020 :

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2020	As at 31 March 2019
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	2,840	2,318
Current service cost	363	302
Past service cost	-	-
Interest cost	183	154
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	125	63
Actuarial loss/(gain) arising from change in demographic assumptions	-	7
Actuarial loss/(gain) arising on account of experience changes	19	81
Benefits paid	(119)	(85)
Obligation at year end	3,411	2,840
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	2,928	1,899
Expected return on asset plan	197	131
Contributions by employer	500	959
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	23	24
Benefits paid	(118)	(85)
Plan assets at year end, at fair value	3,530	2,928
c. Net asset recognised in the Balance Sheet		
Present value of defined benefit obligation	3,411	2,840
Fair value of plan assets	3,530	2,928
Funded status- Surplus/ (Deficit)	119	88
Unrecognised past service costs	-	-
Net asset recognised in the Balance Sheet (see note below)	119	88
d. Expected employer's contribution next year	210	210

e. Expense recognised in Profit or Loss

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	363	302
Past service cost	-	-
Interest cost	(14)	23
Net gratuity cost	349	325

f. Remeasurements income recognised in other comprehensive income:

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Actuarial (gain) loss on defined benefit obligation	144	151
Return on plan assets excluding interest income	(23)	(24)
	121	127

Notes forming part of the consolidated financial statements

Actuarial assumptions for gratuity and long-term compensated absences

g. Economic assumptions :	As at	As at
	31 March 2020	31 March 2019
Discount rate	6.35%	7.00%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected return on plan assets:

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

h. Demographic assumptions

Retirement age	58 years	58 years
Mortality table	IALM Mortality (2006-08)	IALM Mortality (2006-08)

i. Withdrawal rates

Ages - Withdrawal Rate (%)
21-50 years - 16%
51-54 years - 2%
55-57 years - 1%

j. Category of asset

Insurer Managed Funds	3,530	2,928
The Company does not invest directly in any property occupied by the company nor in financial security issued by the company.		

k. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(94)	105	(118)	131
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	76	(72)	97	(92)

2.42 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income from software product and services	52,083	48,403
Software development expenses*	34,379	32,564
Gross Profit	17,704	15,839
Selling and marketing expenses	3,486	3,457
General and administration expenses	4,908	4,508
Operating profit before depreciation	9,310	7,874

Notes forming part of the consolidated financial statements

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation and amortisation expense	1,355	993
Operating profit after depreciation	7,955	6,881
Other income	3,723	2,748
Profit before tax	11,678	9,629
Tax expense:		
Net current tax expense	2,376	2,328
Net deferred tax credit	403	(153)
	2,779	2,175
Profit for the year	8,899	7,454

* Includes indirect expenses which have been allocated on a reasonable basis.

2.43 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income (net of taxes)		Share in total comprehensive Income	
	Amount INR lacs	As % of consoli- dated net assets	Amount INR lacs	As % of consoli- dated profit or loss	Amount INR lacs	As % of consoli- dated other compre- hensive income	Amount INR lacs	As % of consoli- dated total compre- hensive income
Holding Company								
Nucleus Software Exports Limited	52,860	94%	9,604	108%	(837)	112%	8,767	108%
Domestic Subsidiaries								
Virstra I Technology Services Limited	1,432	3%	222	2%	(9)	1%	213	3%
Nucleus Software Limited	1,000	2%	8	-	-	-	8	-
Avon Mobility Services Private Limited	(382)	(1%)	(120)	(1%)	(1)	-	(121)	(1%)
Foreign Subsidiaries								
Nucleus Software Inc., USA	361	1%	19	-	-	-	19	-
Nucleus Software Australia Pty. Limited	189	-	44	-	-	-	44	1%
Nucleus Software Netherlands B.V.	16	-	-	-	-	-	(5)	-
Nucleus Software Japan K.K	443	1%	176	2%	-	-	176	2%
Nucleus Software Solutions Pte. Ltd, Singapore	1,042	2%	951	11%	-	-	951	12%
Nucleus Software South Africa Pty. Ltd.	36	-	(2)	-	-	-	(2)	-
Adjustment arising out of consolidation	(909)	(2%)	(1,998)	(22%)	100	(13%)	(1,898)	(23%)
Nucleus Software Exports Limited (Consolidated)	56,088		8,899		(747)		8,152	

2.44 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY*(Amount in ₹ Lacs unless otherwise stated)*

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a. Gross amount required to be spent by Group during the year ended 31 March, 2020 / 31 March 2019 :	150	119
b. Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than Construction/acquisition of any asset	-	-
- Paid to Nucleus Software Foundation	145	102

2.45 ADDITIONAL DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**(i) Goodwill on consolidation***(Amount in Rupees Lacs unless otherwise stated)*

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening Balance	67	317
Add: On acquisition of subsidiary during the year	-	-
Less : Impairment expense during the year	67	250
Closing balance	-	67

2.46 On 28 February 2019, the Board of Directors of the Holding Company had approved a scheme of amalgamation ("the Scheme") for merger of the Holding Company with two of its wholly owned subsidiaries, Avon Mobility Solutions Private Limited and Virstra I-Technology Services Limited w.e.f 1 April 2019, being the appointed date. The petition for merger has been approved by the National Company Law Tribunal (NCLT), Delhi Bench on 18 March 2020. As on date, the Holding Company is awaiting a certified copy of this order alongwith the approved the scheme of merger from the NCLT which could not be obtained due to nationwide lock down. The filing of these documents with the Registrar of Companies (ROC) and other necessary statutory compliances that are required to give effect to the Scheme are still pending as on date.

2.47 In view of the pandemic relating to COVID-19, the Group has considered internal and external information and has performed an analysis based on current estimates while assessing the provision towards employee benefits and recoverability of right-of-use assets, trade receivables, investments and other current and financial assets, for any possible impact on the Consolidated Financial Statements. The Group has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment this situation does not materially impact these Consolidated Financial Statements. However, the actual impact of COVID-19 on these financial statements may differ from that estimated due to unforeseen circumstances and the Group will continue to closely monitor any material changes to future economic conditions.

In terms of our report attached

For B S R & ASSOCIATES LLP

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-**ASHWIN BAKSHI**

Partner

Membership number : 506777

UDIN: 20506777AAAABD6843

For and on behalf of the Board of Directors**NUCLEUS SOFTWARE EXPORTS LIMITED****Sd/-****SIDDHARTHA MAHAVIR****ACHARYA**

Chairman

Sd/-**VISHNU R DUSAD**

Managing Director

Sd/-**RAVI PRATAP SINGH**

CEO & Whole-time

Director

Sd/-**ASHISH NANDA**

Chief Financial Officer

Sd/-**POONAM BHASIN**

AVP (Secretarial) & Company Secretary

Place: New Delhi**Date: 23 May 2020****Place: Noida****Date: 23 May 2020**

FORM AOC -1**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)***(Statement containing salient features of the financial statement of subsidiaries)***Part A : Subsidiaries**

1	Name of the subsidiary	NUCLEUS SOFTWARE AUSTRALIA PTY LTD
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	AUD = INR 46.08

	AUD	INR
4	Share capital	100,000
5	Reserves & surplus	4,608,000
6	Total assets	14,310,592
7	Total Liabilities	29,660,871
8	Investments	233,122
9	Turnover	10,742,279
10	Profit/(Loss) before taxation	-
11	Provision for taxation	1,720,410
12	Profit/(Loss) after taxation	79,276,493
13	Proposed Dividend	156,559
14	% of shareholding	53,122
		2,447,862
		4,766,367
		-
	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE NETHERLANDS B.V.
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	Euro = INR 82.77

	Euro	INR
4	Share capital	750,000
5	Reserves & surplus	62,077,500
6	Total assets	(731,268)
7	Total Liabilities	1,678,410
8	Investments	20,278
9	Turnover	1,546
10	Profit/(Loss) before taxation	127,962
11	Provision for taxation	-
12	Profit/(Loss) after taxation	-
13	Proposed Dividend	(5,879)
14	% of shareholding	(486,599)
		-
	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE INC.
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	USD = INR 75.67

		USD	INR
4	Share capital	350,000	26,484,500
5	Reserves & surplus	126,620	9,581,335
6	Total assets	530,778	40,163,971
7	Total Liabilities	54,158	4,098,136
8	Investments	-	-
9	Turnover	235,747	17,838,975
10	Profit/(Loss) before taxation	25,943	1,963,088
11	Provision for taxation	1,552	117,440
12	Profit/(Loss) after taxation	24,391	1,845,648
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOLUTIONS PTE LTD
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	SGD = INR 51.04

		SGD	INR
4	Share capital	625,000	31,900,000
5	Reserves & surplus	1,338,125	68,297,900
6	Total assets	4,424,812	225,842,404
7	Total Liabilities	2,461,687	125,644,504
8	Investments	-	-
9	Turnover	16,827,781	858,889,944
10	Profit/(Loss) before taxation	2,205,385	112,562,841
11	Provision for taxation	358,442	18,294,904
12	Profit/(Loss) after taxation	1,846,942	94,267,937
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	JPY = INR 0.6242

	JPY	INR
4	Share capital	10,000,000
5	Reserves & surplus	6,963,000
6	Total assets	37,427,142
7	Total Liabilities	68,237,149
8	Investments	34,248,180
9	Turnover	23,847,008
10	Profit/(Loss) before taxation	-
11	Provision for taxation	-
12	Profit/(Loss) after taxation	316,804,392
13	Proposed Dividend	220,590,898
14	% of shareholding	24,387,092
		5,431,022
		18,956,070
		-
		-
		100%
		100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOUTH AFRICA PTY. LTD.
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	ZAR = INR 4.80

	ZAR	INR
4	Share capital	612,000
5	Reserves & surplus	2,937,600
6	Total assets	1,171,958
7	Total Liabilities	4,184,179
8	Investments	15,546
9	Turnover	74,621
10	Profit/(Loss) before taxation	-
11	Provision for taxation	-
12	Profit/(Loss) after taxation	(39,735)
13	Proposed Dividend	(190,730)
14	% of shareholding	6,655
		31,944
		(46,390)
		(222,674)
		-
		-
		100%
		100%

1	Name of the subsidiary	AVON MOBILITY SOLUTIONS PVT. LTD.
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020

	INR
3	Share capital
4	Reserves & surplus
5	Total assets
6	Total Liabilities
7	Investments
8	Turnover
9	Profit/(Loss) before taxation
10	Provision for taxation
11	Profit/(Loss) after taxation
12	Proposed Dividend
13	% of shareholding

1	Name of the subsidiary	NUCLEUS SOFTWARE LIMITED
2	Reporting period for the subsidiary :	1 April, 2019 to 31 March, 2020

	INR
3	Share capital
4	Reserves & surplus
5	Total assets
6	Total Liabilities
7	Investments
8	Turnover
9	Profit/(Loss) before taxation
10	Provision for taxation
11	Profit/(Loss) after taxation
12	Proposed Dividend
13	% of shareholding

1 Name of the subsidiary VIRSTRA I-TECHNOLOGY SERVICES LIMITED
 2 Reporting period for the subsidiary : 1 April, 2019 to 31 March, 2020

	INR
3 Share capital	10,000,000
4 Reserves & surplus	133,174,394
5 Total assets	64,844,779
6 Total Liabilities	33,921,033
7 Investments	112,250,648
8 Turnover	134,277,107
9 Profit/(Loss) before taxation	39,408,344
10 Provision for taxation	10,472,830
11 Profit/(Loss) after taxation	28,935,514
12 Proposed Dividend	-
13 % of shareholding	100%

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Place : Noida
Date : May 23, 2020

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Shareholders' Referencer

A. Corporate

- Nucleus was incorporated in New Delhi in 1989 as Nucleus Software Exports Private Limited, as per the Indian Companies Act, 1956. The Company became a Public Limited Company in 1994.
- The Company made an IPO in August 1995. 1,168,900 equity shares, face value ₹ 10/-each were issued to Indian public at a premium of ₹ 40/- per share and 331,500 equity shares, face value ₹ 10/-each, were issued to Non Resident Indians at a premium of ₹ 50/- per share.

- History of Bonus issues at Nucleus is as follows:

Allotment Date	Ratio	No. of Shares
September 24, 1994	60:1	876,000
December 27, 1994	57:100	576,270
October 22, 2001	1:2	2,637,050
August 10, 2004	1:1	8,045,406
August 8, 2007	1:1	16,182,312

- The Company's Registered Office is situated at 33-35, Thyagraj Market, New Delhi-110003, India and Corporate office at A-39, Sector 62, Noida 201 301, India.

B. Preferential Issue

The Company had allotted 1,875,500 equity shares of ₹ 10/- each on preferential basis to the promoter/associates and permanent employees of the Company at a price of ₹ 103.15/- per share inclusive of share premium on June 22, 2001.

C. Buyback of Equity Shares

The Company completed the Buyback of 33,43,000 equity shares in FY 2017-18, from the existing shareholders / beneficial owners holding Equity Shares aggregating to ₹ 117 Crore.

The Buyback size was 24.83% of the aggregate Paid-up equity share capital and Free Reserves of the Company.

D. Share Related Data

- Shares of Nucleus are listed on The National Stock Exchange of India Limited and BSE Ltd.
- Scrip Code of Nucleus on NSE is NUCLEUS and on BSE is 531209. The Company's shares are traded in "Group B" category at BSE Ltd.
- International Securities Identification Number (ISIN code- NSDL and CDSL) is INE096B01018.
- Face value of the Company's equity shares is ₹ 10/-
- Shares of the Company are compulsorily traded in demat form.
- 99.80% of the Company's equity shares are in demat form.
- The Company had 16,236 shareholders as on March 31, 2020.
- The Company has not issued any GDRs/ADR.
- The Company launched ESOP (2015) scheme during FY 2014-15 via trust route. There are no options granted under the scheme as on March 31, 2020.

E. Dividend Related Data

i. Dividend Policy

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

- Provisions of The Companies Act, 2013 and other applicable laws, and
- Cash flows of the Company

The Board of Directors reviews the Dividend Policy periodically.

ii. Dividend Recommended for FY 20

The Board of Directors have not recommended any dividend for FY 2019-20.

iii. Dividend History

The Dividend declared and paid in the previous financial years is given below:

Financial Year	Dividend		
	Percentage (%)	Per Share (in ₹)	Pay out (In ₹ crore)
2018-19	90%	9.00	26.13
2017-18	80%	8.00	23.23
2016-17	50%	5.00	16.19
2015-16	50%	5.00	16.19
2014-15	50%	5.00	16.19
2013-14	60%	6.00	19.44
2012-13	30%	3.00	9.72
2011-12	25%	2.50	8.10
2010-11	25%	2.50	8.10
2009-10	25%	2.50	8.10
2008-09	25%	2.50	8.09
2007-08*	30%	3.00	9.71
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05*	25%	2.50	4.02
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2001-02	20%	2.00	1.58
2000-01	20%	2.00	0.68

* The dividend payout in 2004-05 and 2007-08 was on the enhanced capital consequent to 1:1 bonus issue made during the respective years.

The Board had not recommended any Dividend prior to financial year 2000-2001.

iv. Investor Education & Protection Fund (IEPF)

As per Section 124(5) and 124(6) of the Act read with the IEPF Rules as amended, any dividend which remains unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the IEPF fund.

Shareholders' Referencer

Also all shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the members who's dividends are lying unpaid / unclaimed against their name and also those members whose dividends are lying unpaid/unclaimed for seven consecutive years or more. The detail of unpaid/unclaimed dividend is also uploaded on the Company's website.

Members are requested to claim the same on or before the respective dates as mentioned in the reminder letters. In case the dividends are not claimed by the said date, necessary steps will be initiated by the Company to transfer such dividend and/or shares without further notice. No claim shall lie against the Company in respect of the shares so transferred to IEPF Demat Account. In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5.

Unclaimed dividends for the financial years, 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 have been transferred to the IEPF.

The dates for declaration of dividend for each financial year and due dates for transfer to IEPF Account is mentioned herein below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
2012-13 (Final)	July 10, 2013	July 9, 2020	August 8, 2020
2013-14 (Final)	July 08, 2014	July 7, 2021	August 6, 2021
2014-15 (Final)	July 8, 2015	July 07, 2022	August 6, 2022
2015-16 (Interim)	March 16, 2016	March 15, 2023	April 14, 2023
2016-17 (Final)	July 8, 2017	July 07, 2024	August 6, 2024
2017-18 (Final)	July 02, 2018	July 01, 2025	June 30, 2025
2018-19 (Final)	July 08, 2019	July 07, 2026	August 06, 2026

Shareholders who have not encashed their dividend warrant(s) relating to one or more of the financial year (s) are requested to claim such dividend from Registrars of the Company at the following address:

Kfin technologies Pvt. Ltd.

Karvy Selenium Tower B, Plot number 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500032, India
Tel: 040-23420815-18
Fax: 040-23420814
E-mail: mailmanager@karvy.com

F Stock Market Data

i. BSE Ltd.

Monthly open, close, high and low quotations and volume of the Company's shares traded at BSE Ltd. during the year 2019-20

Month	BSE				Total Volume
	Open (₹)	High (₹)	Low (₹)	Close (₹)	
Apr-19	342.95	397.80	335.00	374.85	55,544
May-19	375.55	377.70	338.45	355.00	12,556
Jun-19	358.60	379.85	335.00	345.80	17,415
Jul-19	345.25	349.60	286.15	293.20	14,572
Aug-19	294.00	333.95	289.30	330.20	14,403
Sep-19	322.15	347.10	307.55	318.30	25,672
Oct-19	325.20	327.75	296.00	304.10	16,239
Nov-19	306.90	311.00	297.80	301.40	9,536
Dec-19	301.90	303.80	276.00	284.70	13,921
Jan-20	286.40	327.40	277.00	302.85	67,429
Feb-20	307.00	311.65	282.70	294.00	28,538
Mar-20	295.00	299.55	170.00	177.05	24,786

ii. National Stock Exchange of India Ltd.

Monthly open, close, high and low quotations and volume of the Company's shares traded at National Stock Exchange of India Ltd. during the year 2019-20

Month	NSE				Total Volume
	Open (₹)	High (₹)	Low (₹)	Close (₹)	
Apr-19	339.90	399.00	337.00	376.60	510,990
May-19	376.60	381.10	337.55	354.35	181,901
Jun-19	354.35	362.00	338.10	344.10	190,828
Jul-19	344.50	351.95	286.00	293.10	215,100
Aug-19	293.10	334.80	285.00	328.55	156,991
Sep-19	328.55	347.75	301.50	317.40	130,403
Oct-19	322.50	326.00	299.00	304.45	168,342
Nov-19	308.25	314.50	298.00	300.40	156,281
Dec-19	301.25	303.60	272.55	283.65	214,375
Jan-20	284.20	327.80	275.65	302.50	805,588
Feb-20	305.00	311.00	288.35	294.00	223,141
Mar-20	295.00	299.40	156.35	179.65	397,598

Notes:

1. The highest share price of the Nucleus scrip at BSE was ₹ 397.80 in April 2019 and the lowest share price was ₹ 170 in March 2020.
2. The highest share price of the Nucleus scrip at National Stock Exchange was ₹ 399.00 in April 2019 and the lowest share price was ₹ 156.35 in March 2020.

iii. Quarterly high-low price history of the Company's share for the year 2019-20

	(Share Price in ₹)			
	BSE		NSE	
	High	Low	High	Low
During Quarter ended				
June 30, 2019	397.80	335.00	399.00	337.00
September 30, 2019	349.60	286.15	351.95	285.00
December 31, 2019	327.75	276.00	326.00	272.55
March 31, 2020	327.40	170.00	327.80	156.35

G. Financial Reporting to the Shareholders

i Quarterly/Annual Results

- The Company releases Quarterly Report for each quarter (except fourth quarter) in the form of soft copy and is uploaded on the Company's website

Shareholders' Referencer

www.nucleussoftware.com. This ensures prompt information to the shareholders and also contributes in saving paper thus saving trees and making the planet greener.

These reports contain audited financials of the parent Company along with the Auditors Report thereon; Unaudited consolidated financials of the Company and subsidiaries and a detailed analysis of results under "Management's Discussion and Analysis".

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

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

H. Investors' Services

i. Details of request/complaints received during the year 2019-20:

Nature of complaints /requests	No. of complaints/requests		
	Received during the year	Resolved during the year	Pending at the year end
Non- Receipt of Dividend Warrant	20	20	Nil
Duplicate/ Revalidation of Dividend warrants	03	03	Nil
Issue of duplicate share certificates	01	01	Nil
Non receipt of share certificate	00	00	Nil
Non-Receipt of Annual Report	09	09	Nil

The Company has attended to most of the investor's grievances/correspondence within a period of 7-10 days from the date of receipt of the same, during the year 2019-20

ii. Registrars of Company

Share Transfers in physical form and other communication regarding share certificates, dividends, de-materialization

of physical shares and change of address may be addressed to the Registrars of the Company at the address as given earlier in this Shareholders' Referencer.

iii. Share Transfer System

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

The Stakeholder Relationship Committee is authorized to approve transfer of shares, which are received in physical form, and the said Committee approves transfer of shares.

The Company obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40 (9) of the SEBI (LODR) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges

iv. Dematerialization of Shares and Liquidity

The Company shares are tradable compulsorily in the Electronic form. Through Kfin Technologies Pvt. Ltd., Registrar and Share Transfer agents, we have established connectivity with both the depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL)

All requests for dematerialization of shares are processed and confirmation is given to the respective Depositories within 15 days.

The Company has 28,981,021 shares in dematerialized form, (99.80% of the paid up share capital) as at March 31, 2020.

To enable us to serve our investors better, we request our shareholders whose shares are in physical mode to dematerliaze their shares and update their bank accounts with the respective depository participants.

v. Investor Service and Grievance Handling Mechanism

The largest Registrar in the country, Kfin Technologies Pvt. Ltd., handles on behalf of the Company, all share related transactions viz. transfer, transmission, transposition, nomination, dividend, change of name/address / signature, registration of mandate / Power of attorney, replacement/ split consolidation of share certificates / demat/ remat of share issue of duplicate certificates etc.

Report on shareholders' requests/grievances received and resolved is placed before the Stakeholder Relationship Committee.

Investors are requested to correspond directly with Kfin, on all share related matters. The Company has an established mechanism for investor service and grievance handling with Kfin.

vi. Designated e-mail Address for Investor Services

In terms of Regulations 13 and 46 of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is investorrelations@nucleussoftware.com

Shareholders' Referencer

vii. Reconciliation of Share Capital

A qualified practicing Company Secretary carries out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with

the aggregate total number of shares in physical form and the total number of dematerialized shares, held with NSDL and CDSL.

viii. Legal Proceedings

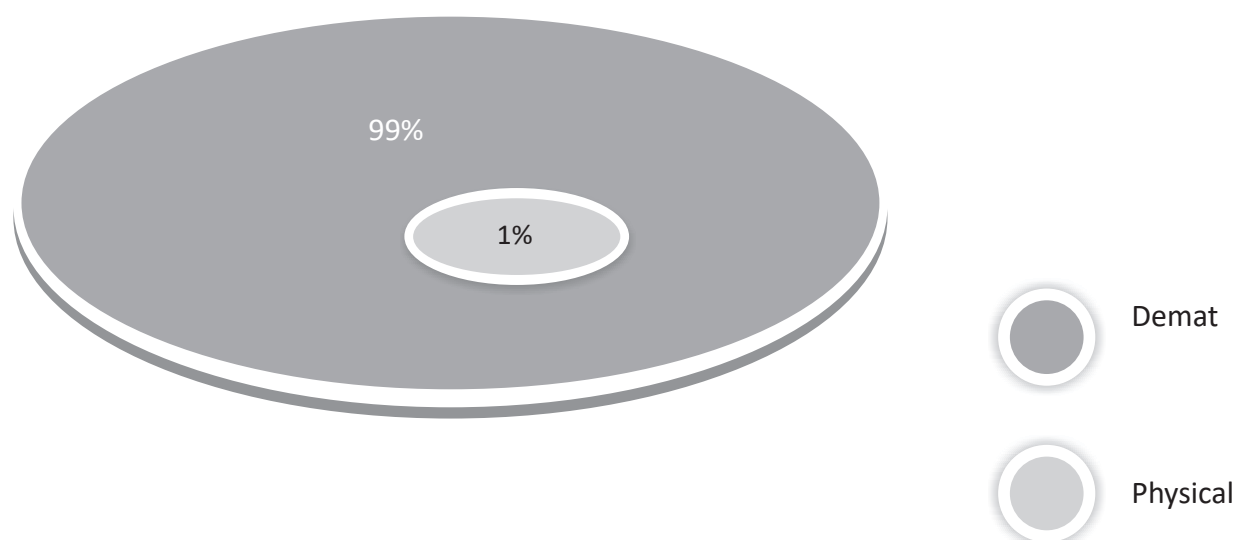
There is one legal proceeding pending against the Company in Court.

I. Shareholding Data

i. Distribution of Shareholding

No. of Equity Shares Held		As on March 31, 2020				As on March 31, 2019			
		Share Holders		Shares		Share Holders		Shares	
From	To	(Nos.)	%	(Nos.)	%	(Nos.)	%	(Nos.)	%
1	100	10,682	65.79	406,937	1.40	10,859	66.03	432,819	1.49
101	200	1,747	10.76	290,496	1.00	1,786	10.86	309,610	1.07
201	500	1,885	11.61	651,237	2.24	1,895	11.52	680,253	2.34
501	1,000	999	6.15	737,161	2.54	990	6.02	761,190	2.62
1,001	5,000	739	4.55	1,530,295	5.27	736	4.50	1,573,749	5.42
5,001	10,000	83	0.51	575,866	1.98	85	0.51	581,148	2.00
10,001	and above	101	0.63	24,848,732	85.57	95	0.56	24,701,955	85.06
Total		16,236	100.00	29,040,724	100.00	16,446	100.00	29,040,724	100.00

Distribution of Shareholding in Physical and Dematerialized form



Shareholders' Referencer

ii. Categories of Shareholders

Category	As on March 31, 2020			As on March 31, 2019		
	Share Holders (Nos.)	Voting Strength (%)	Shares Held (Nos.)	Share Holders (Nos.)	Voting Strength (%)	Shares Held (Nos.)
Promoter and Promoter Group	11	67.59	19,627,866	11	67.59	19,627,866
Individuals/ Clearing Members/ Trusts/Director or Director's Relatives	15,414	19.44	5,645,382	15,566	18.93	5,496,306
Bodies Corporate/NBFC Registered with RBI/IEPF	179	2.32	6,74,356	236	2.19	6,38,973
NRI's and Foreign Nationals	589	1.78	5,18,171	582	1.74	5,07,029
FII's	39	6.81	19,79,643	47	7.64	2,217,285
Mutual Funds	2	1.39	4,03,152	1	1.27	369,241
Banks and Financial Institutions	2	0.67	1,92,154	3	0.64	1,84,024
Total	16,236	100.00	29,040,724	16,446	100.00	29,040,724

iii. Shares under Lock-in

There are no shares under Lock in as on March 31, 2020

iv. Share Transfers, Demat and Remat:

The details of shares transferred in physical form, dematerialized and rematerialized during the year ended March 31, 2020 are given below:

No. of Shares	
Transferred in physical form	135
Dematerialized	11,674
Rematerialized	Nil

J. Directors, Senior Management and Employees of the Company

The Directors of the Company and executive officers including of Subsidiaries, and their respective positions with the Company as on March 31, 2020 are as follows:

i. Management Structure

Name	Position
S M Acharya	Chairman
Vishnu R Dusad	Managing Director
R. P. Singh	CEO & Executive Director
Ritika Dusad	Non-Executive Director
Prithvi Haldea	Independent Director
Elaine Mathias	Independent Director
Prof. Trilochan Sastry	Independent Director
Parag Bhise	Additional Executive Director
Avnish Datt	Global Head- Strategy
Pankaj Bhatt	Chief Transformation Officer
Ashish Nanda	Chief Financial Officer
Prakash Purshottam Pai	Chief Evangelist Officer
Pradeep Kapoor	Global Head – Corporate Affairs

Name	Position
Anurag Mantri	Senior Vice President
Anurag Bhatia	Senior Vice President
Harshit Harish Jain	Senior Vice President
Sudeep Verma	Senior Vice President
Anil Kumar	Vice President
Ashish Nayyar	Vice President
Prathap Reddy	Vice President
Pankaj Jain	Vice President
Ashwani Arora	Vice President
Brajesh Khandelwal	Vice President
Daragh Patrick O'byrne	Vice President
Debyani Sinha	Vice President
Dinesh Kumar Verma	Vice President
K D Singh	Vice President
Lokesh Chandra Pathak	Vice President
Megha Dalela	Vice President
Raj Kumar Srivastava	Vice President
Rajagopalan Venkatraman	Vice President
Rakesh Rawat	Vice President
Ramesh Gopal	Vice President
Sanjeev Kulshreshtha	Vice President
Sarbpreet Singh Anand	Vice President
Vijay Kumar Sharma	Vice President
Manish Arora	Vice President
Rajeev Sharma	Vice President

Shareholders' Referencer

ii. Employee Structure

a) Employee strength globally including employees of subsidiaries

As at March, 31	2020		2019	
	No	%	No	%
Technical Staff	1,905	89%	1,825	89%
Non-Technical Staff including Business Development Group	229	11%	229	11%
Grand Total	2,134	100%	2,054	100%

Gender classification of employees is:-

As at March, 31	2020		2019	
	No	%	No	%
Male	1,576	74%	1,526	74%
Female	558	26%	528	26%
Grand Total	2,134	100%	2,054	100%

b) The age profile of employees -

As at March, 31	2020		2019	
	No	%	No	%
Between 20 and 30 years	1,170	55%	1,132	55%
Between 31 and 40 years	646	30%	631	31%
Between 41 and 50 years	269	13%	247	12%
51 years and above	49	2%	44	2%
Grand Total	2,134	100%	2,054	100%

K. Financial Calendar for the year 2020-21

(Tentative and subject to change)

i. Financial Reporting

First quarter ending June 30, 2020	between 15th to 31st of July 2020
Second quarter ending September 30, 2020	between 15th to 31st of October 2020
Third quarter ending December 31, 2020	between 15th to 31st of January 2021
Year ending March 31, 2021	between 20th to 30th of April 2021

ii. Annual General Meeting

Year ending March 31, 2020	July 31, 2020
Year ending March 31, 2021	July, 2021

iii. Book Closure

Date of Book Closure for AGM	July 25, 2020 to July 31, 2020 (both days inclusive)
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iv. The fiscal year of Nucleus is from April 1 to March 31

L. Shareholder Satisfaction Survey

Your Company is in constant endeavor to offer better and prompt services to its shareholders and in an effort to achieve this objective, a Shareholder Satisfaction Survey is conducted, to assess the level of satisfaction among Nucleus shareholders and identify areas of strengths and weakness of Nucleus perceived by the shareholders.

A Shareholder Satisfaction Survey is conducted through a shareholder feedback form uploaded on investors section of the Company website, for online filing. It is our constant endeavor to provide efficient and prompt services to the shareholders. responses received through this survey it help us:

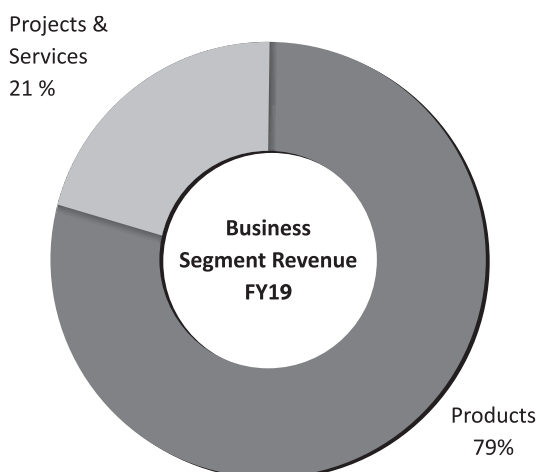
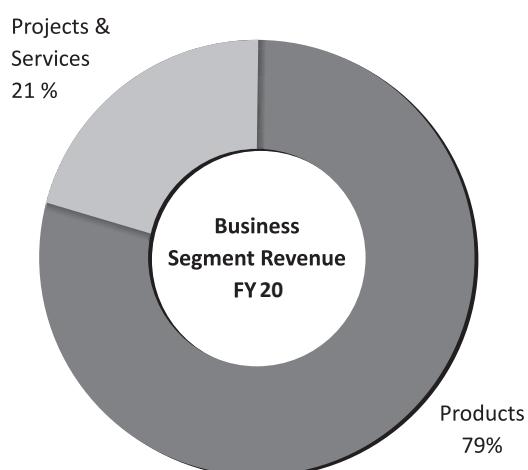
- to assess the level of satisfaction among Nucleus shareholders and
- identify areas of strengths and weakness of Nucleus as perceived by the shareholders.

SEGMENT INFORMATION AND RATIO ANALYSIS

Consolidated Segment Information of Nucleus Software Group

(₹ in crore)

REVENUE BY	For the Year Ended March 31,			
	2020	% of Revenue	2019	% of Revenue
GEOGRAPHICAL SEGMENTS				
India	180.57	34.67	148.98	30.78
Far East	53.61	10.29	63.15	13.05
South East Asia	104.17	20.00	112.89	23.32
Europe/ U.K.	37.88	7.27	50.47	10.43
Middle East	77.63	14.91	76.27	15.76
Africa	17.19	3.30	21.54	4.45
Australia	27.38	5.26	9.41	1.94
Rest of the World	22.40	4.30	1.32	0.27
TOTAL	520.83	100.00	484.03	100.00
CURRENCY SEGMENT				
Indian Rupee	180.57	34.67	148.97	30.78
US \$	178.55	34.28	179.17	37.02
Japanese Yen	17.16	3.29	24.96	5.16
Singapore \$	55.50	10.66	49.80	10.29
Malaysian Ringgit	5.27	1.01	7.64	1.58
Euro	7.63	1.47	7.01	1.43
British Pound	29.83	5.73	43.12	8.91
Swiss Franc	0.42	0.08	0.34	0.07
Australian \$	27.38	5.26	9.41	1.94
AED	14.68	2.82	9.81	2.03
QAR	0.12	0.02	-	-
ZAR	3.72	0.71	3.80	0.79
TOTAL	520.83	100.00	484.03	100.00
Products	414.33	79.55	383.27	79.18
Own	411.93	79.09	380.27	78.55
Traded	2.40	0.46	3.00	0.62
Projects & Services	106.50	20.45	100.76	20.82
TOTAL	520.83	100.00	484.03	100.00



Ratio Analysis

CONSOLIDATED PERFORMANCE

Particulars	2020	2019	2018	2017	2016
Ratios- Financial Performance					
Export Revenue/ Revenue (%)	65.33	69.22	69.24	72.93	80.52
Domestic Revenue/ Revenue (%)	34.67	30.78	30.76	27.07	19.48
Total Operating Expenses/ Revenue (%)	82.12	83.73	85.87	85.68	91.34
Operating Profit/ Revenue (%)	17.88	16.27	14.13	14.32	8.66
Depreciation/ Revenue (%)	2.60	2.05	1.71	3.01	3.50
Other Income/ Revenue (%)	7.15	5.68	6.97	8.63	7.19
Tax/ Revenue (%)	5.34	4.49	4.20	2.17	3.27
Effective Tax Rate - Tax/ PBT (%)	23.80	22.59	21.68	10.90	26.00
PAT from Ordinary Activities/ Revenue(%)	9.94	9.72	8.21	9.14	2.12
PAT from Ordinary Activities/Net Worth(%)	9.23	9.25	7.33	6.36	1.59
Ratios- Return					
ROCE (PBIT/ Average Capital Employed) (%)	21.84	19.86	16.03	14.87	9.73
ROANW (PAT/Average Net Worth) (%)	16.64	15.37	12.56	13.25	7.20
Ratios - Balance Sheet					
Debt-Equity Ratio	-	-	-	-	-
Debtors Turnover (Days)	63	54	72	65	98
Asset Turnover Ratio	0.72	0.73	0.63	0.59	0.68
Current Ratio	2.36	2.13	1.79	3.07	3.08
Cash and cash equivalent along with other bank balance and current investments/Shareholders' funds (%)	59.22	50.93	46.60	56.15	53.36
Cash and cash equivalent along with other bank balance and current investments/ Revenue (%)	63.78	53.51	52.20	80.66	70.94
Depreciation/Gross Carrying Amount(%)	19.84	13.83	11.14	20.03	23.81
Technology Investment/ Revenue (%)	1.62	1.26	1.28	0.68	1.34
Ratios - Growth (YoY)					
Growth in Total Revenue (%)	7.60	17.54	10.59	6.79	(1.26)
Growth in Export Revenue (%)	1.55	17.50	4.99	(3.27)	(5.54)
Operating Expenses Growth (%)	5.54	14.61	10.84	0.17	10.66
Operating Profit Growth (%)	18.24	35.33	9.09	76.66	(53.77)
PAT Growth (%)	19.39	19.17	(5.47)	103.77	(49.82)
EPS Growth (%)	19.37	25.41	0.18	103.78	(49.82)
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (₹)	17.82	16.20	11.65	10.51	2.28
Earning Per Share (Including Other Income) (₹)	30.64	25.67	20.47	20.43	10.03
Cash Earning Per Share from Ordinary Activities (₹)	22.49	19.62	14.07	13.97	6.06
Cash Earning Per Share (Including Other Income)(₹)	35.31	29.09	23.96	23.90	13.80
Book Value Per Share (₹)	193.14	175.12	158.85	165.19	143.17
Price/Earning (Annualized)	5.86	13.24	19.59	12.05	19.29
Price/ Cash Earning (Annualized)	5.09	11.69	16.73	10.30	14.01
Price/Book Value	0.93	1.94	2.52	1.49	1.35
Dividend Per Share (DPS)	-	9.00	8.00	5.00	5.00
Dividend (%)	-	90	80	50	50
Dividend Payout (In ₹ Crore)	-	26.14	23.23	16.19	16.19

Note:

1. While calculating the consolidated figures of group, inter group transactions have been ignored.
2. Previous year figures have been regrouped/ reclassified wherever necessary.
3. Cash and Equivalents includes cash, bank balances and current investments.

Glossary

ADR	American Depository Receipt
ADM	Application Development & Maintenance
BFS	Banking & Financial Services
BSE	Bombay Stock Exchange Ltd.
BPO	Business Process Outsourcing
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
DP	Depository Participant
DRF	Demat Requisition Form
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ECL	Expected Credit Loss
ESOP	Employee Stock Option Plan
EU	European Union
FAQ	Frequently Asked Questions
FVCOI	Fair value through other comprehensive Income
FVTPL	Fair value through Profit or Loss
GDP	Gross Domestic Product
GDR	Global Depository Receipt
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IPO	Initial Public Offer
IT	Information technology
ITES	Information Technology Enabled Services
IND AS	Indian Accounting Standards
IP	Intellectual Property
MCA	Ministry of Corporate Affairs
MDA	Management Discussion and Analysis
MD	Managing Director
NASSCOM	National Association of Software and Services Companies
NSE	National Stock Exchange of India Ltd.
NGO	Non Governmental Organisation
OCI	Other Comprehensive Income
PDF	Portable Document Format
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
SEBI	Securities & Exchange Board of India
SEZ	Special Economic Zone
STPI	Software Technology Parks of India



Nucleus Software Exports Limited

CIN : L74899DL1989PLC034594

Regd. Office: 33-35, Thyagraj Nagar Market, New Delhi - 110003. Tel : +91 - 120 - 4031400; Fax : +91 - 120 - 4031672

Email : investorrelations@nucleussoftware.com, Website : www.nucleussoftware.com

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty First Annual General Meeting (AGM) of the Members of Nucleus Software Exports Limited will be held on Friday, July 31 2020, at 11.00 a.m. through Video Conferencing / Other Audio Visual Means (VC) to transact the following business:

Ordinary Business:

1. Adoption of Financial Statements

To receive, consider and adopt:

- a) The audited financial statements of the Company for the year ended March 31 2020 including Audited Balance Sheet and Profit and Loss account as on March 31, 2020 along with Cash Flow Statement on that date together with the reports of the Board of Directors and Auditors thereon and
- b) The audited consolidated financial statements of the Company for the financial year ended March 31, 2020.

2. To Take Note of Revocation of Interim Dividend Declared by Company for FY-19-20

The Board of Directors at the meeting held on March 28, 2020, approved revocation of the Interim Dividend for FY 2019-20 as declared at the Board meeting held on March 16, 2020

3. To re-appoint Mr. Vishnu R Dusad (DIN 00008412), as a Director of the Company who retires by rotation and being eligible offer himself for re-appointment.

“RESOLVED THAT pursuant to the provisions of Sec 152 and other applicable provisions of the Companies Act, 2013 , the approval of the members of the Company , be and is hereby accorded to the re-appointment of Mr. Vishnu R Dusad , as a Director of the Company, who retires by rotation and being eligible offers himself for reappointment.”

Special Resolution:

4. To consider and approve the appointment of Mr. Parag Bhise, as a Whole Time Director and consider payment of remuneration in case of inadequacy of profits of the Company, if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):

“RESOLVED THAT pursuant to the provisions of Sections 152, 161, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Parag Bhise(DIN: 08719754), who was appointed as an Additional Director of the Company, by the Board of Directors w.e.f. March 16,2020 and who holds office , up to the date of Annual General Meeting be and is hereby appointed as a Whole Time Director of the Company for a period of Five Years, commencing from July 31,2020 at such terms and conditions and remuneration as approved by the Board of Directors, and whose office will be liable to retire by rotation under the Companies Act, , as mentioned in explanatory statement of this resolution

RESOLVED FURTHER THAT the Board of Directors of the Company with the recommendation of the Nomination & Remuneration / Compensation Committee be and are hereby authorized to alter and vary or modify the different components of the terms and conditions of his appointment , as it may deem fit

RESOLVED FURTHER THAT In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Parag Bhise will be entitled for the payment of remuneration along with perquisites/benefits as mentioned in the explanatory statement, by way of minimum remuneration .

RESOLVED FURTHER THAT the Board of Directors of the Company are hereby authorized or further delegate such authority as may be required to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

5. To consider and approve the payment of remuneration to Mr. Vishnu R Dusad, Managing Director of the Company in the event of inadequacy or absence of profits in any financial year during his tenure if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):

“RESOLVED THAT pursuant to the provisions under Section 196, 197, 198, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “the Act”) including any statutory amendments, modifications or re-enactment thereof and subject to such other requisite approvals, as may be required in this regard, the consent of the Shareholders be and is hereby accorded for the payment of remuneration to Mr. Vishnu R Dusad, Managing Director of the Company in the event of inadequacy or absence of profits in any financial year during his tenure, on the terms and conditions as recommended by the Nomination and Remuneration/Compensation Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement forming part of this resolution notwithstanding that the remuneration may exceed the limits prescribed in the provisions of Section 197, 198 and within the limits prescribed under Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Vishnu R Dusad will be entitled to the remuneration along with the perquisites/benefits, by way of the minimum remuneration as stated in the explanatory statement.

RESOLVED FURTHER THAT the Board of Directors with the recommendation of the Nomination & Remuneration/ Compensation Committee be and is hereby authorized to vary the remuneration and terms and conditions of appointment, from time to time as it may deem fit.

RESOLVED FURTHER THAT the Board of Directors of the Company are hereby authorized or further delegate such authority as may be required to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

6. To consider and approve the payment of remuneration to Mr. Ravi Pratap Singh, Whole Time Director and CEO of the Company, in the event of inadequacy or absence of profits in any financial year during his tenure and if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):

“RESOLVED THAT pursuant to the provisions under Section 196, 197, 198, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “the Act”) including any statutory amendments, modifications or re-enactment thereof and subject to such other requisite approvals, as may be required in this regard, the consent of the Shareholders be and is hereby accorded for the payment of remuneration to Mr. Ravi Pratap Singh, Whole time Director and CEO of the Company in the event of inadequacy or absence of profits in any financial year during his tenure, on the terms and conditions as recommended by the Nomination and Remuneration/Compensation Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement forming part of this resolution notwithstanding that the remuneration may exceed the limits prescribed in the provisions of Section 197, 198 and within the limits prescribed under Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of in-adequacy or absence of profits in any financial year during his tenure, Mr. Ravi Pratap Singh will be entitled to the remuneration along with the perquisites/benefits, by way of minimum remuneration as stated in the explanatory statement.

RESOLVED FURTHER THAT the Board of Directors with the recommendation of the Nomination & Remuneration/ Compensation Committee be and is hereby authorized to vary the remuneration and terms and conditions of appointment, from time to time as it may deem fit.

RESOLVED FURTHER THAT the Board of Directors of the Company are hereby authorized or further delegate such authority as may be required to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”), which sets out details relating to Special Business (being considered unavoidable by the Board of Directors) at the meeting, is attached with this Notice of AGM.
2. All documents referred to in the accompanying Notice and the Explanatory Statement are available on website of the Company for inspection by the Members up to the date of AGM.
3. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and June 15, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

4. Since the AGM is being held in accordance with the Circulars through VC/ OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 (“the Act”).
6. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to upload a certified copy of the Board resolution / authorization letter on the VC portal / e-voting portal.
7. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
8. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company five working days before AGM through email at investorrelations@nucleussoftware.com. The same will be replied by the Company suitably.
9. The Register of Members and Share Transfer Books of the Company will be closed on July 25 to July 31, 2020 (both days inclusive) for annual closing.
10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA for assistance in this regard.
11. Members whose shareholding(s) are in electronic mode are requested to direct changes relating to address, bank mandate and Electronic Clearing Service (ECS), Email id details to their respective Depository participants.
12. Members who are holding shares in more than one folio are requested to intimate to the Company the detail of all folio numbers for consolidation into a single folio.
13. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2012-13 onwards for the Company, are requested to lodge their claims, It may be noted that the unclaimed Final Dividend for the financial year 2012-13 declared by the Company on July 10, 2013 can be claimed by the Members by July 09, 2020. Member’s attention is particularly drawn to the “Corporate Governance” section of the Annual Report in respect of unclaimed dividend.
14. Details in respect of the Directors seeking appointment/ re- appointment at the Annual General Meeting as required under the provisions of Secretarial Standards- 2 issued by the Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic

mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.nucleussoftware.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
17. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
18. In case of joint Members attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
19. In terms of Section 72 of the Companies Act, 2013 and related rules thereunder, a Member of the Company may nominate a person on whom the Shares held by him/her shall vest in the event of his/her death. Member(s) desirous of availing this facility may submit nomination in the prescribed Form to the Company/RTA in case shares are held in Physical form, and to their respective depository participant, if held in electronic form.
20. The Board of Directors has appointed Mr. Devesh Kumar Vasisht (CP No. 13700), Partner or failing him, Ms. Priyanka (CP No. 16187), Partner of M/s Sanjay Grover & Associates, Company Secretaries as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
21. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same
22. The results of remote e-voting and voting during AGM on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.
23. Instructions For Members For Attending the AGM through VC/ OAVM areas under:
 - i. Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials.

Members are requested to follow the procedure given below:
 - i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e., User ID and password for e-voting).
 - iii. After logging in, click on "Video Conference" option
 - iv. Then click on camera icon appearing against AGM event of Nucleus Software Exports Limited, to attend the Meeting.
 - ii. Please note that Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in Note No. 24.

- iii. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience.

Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.

- iv. Members who need assistance before or during the AGM may contact Mr. Suresh Babu D., Deputy Manager-RIS, KFin Technologies Private Limited at Tel: +91 4067162222 or Toll Free No.: 1800-345-4001; or send an email request at the email id: suresh.d@kfintech.com or evoting@kfintech.com.

24. Procedure For Remote E-voting

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and provisions of Regulation 44 of the Listing Regulations and Circulars issued by the MCA and SEBI, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFinTech, on the Resolutions set forth in this Notice, through remote e-voting.

- i. The remote e-voting facility will be available during the following period:

Day, date and time of Commencement of remote e-voting	From:	Monday, 27 th July, 2020 at 9:00 a.m. (1 ST)
Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed	To	Thursday, 30 th July, 2020 at 5:00 p.m. (1 ST)

- ii. The remote e-voting will not be allowed beyond the afore said date and time and the e-voting module shall be disabled by KFinTech upon expiry of the afore said period.
- iii. Details of Website: <https://evoting.karvy.com>.
- iv. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.
- v. Any person who acquires Shares of the Company and becomes a Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date, i.e. Friday, 24th July, 2020, may obtain the User ID and password in the manner as mentioned below:
 - a. If the mobile number of the Member is registered against Folio No./ DPID Client ID, the Member may send SMS: MYEPWD<space>e-votingEventNumber+FolioNo. or DPIDClientID to +91-9212993399

Example for NSDL: MYEPWD<SPACE>IN12345612345678
Example for CDSL: MYEPWD<SPACE>1402345612345678

Example for Physical:
MYEPWD<SPACE>XXXX1234567890
 - b. If email address or mobile number of the Member is registered against Folio No./ DPID Client ID, then on the

home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

- c. Member may call KFin tech's Toll free number 1800-345-4001.
 - d. Member may send an email request to evoting@kfintech.com. However, KFin tech shall endeavor to send User ID and Password to those new Members whose email IDs are available.
- vi) Details of person(s) to be contacted for issues relating to e-voting:
- Mr. Suresh Babu D., Deputy Manager-RIS,
KFin Technologies Private Limited
Unit: Selenium Building, Tower B, Plot Nos.31-32 Gachibowli, Financial District, Nanakramguda, Serilingampally Mandai, Hyderabad-500032
Tel. No.:+91 4067162222; Toll Free No.:1800-3454001;
Fax No.: +91 4023001153/23420814.
E-mail:suresh.d@kfintech.com or evoting@kfintech.com
- vii) The instructions for remote a-voting are as under:
- a. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - b. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (e-voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech for e-voting, you can use your existing User ID and password for casting your vote.
 - c. After entering these details appropriately, click on "LOGIN".
 - d. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z';, one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - e. You need to login again with the new credentials.
On successful login, the system will prompt you to select the EVENT for Nucleus Software Exports Limited.
 - g. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. 24 July 2020 under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date.

Pursuant to Clause 16.5.3(e) of Secretarial Standard on General Meetings (SS-2) issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government, in case a Member abstains from voting on a Resolution i.e., the Member neither assents nor dissents to the Resolution, then his/her/its

vote will be treated as an invalid vote with respect to that Resolution.

- h. Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
 - i. Voting has to be done for each item of the Notice separately.
 - j. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - k. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - l. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ID: contact@cssanjaygrover.in with a copy to evoting@kfintech.com. They may also upload the same in the a-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO".

In case of any query pertaining to e-voting, please visit Help & FAQs section and e-voting User Manual available at the download section of KFinTech's website <https://evoting.karvy.com> or contact at investorrelations@nucleussoftware.com or at evoting@kfintech.com or on Phone No. +91 4067162222 or call Toll free No. 1800-345-4001, for any further clarifications.
- viii. Instructions for Members for Voting during the AGM:
- i. The procedure for remote e-voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC/OAVM.
 - ii. The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM.
 - iii. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same. The Members shall be guided on the process during the AGM.
 - iv. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
 - ix. Procedure for registering the email addresses and obtaining the AGM Notice and e-voting instructions by the Members whose email addresses are not registered with the Depositories (in case of Members holding shares in Demat form) or with KFinTech (in case of Members holding shares in physical form)
 - i. Those Members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
 - a. Members holding shares in demat form can get their email ID registered by contacting their respective Depository Participant.

- b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Transfer Agents, KFin Technologies Private Limited by sending an email request at the email ID einward.ris@kfinleech.com along with signed scanned copy of the request letter providing the email address, mobile number, self-attested copy of the PAN card and copy of the Share Certificate for registering their email address and receiving the AGM Notice and the a-voting instructions.
- II. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangements with KFinleech for registration of email addresses of the Members in terms of the MCA Circulars. Eligible Members who have not submitted their email address to the Company or KFinleech are required to provide their email address to KFinleech, on or before 5:00 p.m. (1ST) on 24 July, 2020.
- Process to be followed for Registration of E-mail address:
- A. The process for registration of email address with KFinleech for receiving the Notice of AGM and login ID and password for e-voting is as under:
 - i. Visit the link: https://ris.kfintech.com/email_registration.
 - ii. Select the Company name viz. Nucleus Software Exports Limited.
 - iii. Enter the DP ID & Client ID I Physical Folio Number and PAN details. In the event the PAN details are not available on record for Physical Folio, Member shall enter one of the Share Certificate numbers.
 - iv. Upload a self-attested copy of the PAN card for authentication. If PAN details are not available in the system, the system will prompt the Member to upload a self-attested copy of the PAN card for updation.
 - v. Enter your email address and mobile number.
 - vi. The system will then confirm the email address for receiving this AGM Notice.
 - B. The process for registration E-mail address with the Company for receiving the Notice of AGM and login ID and password for a-voting is as under:

Members are requested to visit the website of the Company www.nucleussoftware.com and click on 'Click here for temporary registration of email-id of Members for AGM 2020' and follow the process as mentioned on the landing page to receive the Notice of AGM and Voting Instructions.
- III. After successful submission of the email address, KFinleech will email a copy of this AGM Notice along with thee-voting user ID and password. In case of any queries, Members are requested to write to KFinleech.
 - IV. Those Members who have already registered their email addresses are requested to keep their email addresses validated/updated with their DP ID KFinleech to enable servicing of notices I documents I Annual Reports and other communications electronically to their email address in future.
- x. Submission of Questions I Queries prior to AGM:
 - a. Members desiring any additional information or having any question or query pertaining to the business to be transacted at the AGM are requested to write to the Company Secretary on the Company's investor email-ID i.e. investorrelations@nucleussoftware.com at least 5 days before the date of the AGM so as to enable the Management to keep the information ready. Please note that, Members' questions will be answered only if they continue to hold the shares as on the cut-off date.
 - b. Alternatively, Members holding shares as on the cut-off date may also visit <https://evoting.karvy.com> and click on the tab "Post Your Queries Here" to post their queries/views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall be activated from 26 July to 28 July 2020.
 - xi. Speaker Registration before AGM:
 - a. Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during the evoting period. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon Availability of time as appropriate for smooth conduct of the AGM. Members are requested to remember the same and wait for their turn to be called by the Chairman of the Meeting during the Question and Answer Session. Due to inherent limitation of transmission and coordination during the AGM, the Company may have to dispense with or curtail the Question and Answer Session. Hence, Members are encouraged to send their questions/queries etc.
 - b. The Company will provide VC / OAVM facility to its Members for participating at the AGM. a) Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials

Members are requested to follow the procedure given below:

 - i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e., User ID and password for e-voting).
 - iii. After logging in, click on "Video Conference" option
 - iv. Then click on camera icon appearing against AGM event of Nucleus Software Exports Limited, to attend the Meeting.
 - xii. General Instructions/Information for Members for voting on the Resolutions at the AGM:
 - a. Members who are present at the AGM through VC/ OAVM facility and have not cast their votes on the Resolutions through remote e-voting may cast their votes during the AGM through the e-voting system provided by KFinleech during the Meeting. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting; however. These

Members are not entitled to cast their vote again in the Meeting.

- b. The voting rights of Members shall be in proportion to the paid-up value of their shares in the Equity Share capital of the Company as on the cut-off date i.e. 24 July, 2020. Members are eligible to cast their vote either through remote e-voting or in the AGM, only if they are holding Shares as on that date. A person who is not a Member as on the cut-off date is requested to treat this Notice for information purposes only.
- c. The Scrutinizer after scrutinizing the votes through remote e-voting and e-votes cast at the Meeting will, not later than 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any and submit the same forth with to the Chairman or a person duly authorised by the Chairman who shall counter sign the same and declare the results of the voting.

The results declared along with the consolidated Scrutinizer's Report will be placed on the website of the Company at www.nucleussoftware.com and the website of KFintech: <https://evoting.karvy.com> immediately after the results are declared and will simultaneously be forwarded to BSE Limited and National Stock Exchange of India Limited, where the Equity Shares of the Company are listed.
- d. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Friday, 31st July, 2020, subject to receipt of the requisite number of votes in favour of the Resolutions.

EXPLANATORY STATEMENT

Resolution No. 4

Mr. Parag Bhise was Appointed as an Additional Director of the Company by the Board of Directors w.e.f. March 16, 2020 and further proposed to be appointed as a Whole time Director of the Company w.e.f. July 31, 2020 till July 30, 2025.

The Board of Directors on the recommendation of Nomination and Remuneration/Compensation Committee, in its meetings held on March 16, 2020 and May 23, 2020, approved the terms and conditions including his remuneration including minimum remuneration (in case of inadequacy of profits in any financial year) as below, within the limit as specified, in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013. The Remuneration components are as below:

1. Fixed Salary: Rs. 1,11,65,000/ p.a. (Comprising primarily of Basic salary, House rent allowance, Medical allowance, Leave travel allowance, Refreshment allowance and others) to be paid in accordance with Company's policy and subject to withholding tax.
2. Performance bonus /Special bonus/ Variable payout: Annual Variable pay/Special bonus for each fiscal year subject to Company's achievements or as determined by the Board or its committee.
3. Employee benefits: Benefit Plans as maintained by the Company including Provision of Company Cars with Driver, Communication facilities at office and/or residence for official purposes, Personal accident insurance/ Group life insurance, contribution to retirement benefits such as Provident fund, Pension fund, Gratuity, etc.

4. Leave with full pay and allowances shall be allowed per the Rules of the Company.

5. Commission: Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Sections 196 and 197 of the Companies Act 2013 and rules made thereunder.

The Company further confirms that it has not defaulted in the payment of its debts or interest payable thereon for a continuous period of 30 days in the preceding financial year and in current financial year.

Further, pursuant to the provisions of Sections 117(3), 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration are herewith placed for the approval of the Shareholders in the Annual General Meeting.

The detailed information as required under sub-clause (iv) of the proviso to Sub paragraph (B) of Paragraph (1) of Section II of Part II of Schedule V to the Act are given below.

The Board of Directors recommends the Resolution no 4 for Shareholders consideration and approval as a Special Resolution.

None of the Key Managerial Personnel except Mr. Parag Bhise is concerned or interested in the Resolution at Item No. 4 of the Notice.

Resolution No. 5

Mr. Vishnu R Dusat, was reappointed by the Board as Managing Director w.e.f. Jan 01, 2017 for further tenure of 5 Years till Dec 31, 2021. The terms and conditions of his appointment including remuneration as drawn by him w.e.f Jan 1, 2017, is in accordance, with the than prevailing Section II of Part II of Schedule V of the Companies Act, 2013 and in reference to the shareholder's approval granted in the Annual General Meeting held on 08 July, 2016.

The Board of Directors, on the recommendation of Nomination and Remuneration/Compensation Committee in its meeting held on 22 May, 2020, approved, the current remuneration as drawn by Mr. Vishnu R Dusat as minimum remuneration, in case of in- adequacy of profits in any financial year during tenure of his appointment, within the specified limit in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013. The remuneration components are as below:

Salary: Rs.-250,000/- p.m.

Special Allowance: Rs.100,000/- p.m.

Perquisites

- a. Housing: Furnished accommodation to be provided by the Company, and if the Company's accommodation is not provided, the Managing Director shall be entitled to the House Rent Allowance subject to the ceiling of 60% of the salary. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
- b. Medical Reimbursement: Reimbursement of medical expenses incurred including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization, surgical charges, and nursing charges and domiciliary charges for self and family.
- c. Leave Travel Concession: For self and family every year incurred in accordance with the Rules of the Company.
- d. Refreshment allowance/reimbursement: As per the rules of the Company
- e. Employee benefits: During the term of office, Mr. Vishnu R Dusat will be entitled to participate in the employee benefits plans as maintained by the Company

- f. Provision for fuel and driver/ salary allowance : As per the rules of the Company
- g. Company Car and Telephone: Use of the Company's car and telephone for official purposes, as per the rules of the Company
- h. Personal Accident Insurance/Group Life Insurance: Premium shall be paid as per the Rules of the Company.
- i. Provident Fund/Pension: Contribution to Provident Fund and Pension Fund to the extent such contribution, either singly or put together, are exempt under the Income Tax Act, 1961.
- j. Gratuity: As per the rules of the Company
- k. Leave with full pay and allowances shall be allowed per the Rules of the Company.

Commission: Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Sec 196 and 197 of the Companies Act 2013.

The Company further confirms that it has not defaulted in the payment of its debts or interest payable thereon for a continuous period of 30 days in the preceding financial year and in current financial year.

Further, pursuant to the provisions of Sections 117(3), 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration are herewith placed for the approval of the Shareholders in the Annual General Meeting.

The detailed information as required under sub-clause (iv) of the proviso to Sub paragraph (B) of Paragraph (1) of Section II of Part II of Schedule V to the Act are given below.

The Board of Directors recommends the Resolution no. 5 for Shareholders consideration and approval as a Special Resolution.

None of the Key Managerial Personnel except Mr. Vishnu R Dusat is concerned or interested in the Resolution at Item No. 5 of the Notice.

Resolution No. 6:

Mr. Ravi Pratap Singh , Whole time Director and CEO of the Company was reappointed by the Board as Whole time Director w.e.f. July 26,2019 till July 25,2024. The terms and conditions of his appointment including remuneration as drawn by him w.e.f July 26, 2019 , is in accordance , with the than prevailing Section II of Part II of Schedule V of the Companies Act, 2013 and in reference to the shareholder's approval granted in the Annual General Meeting held on 08 July, 2019.

The Board of Directors, on the recommendation of Nomination and Remuneration Committee in its meeting held on 22 May, 2020, approved, the current remuneration as drawn by Mr. R P Singh, as minimum remuneration, in case of inadequacy of profits in any financial year during tenure of his appointment, within the specified limit in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013. The remuneration components are as below:

1. Fixed Salary: Rs. 197,54,539/ p.a. (Comprising primarily of Basic salary, House rent allowance, Medical allowance, Leave travel allowance, Refreshment allowance and others) to be paid in accordance with Company's policy and subject to withholding tax.
2. Performance bonus /Special bonus/ Variable payout: Annual Variable pay/Special bonus for each fiscal year subject to Company's achievements or as determined by the Board or its committee.
3. Employee benefits: Benefit Plans as maintained by the Company including Provision of Company Cars with Driver, Communication

facilities at office and/or residence for official purposes, Personal accident insurance/ Group life insurance, contribution to retirement benefits such as Provident fund, Pension fund, Gratuity, etc.

4. Leave with full pay and allowances shall be allowed per the Rules of the Company.
5. Commission: Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Sections 196 and 197 of the Companies Act 2013 and rules made thereunder.

The Company further confirms that it has not defaulted in the payment of its debts or interest payable thereon for a continuous period of 30 days in the preceding financial year and in current financial year.

Further, pursuant to the provisions of Sections 117(3), 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration are herewith placed for the approval of the Shareholders in the Annual General Meeting.

The detailed information as required under sub-clause (iv) of the proviso to Sub paragraph (B) of Paragraph (1) of Section II of Part II of Schedule V to the Act are given below.

The Board of Directors recommends the Resolution no. 6 for Shareholders consideration and approval as a Special Resolution.

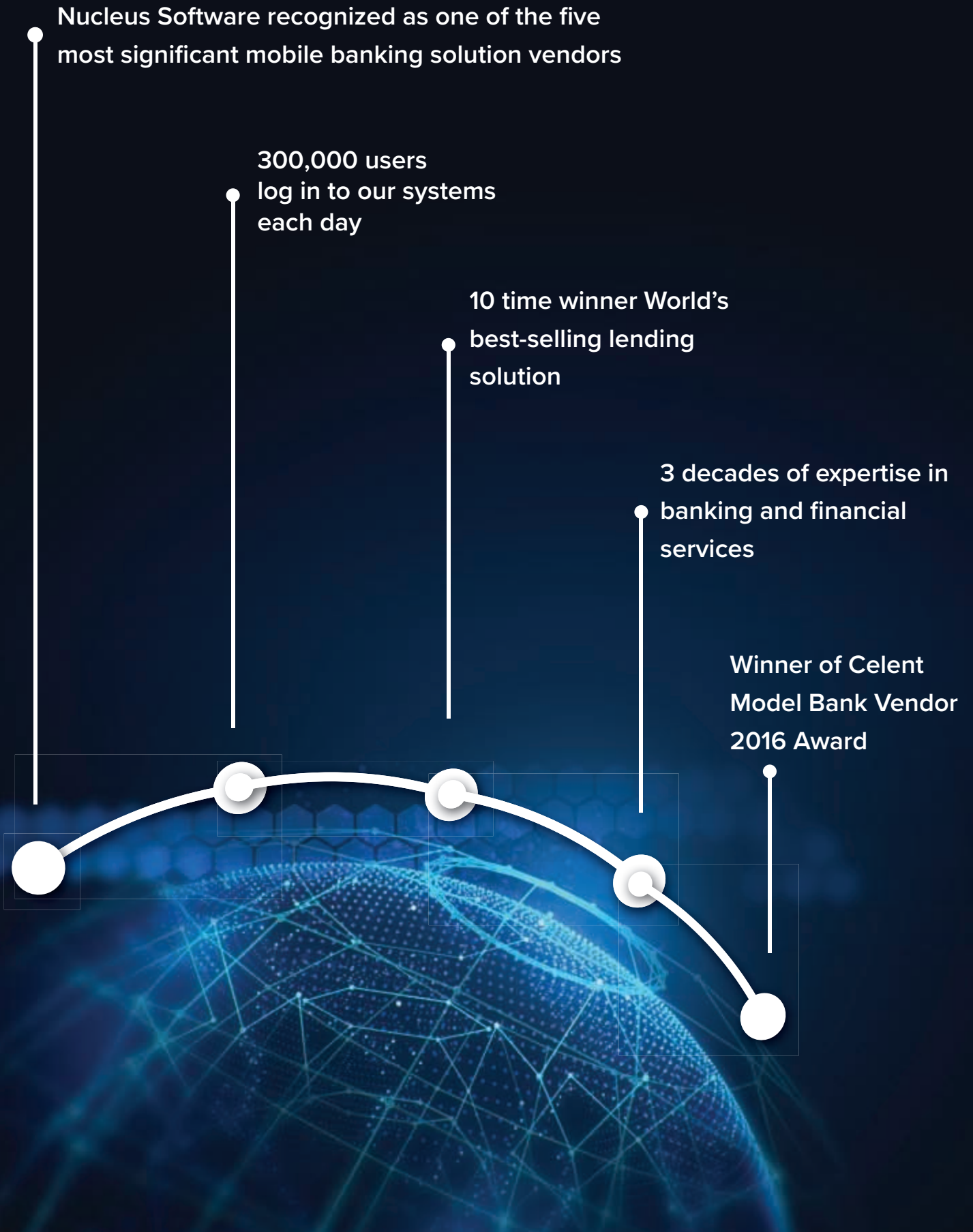
None of the Key Managerial Personnel except Mr. R P Singh is concerned or interested in the Resolution at Item No. 6 of the Notice.

In terms of the requirements of Section II of Part II of Schedule V to the Act, the information is as furnished below:

GENERAL INFORMATION		
1	Nature of Industry	IT Industry
2	Date and expected date of commencement of commercial production	NA
3	In case of new companies expected date of commencement of commercial production	NA
4	Financial Performance based indicators	Refer Section "Year at a Glance" and "Audited Financials for FY 2019-20 " of this Annual Report
5	Export Performance and foreign exchange earned for the financial year ended 31st March 2020	Refer Section "Directors' Report of this Annual Report
6	Foreign investment or collaboration if any	NA
7	OTHER INFORMATION	
	Reasons of loss or inadequate profits:	Due to the adverse impact of COVID-19, the financial performance of the Company may be impacted in future. For more details Refer Section " Review of Business and Outlook " in Directors' Report, in this Annual Report
	Steps taken or proposed to be taken for improvement	
	Expected increase in productivity and profits in measurable terms	

Details of Directors seeking appointment/re-appointment at the Annual General Meeting as per SS-2 and Schedule V of the Companies Act, 2013

Particulars	Mr. Vishnu R Dusad	Mr. R. P. Singh	Mr. Parag Bhise
Age	63 Years	58 Years	55 Years
Qualifications	Bachelor's Degree in Technology from the Indian Institute of Technology (IIT), Delhi	Graduation in Economics And Post-Graduation in Computer Applications An Alumni of Harvard business School, completing the General Management Programme (GMP) from the School	Master's Degree in Computer Applications from BIT Mesra and MBA from the Management Development Institute – Gurgaon
Experience	As mentioned in profile section in Corporate Governance Report	As mentioned in profile section in Corporate Governance Report	As mentioned in profile section in Corporate Governance Report
Terms and Conditions of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment
Details of Remuneration Sought To be Paid	As per Letter of Appointment	As per Letter of Appointment	As recommended by Nomination and Remuneration/ Compensation Committee as approved by Board.
Date of first appointment On the Board	Jan 01,1989	July 26, 2014	March 16, 2020
The Remuneration Last Drawn	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report
Number of shares held in the Company	1,603,492	151,977	28,959
Directorship held in other Companies	<ul style="list-style-type: none"> Nucleus Software Limited Virstra i-technology Services Ltd. Avon Mobility Solutions Pvt. Ltd. Karmayogi Holding Pvt. Ltd. India Post Payments Bank Limited Indian Software Product Industry Round Table Foundation Nucleus Software Solutions Pte. Ltd. Nucleus Software Inc. Nucleus Software Kabushiki Kaisha Nucleus Software Netherlands B.V. Nucleus Software Australia Pty Limited Nucleus Software South Africa (Pty) Ltd. 	<ul style="list-style-type: none"> Nucleus Software Limited Virstra i-Technology Services Ltd. Nucleus Software Japan Kabushiki Kaisha Nucleus Software Netherlands B.V. 	-.
Inter-se relations between the Board members/ relationship with other Directors, Manager and other Key Managerial Personnel of the company.	Dr. Ritika Dusad (Daughter)	Nil	Nil
Number of Meetings of the Board attended during the Year	6	7	2
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders / Investor Grievance Committee	<ul style="list-style-type: none"> Nucleus Software Ltd. 	Nil	Nil
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:	NA	NA	NA



Nucleus Software recognized as one of the five most significant mobile banking solution vendors

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log in to our systems
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10 time winner World's
best-selling lending
solution

3 decades of expertise in
banking and financial
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