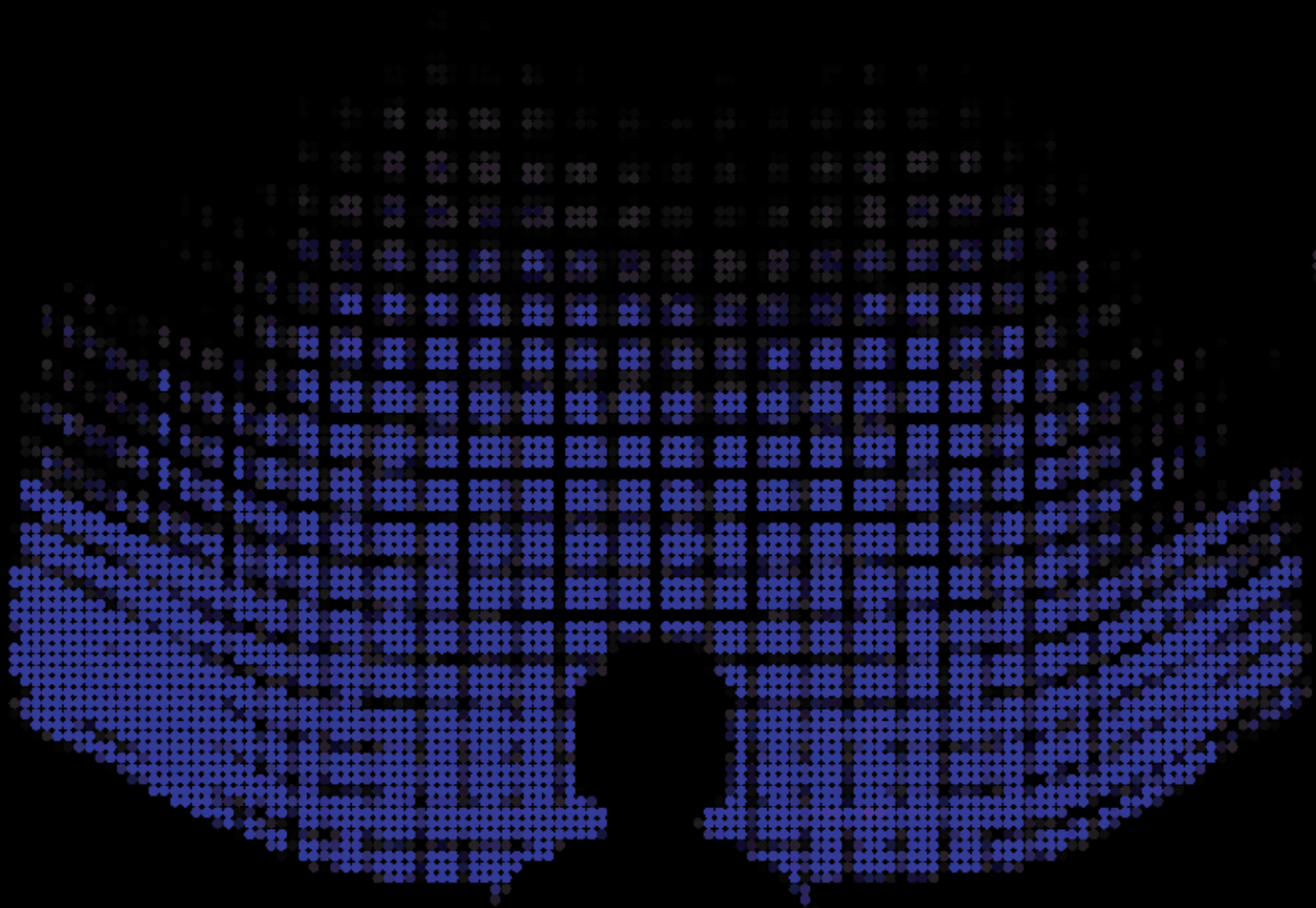


Riding the wave of
DIGITISATION

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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.

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

Chairman's Message

Dear Shareholders.

As the world completes a year of dealing with the pandemic, the innovative spirit of humanity shines forth as the guiding light through the tunnel. From crowdsourcing to fill supply chain gaps in our infrastructure to the rapid adoption of digital payments, the citizens of the world have shown their resilience to the disease that threatened to cripple our economies as well. Nucleus sits at the cusp of this new digitization wave that sweeps through the world. Not only do Nucleites utilize decades of specialization in the Banking Financial Services & Insurance sector, their passion for innovation pushes our products through previously unimaginable frontiers which now seem to have reached our doorsteps.

The two flagship products of this company- FinnOne Neo™ and FinnAxia™ are beacons of deep domain expertise and cutting-edge architecture and design. These products have been helping our customers across the globe to speedily reap benefits of digitization and in turn provide greater value to the end consumers. On the other hand, our Services division continues to innovate by working on technologies like robotic process automation, data analytics to assist customers to stay ahead of their competition.

While social distancing is one of the most essential steps for prevention of the spread of COVID, preserving the feeling of community while working from distant offices throughout the year becomes challenging. Nucleites left no stones unturned in their efforts to keep the customers satisfied while supporting each other. Nucleites celebrated Founder's Day across 5 time-zones in July 2020 and then conducted our annual tech conference – NucTech discussing topics ranging from responsible AI, blockchain to gene editing in Jan 2021. During the past year, they also came together to provide help for those Nucleites who were afflicted by the pandemic through a task force. The company continued to support its CSR initiatives in different parts of the country, with a greater focus on providing relief to those whose livelihoods or education was affected by the pandemic.

This period of work from home has brought in a fresh perspective that we can continue providing great value to our customers and beyond with the same vigor while working from different corners of the globe. As the new year fiscal year begins, this perspective provides us with great strength to knock on opportunities that have been untapped.

Stay safe and healthy.

S.M. Acharya

CHAIRMAN
JUNE 3, 2021



CEO's Message

Dear Shareholders.

Nucleus has been investing in R&D for its products and services for the past several years. As the world catches on to the digitization wave, our products are ripe for adding increased value to our customers' businesses.

The power of Nucleus's products and the agility of the teams was evident when governments across the globe announced the Moratorium last year. As various IT companies were still trying to grapple with work from home (WFH) rules, Nucleites had been fully enabled to continue business as usual and support their customers before the lockdown was announced. Due to this preparedness, when the moratorium was announced by different central banks, Nucleus's product support teams started work on this issue immediately. Over 60 Million loans of 55+ financial institutions had been supported through our lending platforms during the Moratorium periods.

Through the year we have added numerous accolades to our bag. Our transaction banking solution FinnAxia™ was awarded the "Best Technological Innovation in Payments (B2B)" award at the Seamless Middle East 2020 conference in Dubai. Through this award, the revolutionary AI engine FarEdge™ that is a part of FinnAxia™ was recognized for helping corporate treasurers detect and act on fraudulent and duplicate payment instructions before they are executed by the bank. With the high configurability and robustness of our lending product FinnOne Neo™, Nucleus was able to enter a new business line, that of insurance. Our Services division has received much praise from Middle East customers and have been engaged for a multi-year digital transformation program of a European bank. In expansion of the corporate lending business, Nucleus has picked up five orders this fiscal year. PaySe™ was selected and has very successfully fulfilled the test criteria for Regulatory Sandbox on the theme of Retail Payments initiated by RBI.

During the year, our revenue was ₹ 513.53 crore and EBITDA was ₹ 128.12 crore. Consolidated net profit after tax (PAT) stood at ₹ 117.95 crore, and Earnings per share (EPS) for the year was at ₹ 40.62.

In trying times, it is holding on to the strong anchors of principles and operational excellence that helps a boat sail through. The pandemic and WFH culture have allowed us to renew our focus on fundamentals. This year, we shall be directing our efforts to ensure our customers continue to experience the same and better levels of quality of products and services as they have come to expect from Nucleus.

Parag Bhise

CHIEF EXECUTIVE OFFICER

JUNE 3, 2021



OUR OFFERINGS

FinnOne Neo™

The FinnOne Neo™ suite is an end-to-end solution for Lending Businesses. The Customer Acquisition System (CAS) module covers the entire customer on-boarding process, with a multi-channel front end and a solid credit process backend. The Loan Management System (LMS) module takes care of the entire servicing life cycle of a loan including accounting, repayments, special transaction, Non-performing Asset Management, self-service through channels etc. The Collections module takes over in managing defaulters or possible defaulters. The Sales Assist is a specialized loan sourcing channel for sales staff. The Collateral Management system takes care of the complete collateral life cycle management. The Finance Against Securities module handles specialized financial products like Advances against Securities. All of the above are served by the Lending Analytics module with Customer targeting, Credit Scoring, Collection Strategy models.

In its half-yearly releases, 5.0 and 5.5 of FinnOne Neo™, Nucleus has come out with offerings that facilitate ease of digitization for both Financial Institutions and the general populace. Offerings cover a wide spectrum including Buy Now Pay Later, Finance Against Securities and video KYC in CAS, and Offline KYC, OCR of KYC in mCAS and Loan Servicing through wearable device, PayUonline payment in mServe. In the increasingly digitised world, integrability and compatibility of a software solution with other software providers becomes more and more important. Nucleus's FinnOne Neo™ has been a leader on this front and this year it can boast of carrying a large number of APIs: 421 in its API stack.

Not only is Nucleus forward thinking in terms of anticipating the market requirements, it has been instrumental in shaping the market by making FinnOne Neo™ available on the Cloud. This line of business of Nucleus now stands 50+ customers tall.

FINNONE NEO™ PRODUCT SUITE

OUR OFFERINGS

FinnAxia™

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.

FinnAxia™ 7.5 helps banks improve the stability of corporate supply chains and reduce disruptions in these uncertain times. With FinnAxia™ 8.0, banks can equip their clients with the necessary information regarding cash positions and risk exposures, along with supporting analyses to make more informed, rapid decisions.

The release introduces an AI-powered chatbot which allows the corporate to view a full range of payable and receivable invoice immediately on enquiry. The list of invoices is prioritized according to the corporate's collection strategy and leveraging intelligence based on past records.

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**

OUR OFFERINGS

Services

The Services division of Nucleus Software plays a crucial role in digital transformation of organizations by delivering seamless customer experiences, operational efficiencies and actionable insights. This division leverages a broad spectrum of disruptive technologies like Next Generation Application Development, Application modernization, Data Engineering & Analytics, Robotic Process Automation (RPA), Infra Services and more. The Services wing of Nucleus has operations in India, South Asia, Japan, Middle East and Europe.

Nucleus Services recently implemented RPA for one of the government ministries in Abu Dhabi and for one of the regional banks of Europe. This business implemented DevOps and Cloud for one of the top banks in Middle East and is also doing a multi-year digital transformation of a legacy Mainframe platform for one of the regional European Banks.

Data Engineering
and Analytics



Next Gen Application
Development



Application
Modernization



Robotic Process
Automation



Infra Services

Corporate Social Responsibility





46 students benefitted from scholarships sponsored by Nucleus Software Foundation



439 students benefitted from Mathematics teaching programs enabled remotely.



571 students benefitted from English teaching programs enabled remotely



Vocational training in tailoring provided to **60 women** in village of Tamil Nadu.

Board of Directors



Mr. S.M. Acharya

Chairman & Non-Executive,
Independent Director



Mr. Vishnu R. Dusad

Managing Director



Mr. Prithvi Haldea

Non-Executive,
Independent Director



Mr. Parag Bhise

Chief Executive Officer &
Executive Director



Prof. Trilochan Sastry

Non-Executive,
Independent Director



Mr. Ravi Pratap Singh

Executive Director



Dr. Ritika Dusad

Executive Director &
Chief Innovation Officer



Mrs. Elaine Mathias

Non-Executive,
Independent Director



**Ms. Yasmin Javeri
Krishan**

Non-Executive,
Independent Director



Mr. Anurag Mantri

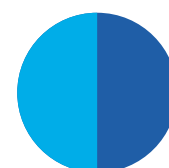
Executive Director &
Chief Financial Officer

BOARD COMMITTEES

(C) Chairperson
(M) Member

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

BOARD INDEPENDENCE %

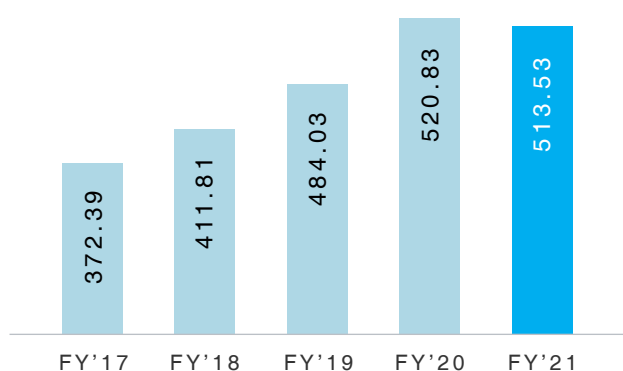


50% Independent
50% Non-Independent

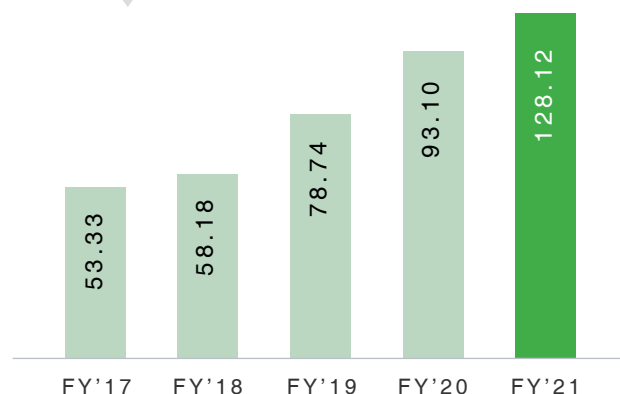
Mr. Janki Ballabh Khandelwal, ex-chairman SBI, ex-chairman Nucleus Software is a mentor of the Culture Committee.

Performance at a Glance

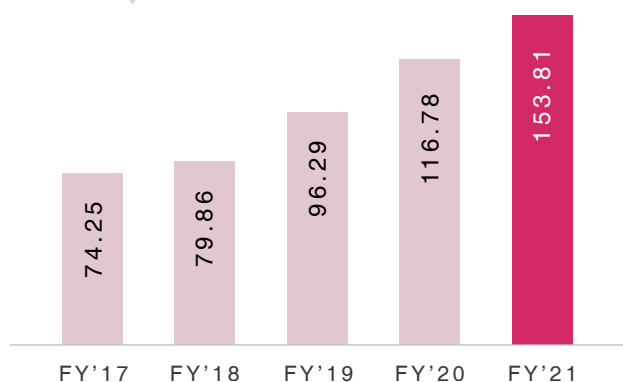
Revenue (in ₹ crore)



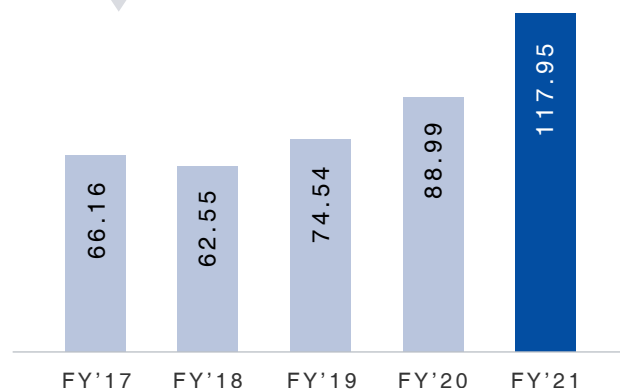
Operating Profit (EBITDA) (in ₹ crore)



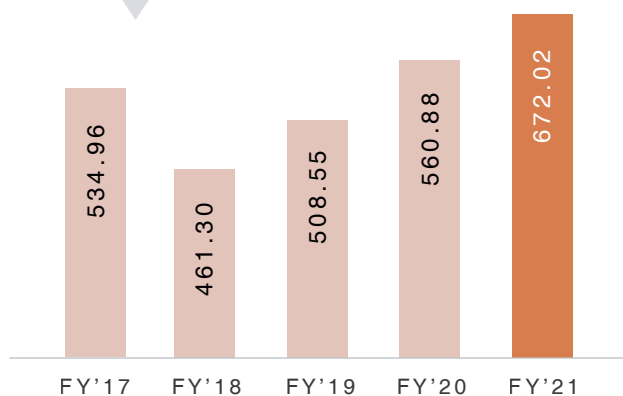
Profit Before Tax (PBT) (in ₹ crore)



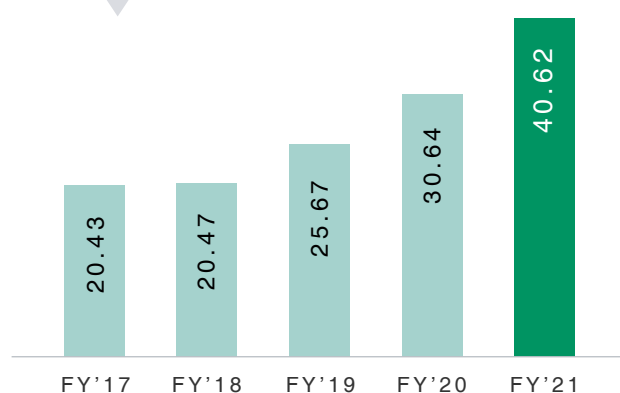
Profit After Tax (PAT) (in ₹ crore)



Net Worth (in ₹ crore)



Earning Per Share (in ₹ per share)



Years at a Glance

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

Consolidated Performance

For the Year Ended March 31,	2021	2020	2019	2018	2017
Revenue from Operations	513.53	520.83	484.03	411.81	372.39
Operating Profit (EBITDA)	128.12	93.10	78.74	58.18	53.33
Depreciation	13.87	13.55	9.93	7.04	11.22
Other Income (inclusive of foreign exchange gain/loss)	39.56	37.23	27.48	28.72	32.14
Tax expense	35.86	27.79	21.75	17.31	8.09
Profit After Tax (PAT)	117.95	88.99	74.54	62.55	66.16
EBITDA as a % of Revenue from Operations	24.95	17.88	16.27	14.13	14.32
PAT as a % of Revenue from Operations	22.97	17.09	15.40	15.19	17.77
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	24.95	21.84	19.86	16.03	14.87
Return on Average Networkth (%)	19.13	16.64	15.37	12.56	13.25
As at March 31,	2021	2020	2019	2018	2017
Share Capital	29.04	29.04	29.04	29.04	32.39
Reserves and Surplus	642.98	531.84	479.51	432.26	502.57
Net Worth	672.02	560.88	508.55	461.30	534.96
Property, Plant and equipment and Other intangible assets	24.97	31.01	46.53	45.17	45.11
Cash & Cash Equivalents including Current Investments	502.82	332.18	259.00	214.97	300.36
Working Capital	417.03	256.57	190.73	140.25	256.34
No. of Shares (Face Value of ₹ 10.00)	29,040,724	29,040,724	29,040,724	29,040,724	32,383,724
Market Capitalisation	1,397.29	521.72	987.09	1,164.10	797.29
No. of Shareholders	28,170	16,236	14,856	14,856	18,951
Per Share data					
Earning Per Share (in ₹)	40.62	30.64	25.67	20.47	20.43
Dividend Per Share (in ₹)	9.00	—	9.00	8.00	5.00
Book Value Per Share (In ₹)	231.41	193.14	175.12	158.85	165.19

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, 2021 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,	2021	2020	2019	2018	2017
Revenue from Operations	69,593	73,751	70,015	63,424	55,135
Operating Profit (EBITDA)	17,363	13,183	11,390	8,960	7,896
Depreciation	1,880	1,919	1,436	1,084	1,661
Other Income (inclusive of foreign exchange gain/loss)	5,361	5,272	3,975	4,423	4,759
Tax Expense	4,860	3,935	3,146	2,666	1,198
Profit After Tax (PAT)	15,985	12,601	10,782	9,633	9,795
EBITDA as a % of Revenue from Operations	24.95	17.88	16.27	14.13	14.32
PAT as a % of Revenue from Operations	22.97	17.09	15.40	15.19	17.77
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	24.95	21.84	19.86	16.03	14.87
Return on Average Network (%)	19.13	16.64	15.37	12.56	13.25
US\$ Exchange Rate (In ₹)*	73.79	70.62	69.13	64.93	67.54
As at March 31,	2021	2020	2019	2018	2017
Share Capital	3,972	3,838	4,199	4,456	4,995
Reserves and Surplus	87,947	70,284	69,333	66,318	77,498
Net Worth	91,919	74,122	73,532	70,774	82,492
Property, Plant and equipment and Other intangible assets	3,415	4,098	6,728	6,930	6,957
Cash Equivalents & Current Investments	68,776	43,899	37,450	32,981	46,316
Working Capital	57,041	33,906	27,578	21,518	39,528
No. of Shares (Face Value of ₹10.00)	29,040,724	29,040,724	29,040,724	29,040,724	32,383,724
Market Capitalisation	191,122	68,947	142,726	178,597	122,943
US\$ Exchange Rate (In ₹)#	73.11	75.67	69.16	65.18	64.85
Ratios - per share					
Earning Per Share	0.58	0.43	0.37	0.32	0.30
Dividend Per Share	0.13	-	0.13	0.12	0.07
Book Value Per Share	3.14	2.73	2.53	2.44	2.55

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 Second Annual Report, together with the Audited Statement of Accounts, for the year ended March 31, 2021.

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 seven 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.

During the year the Company received the order from National Company Law Tribunal (NCLT) of New Delhi, for approval of the Scheme of Amalgamation (referred to as "the Scheme") of its wholly owned subsidiaries namely Virstra –I Technology Services Limited and Avon Mobility Solutions Private Limited with Nucleus Software Exports Limited (the Company).

Upon coming into effect of the Scheme, the business undertakings of Virstra and Avon have been transferred to and vested in the Company w.e.f. 1st April 2019 which is the appointed date and the financial results have been prepared accordingly giving effect to the Scheme. Accordingly, the comparative results have been restated for all periods presented as per guidance under Appendix C of Ind AS 103 "Business Combinations".

a) Consolidated Operations

Revenue from consolidated operations for the year was ₹ 513.53 crore, as compared to ₹ 520.83 crore in the previous year, a nominal decrease of 1%, despite the COVID pandemic. The Company continued its focus on strategic initiatives for new products, focused sales and the market development to help drive transformation. The overall Operational Expense for the year was ₹ 385.41 crore, against ₹ 427.73 crore in the previous year. The Operating Profit (EBITDA) was significantly higher at ₹ 128.12 crore, 25% of revenue, against ₹ 93.10 crore, 18% of revenue in the previous year. Profit after Tax for the year was also higher at ₹ 117.95 crore, 23% of revenue, against ₹ 88.99 crore, and 17% of revenue in the previous year.

Consolidated financial results are as below:

(₹ In crore)

For the Year Ended March 31,	2021	% of Revenue	2020	% of Revenue	Growth (%)
Revenue from Operations	513.53	100	520.83	100	(1.40)
Expenses					
a) Employee benefit expense	330.55	64.37	322.29	61.88	2.57
b) Operating and other expenses	53.64	10.45	104.32	20.03	(48.58)
c) Finance costs (Bank charges)	1.22	0.24	1.12	0.21	8.75
Total Expenses	385.41	75.05	427.73	82.12	(9.89)
Operating Profit (EBITDA)	128.12	24.95	93.10	17.88	37.26
Depreciation	13.87	2.70	13.55	2.60	2.32
Operating Profit after Interest and Depreciation	114.25	22.25	79.55	15.27	43.62
Other Income	39.56	7.70	37.23	7.15	6.24
Profit Before Tax	153.81	29.95	116.78	22.42	31.70
Taxation	35.86	6.98	27.79	5.34	29.04
Profit After Tax	117.95	22.97	88.99	17.09	32.54
Other Comprehensive Income	1.90	0.37	(7.47)	(1.43)	(125.43)
Total Comprehensive Income for the period	119.85	23.34	81.52	15.65	47.00

b) Standalone Operations

Revenue from the standalone operations for the year was ₹ 454.36 crore against ₹ 444.20 crore in the previous year, an increase of 2%. Total Operational Expense for the year was ₹ 333.04 crore against ₹ 367.67 crore in the previous year, a decrease of 9%. Operating Profit (EBITDA) for the year was at ₹ 121.32 crore, 26% of revenue, against ₹ 76.53 crore, 17% of revenue, in the previous year. Profit after Tax for the year was at ₹ 112.04 crore, 25% of revenue, against ₹ 102.22 crore, 23% of revenue in the previous year.

Directors' Report

Standalone financial results are as below:

(₹ In crore)

For the Year Ended March 31,	2021	% of Revenue	2020	% of Revenue	Growth %
Revenue from Operations	454.36	100	444.20	100	2.29
Expenses					
a) Employee benefit expense	277.47	61.07	266.74	60.05	4.02
b) Operating and other expenses	54.80	12.06	100.18	22.55	(45.29)
c) Finance costs (Bank charges)	0.77	0.17	0.75	0.17	1.95
Total Expenses	333.04	73.30	367.67	82.77	(9.42)
Operating Profit (EBITDA)	121.32	26.70	76.53	17.23	58.51
Depreciation	11.43	2.52	11.23	2.53	1.73
Operating Profit after Interest and Depreciation	109.89	24.19	65.30	14.70	68.28
Other Income	36.63	8.06	63.75	14.35	(42.54)
Profit Before Tax	146.52	32.25	129.05	29.05	13.54
Taxation	34.48	7.59	26.83	6.04	28.50
Profit After Tax	112.04	24.66	102.22	23.01	9.61
Other Comprehensive Income	1.75	0.39	(8.49)	(1.91)	(120.65)
Total Comprehensive Income for the period	113.79	25.04	93.73	21.10	21.40

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

The COVID-19 pandemic has taken a significant toll on humanity worldwide for over a year now. The unexpected second wave hit India in April 2021. Significant number of Nucleites were also affected in the second wave, including demise of some of our young colleagues despite significant efforts to save them.

Early last year, your Company had quickly risen to the challenge and had set up a COVID-19 Task Force in February 2020. The goal of the Task Force was to "Ensure Safety of Nucleites and Ensure 100% Business Continuity". Many initiatives have been taken up by the team, showcasing an excellent display of empowerment by the management. The team continued to work tirelessly through 2020-21 as well to meet its goals.

This Task Force has spread awareness about the early detection, early action and extensive tracking for the safety of Nucleites and their families. The other initiatives taken are :

- A COVID Resource Center was set up that was a ready reckoner knowledge center. The COVID Resource Center has list of doctors, Do's and Don'ts, Training videos, Early detection and monitoring guidelines, Work from home guidelines, Presentations and monitoring tracker.
- The Task Force worked with several doctors extensively to get the necessary guidance for creation of training material on the prevention and management of the disease. Some

of the leading doctors also came forward for an exclusive session for Nucleites. A few doctors also helped in treating the affected Nucleites on an honorary basis. We would like to extend our thanks and gratitude to the medical fraternity and health care workers.

- At the peak of the wave, as the Task Force needed more help, several small teams from different business verticals came forward to provide help.
- The Task Force teams worked for Nucleites and their family members to provide help, arrange medicines, emergency facilities that were in dire shortage and other issues which needed immediate attention.
- An additional COVID insurance scheme was also put in place to ascertain the coverage of our employees, who opted for it.

To keep up the true Nucleus spirit, Nucleus Day (Nuc-Day), New Year and other celebrations were conducted virtually, with Nucleites from all locations participating enthusiastically. Contests were organized for Nucleites and their families to ensure their engagement. "Work from Home Allowance" was also given to facilitate employees to set up home offices.

The social and economic challenges posed by COVID-19 have strengthened our resolve to safeguard our employees and their families. The COVID challenge is not over yet; there are uncertainties about the onset of the third wave and the age group it is going to hit the most. Vaccination is the best tool available to help us overcome the challenge. The Task Force is also now working on finding ways to get the employees vaccinated at all locations.

Directors' Report

3. TRANSFER TO RESERVES

In order to augment resources, your Directors do not propose to transfer any amount to reserves. Appropriation to retained earnings for the financial year ended March 31, 2021 as per financial statements are as under:

(₹ in crore)

Retained Earnings	Closing Balance as on March 31, 2021
Opening balance	498.92
Profit for the period	112.04
Dividend Paid	(8.71)
Remeasurement of the defined benefit plans, net	(1.47)
Closing balance	600.78

4. SHARE CAPITAL

Issued and Paid-up Share Capital

The Paid-Up Share Capital of the Company, as on March 31, 2021, is 29,040,724 equity shares of ₹ 10 each, similar to the paid-up share capital as on March 31, 2020.

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, 2021. 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 equivalents along with other bank balances including current investments at a consolidated level of ₹ 502.82 crore, constitute 75% of the shareholders' funds at the year end, against ₹ 332.19 crore, 59% of the shareholders' funds at the close of the previous year.

7. DIVIDEND

During FY 2020-21, based on the performance of the Company, the Board of Directors on July 30, 2020 declared an interim dividend of ₹ 3/- per share (on equity share of par value of ₹ 10 each).

The Board of Directors at their meeting held on June 3, 2021 has recommended a Final Dividend for its shareholders. The Proposed Dividend is 60% (₹ 6 per equity share of ₹ 10 each), taking the total dividend to ₹ 9 per equity share for FY 2020-21. The Proposed Final Dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting. If approved, the total dividend pay-out for FY 2020-21 will be ₹ 26.13 crore.

The Register of Members and Share Transfer Register shall remain closed during the period July 17, 2021 to July 23, 2021 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend. The Dividend, if approved at the Annual General Meeting, will be payable to such members whose names appear on the Register of Members of the Company and as beneficial owners in the records of National Securities Depositories Ltd. and Central Depository Services (India) Ltd., at close of business hours as on July 16, 2021.

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>.

Directors' Report

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 2021 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

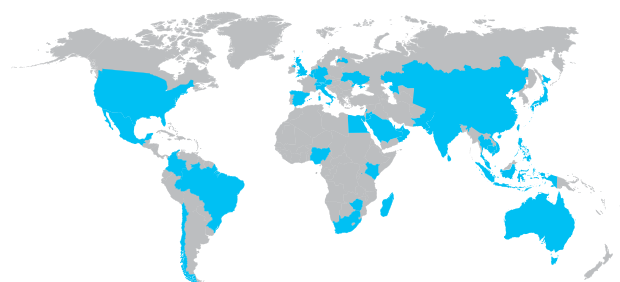
As per requirements of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosures) Regulations 2015, the Management's Discussion and Analysis of the financial condition and results of both standalone and consolidated operations have been provided separately in the Annual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

15. REVIEW OF BUSINESS & OUTLOOK

While almost everything changed in 2020, one that stayed the same was the importance of technology to business success. In fact, that importance grew as organizations had to quickly restructure their operations in order to support a remote workforce and improve flexibility and resiliency. The current economic climate and volatility, resulting from the COVID-19 pandemic, in Customer operations has accelerated their adoption of digital technologies – to enhance organizational resilience, get competitive advantage and optimize cost structures. Heading into 2021, there is no well-defined blueprint for the ongoing rebuilding effort, but it is certain that technology will continue to play a pivotal role.

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. During the year, your Company had growth across all geographies, driven by the market leading value proposition which is resonating with financial institutions around the globe. Your Company added 12 new customers, won 33 product orders across APAC, India, Africa and The Middle East and also implemented 67 product modules successfully. The transaction banking solution – FinnAxia – continued to gain solid traction in the International markets. With more of our customers embarking on a digital journey, the quality of discussions plus our deal pipeline, your Company remains confident in our ability to deliver long term value to all our customers. Continuing the relentless focus on customer success, your Company launched a range of innovative solutions during the year.

Nucleus Software- Worldwide Presence



The next decade will continue to witness growth in technology spend – primarily driven by the rise of technology natives and digital reinventors, new tech-enabled business models like ecosystems, direct-to stakeholder channels and a rise in demand for Digital 2.0 accelerated by the industrialization of Cloud, AI and cybersecurity.

16. NEW PRODUCT LAUNCHES

During the year, your Company continued to enhance the 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 5.0 in May 2020 and FinnOne Neo 5.5 in November 2020. These releases now also support Finance Against Securities(FAS), Finance Lease, Operating Lease and Buy-Now Pay-Later.

We also launched Sales Assist specialized loan sourcing channel for sales staff and collateral management system for complete collateral life cycle management. This application empowers the sales staff for better management and tracking of loan application. Collateral Management system provides 360° view of collateral pledged with financial institutions.

As a part of the ongoing development program this year, we also launched the latest versions of our Transaction Banking solution FinnAxia 7.5 and FinnAxia 8.0 which enabled corporates to make informed decisions on supplier payments through real-time visibility and access to cash and liquidity. Supporting the increasing need for real-time operations, FinnAxia 7.5 enabled banks to create "On Behalf of" structures such as POBO (Payment On Behalf of) and ROBO (Receivable On Behalf of), for their customers conceivably bringing down complex banking structures that encompass thousands of accounts across hundreds of banks, involving a wide range of currencies, into just a single physical account in a single bank. The centralized control over the outgoing payments ensures faster reconciliation and provides an enhanced view of cash positions hence eliminating trapped liquidity.

FinnAxia 7.5 & FinnAxia 8.0 leveraged AI engine of the solution to enable quicker on-boarding of corporates by reducing KYC compliance cycle times. The new release also focussed on compliance to regulatory guidelines as mandated by the Reserve Bank of India when it came to 24*7 processing of inter-bank payment transactions.

Directors' Report

During the year, PaySe™ digital transformation solution was enhanced to support offline to online mode with its QR code based implementation for rural India. PaySe™ is the first product in India that has successfully completed the RBI Sandbox testing on retail payments. The objective of this Sandbox is to foster responsible innovation in financial services to benefit customers at the bottom of pyramid – which PaySe team is indeed proud to have fulfilled.

PaySe™ is getting a good amount of traction from various States in India as they have recognized the power of this action-oriented system and benefits it can provide, right from bringing in transparency and traceability of funds to digitization of all manual records, generation of financial reports like balance sheet, P&L statements on real time basis and instant tracking of NPAs along with generation of maximum livelihood for the rural members of their respective state.

17. NOTABLE ACCOLADES RECEIVED DURING THE YEAR

- Nucleus Software was awarded the “Best Technological

Innovation in Payments (B2B)” award at the Seamless Middle East 2020 conference in Dubai.

- Nucleus Software received first position at the “Corporate Governance and Sustainability Vision Awards 2021”, held by Indian Chamber of Commerce.
- Nucleus Software received an award for the Annual Report (for FY 19-20) from League of American Communication Professionals (LACP). We also won the Platinum Award for excellence within the Industry for FY 2019-20 - Technology-Software and the Technical Achievement Award for overall excellence in the art and method of Annual Report communications for the past fiscal year (This is the first time we got this Award. Last year, we had won the Silver Award for Best In-House Report).

18. SUBSIDIARY COMPANIES

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

The following table provides a list of all these subsidiaries as on March 31, 2021:

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%
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%

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

d) 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.

e) Nucleus Software Ltd.

Nucleus Software Ltd. (NSL) has operations in Jaipur with registered office in New Delhi. It was incorporated in 2008

Directors' Report

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.

f) 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.

g) 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.

19. MERGER OF WHOLLY OWNED SUBSIDIARIES

In FY 2018-19, the Board of Directors of your Company had 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. (the Company).

The National Company Law Tribunal (NCLT) of New Delhi vide its Order dated 18th March 2020 approved the Scheme of Amalgamation (referred to as "the Scheme"), the certified copy of which was received by the Company in the quarter ended 30 June 2020. Consequent to the above Order and subsequent filing of the said certified copy with the Registrar of Companies NCT of Delhi, the Scheme has become effective from 1st July, 2020.

Upon coming into effect of the Scheme, the business undertakings of Virstra I Technology Services Ltd. and Avon Mobility Solutions Pvt. Ltd., have been transferred to and vested in the Company w.e.f 1 April 2019 which was the appointed date in the Scheme.

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, 2021 is detailed below:

Office Location	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	39	1
	Sydney, Australia	130	2
	New Jersey, USA	146	4
	Total	267,089	2,352

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. Nucleus Quality Management System (NQMS) continues to enable outstanding value and experience to its external and internal customers. One of the key focus for this year was to enhance the quality management processes to adapt to 'Work From Home' during COVID-19 pandemic and coach / enable Business Groups for the enhanced Quality Management Processes. The Company has also driven Process improvement initiatives around Kaizen and Continuous Process Optimization.

Quality Processes and Frameworks were further aligned with various knowledge areas as per the PMBoK and being institutionalized across. To improve the measurement of the Quality further Integrated Defect Management System was enriched and various analytical dashboards were introduced. Special focus was brought in, on improving delivery quality and enhance customer satisfaction further, through enhanced quality.

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 facilitations, trainings, audits and reviews.

22. BRAND 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.

Industry Interactions

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,

Directors' Report

our teams demonstrate our expertise and product offerings at industry events, roundtables and briefings. We showcased our capabilities virtually in many parts of the world including Australia, India, Indonesia, Nigeria, Singapore, the Philippines, the USA and the United Kingdom. These include:

- Organized a webinar on 'Taking Lending Closer to Customers with Digital Loan Origination', demonstrated insights on how FinnOne Neo can help lenders digitally transform their loan origination processes across channels, dramatically reduce processing times and cut down the cost of acquisition while minimizing errors and eliminating risks with real time data validation.
- Hosted a web session on 'Reimagining Loan Collections for the post COVID World' where our experts shared strategies to ramp up collections efforts, innovative use cases of analytics-based technology in collections and focusing on automating processes to drive efficiencies with FinnOne Neo.
- Presented a webinar on 'Harnessing the Power of APIs in the Lending Ecosystem', shared insights on how lenders can unlock the power of APIs, offer Hyper-connected digital experiences and plug seamlessly into the fast-evolving lending ecosystem with FinnOne Neo Capitalizing on the 'Buy Now Pay Later' digital loans opportunity.
- Participated in the 'Australian Mortgage Innovation Summit 2021'. In this virtual summit our experts shared thoughts on how mortgage lending is evolving in an increasingly virtual world and how FinnOne Neo can help lenders build personalized relationships, make informed credit decisions and minimize credit risk.
- Organized a webinar on 'Benefiting from the Gold Loans Opportunity' where our experts shared insights on how gold loan lenders can profit from digitization in gold loans with FinnOne Neo.
- Organized a Virtual Roundtable on 'Increasing Supply Chain Resilience in a COVID- 19 World with Digital Transaction Banking', the interactive virtual roundtable focused on how banks can leverage technology to reduce disruptions in their corporate customers' supply chain.
- Demonstrated expertise on how lending is evolving in an increasingly virtual world and how technology can help banks and other financial services companies build personalized relationships, make informed credit decisions and use AI in collections at the Australian Banking Innovation Summit 2020 (ABIS).
- Hosted webinars for financial services industry leaders in India, the Middle East, Australia and SEA to share insights on the future of lending an increasingly virtualized world and how lenders can React, Adapt and Lead in the evolving situation.
- Hosted a webinar on how corporate banks can leverage technology to not just REACT to the immediate customers' concerns around remote banking and liquidity but also ADAPT to a changing world where global supply chains

become more local and LEAD in a post-COVID era by enabling hyper-fast and hyper-personalized banking.

- Organized a virtual roundtable in association with Dun & Bradstreet for leaders from banks and NBFCs in India on 'Re-tooling Corporate and SME Lending for the Post COVID World'.
- Hosted an exclusive webinar where we explore how digitization can help corporate banks in enabling customers to bank in real-time, maintain stable supply chains and become future-ready.
- Organized an exclusive webinar series on the theme "Tech in a virtual world" where our experts discussed the evolution of open source databases and the emerging cyber security threats in today's hyper agile world.
- Presented views at the Forbes India CXO Speak on 'Disrupting Work in the New Normal virtual conversation.

Though physical events are an important way for us to showcase how we help banks and other financial institutions, these are not the only way we can 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 workgroup by fostering an engaging work environment, to constantly build the unique capabilities and skills of the people. The global employee strength of the Company, at the end of FY 2021, was 1,932.

During the year, we have sustained and monitored 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 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. Closure of actions of last year Trust Survey
 - d. Sustenance of BUHR (Business Unit – HR SPOC) group connect
 - e. COVID task force – collaborative initiative major contribution from Business in initiating this
2. Employee Assist – Conceptualize & execute suitable interventions to keep associates motivated with a key objective of "Enhancing Employee Experience"
 - a. Launch of Skillsoft's e-learning modules organization wide, as a platform to improve technology skills and soft skills

Directors' Report

- b. Redesigned Manager's meet to help them to overcome the bottlenecks of people related issues/concerns

- c. 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. LEAD is a 3- day leadership development program for employees in the role of a second level leader. The program is specifically for managers.

YLP is a leadership development journey for employees in the role of a first-time leader. The transition from an Individual contributor to a team leader is one of the most significant transitions in one's professional journey. To be effective managers one must shift from "doing work" to "getting work done through and with others".

- 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. Learning courses were increased from 100 to 10000+ assets.
- **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 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/on-line programs

- iv. External Certification and Programme

- v. Kaizan -Nano sessions- Nano sessions are short duration 3 hours' sessions around professional development areas

- vi. 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.

- vii. MIT online design thinking and system architecture programs.

- viii. 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.

Your Company has established and maintained a strong ethical environment, overseen by a committed and 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" forms part of the Annual Report.

Your Company is complying with all mandatory requirements of Corporate Governance as stipulated as per Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015. The 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 2021 does not contain any qualifications, reservations or adverse remark.

25. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Mr. S. M. Acharya, Mr. Prithvi Haldea, Prof. Trilochan Sastry, Mrs. Elaine Mathias and Ms. Yasmin Javeri Krishan 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.

Directors' Report

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.

Mr. S. M. Acharya was appointed as Independent Director of the Company to hold office for five consecutive years for a term up to March 19, 2021, not liable to retire by rotation. The Board of Directors vide resolution passed by circulation on March 17, 2021 at the recommendation of Nomination and Remuneration/Compensation Committee, approved reappointment of Mr. S. M. Acharya as an Independent Director for another term of five years, subject to approval of shareholders in the forthcoming Annual General meeting.

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.

Mr. Parag Bhise was appointed as Whole time Director w.e.f. July 31, 2020 for a period of 5 years. His present term expires on July 30, 2025.

During the year the Board of Directors, at the recommendation of Nomination and Remuneration/Compensation Committee, approved appointment of following new Board members :

- Ms. Yasmin Javeri Krishan as an Additional Independent Director for a term of five years, subject to approval of shareholders in the forthcoming Annual General meeting (in the Board meeting held on July 30, 2020).
- Dr. Ritika Dusad as an Additional Executive Director of the Company, subject to the approval of the Shareholders in the forthcoming Annual General Meeting (in the Board meeting held on August 7, 2020). Dr. Ritika Dusad has been a Non-Executive Director of the Company since 2016.
- Mr. Anurag Mantri, as an Additional Executive Director for a term of five years, subject to approval of shareholders in the forthcoming Annual General meeting (in the Board meeting held on December 4, 2020)

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. The Board of Directors at their meeting held on June 3, 2021 at the recommendation of Nomination and Remuneration/Compensation Committee, re-appointed Mr. Vishnu R Dusad, as Managing Director for a term of five years, subject to approval of shareholders in the forthcoming Annual General meeting.

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.

Mr. R P Singh stepped down as Chief Executive Officer (CEO) of the Company w.e.f. March 31, 2021 on reaching the age of superannuation. The Board of Directors on recommendation of Nomination and Remuneration/Compensation Committee,

at their meeting held on December 18, 2020 approved appointment of Mr. Parag Bhise, Whole Time Director as also the Chief Executive Officer (KMP) of the Company w.e.f. April 1, 2021.

The Board members on further considering the request of Mr. R P Singh to be of service to the Company and on recommendation of Nomination and Remuneration/Compensation Committee, re-designated Mr. R P Singh as Executive Director, on a revised compensation, assigning him new duties, responsibilities and functions w.e.f. April 1, 2021, for his remaining term as a Whole Time Director till July 25, 2024.

During the year, Mr. Ashish Nanda resigned as Chief Financial Officer of the Company w.e.f. June 23, 2020. The Board of Directors at their meeting held on December 11, 2020 have appointed Mr. Anurag Mantri (Additional Executive Director) as the Chief Financial Officer (Key Managerial Personnel) of the Company.

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr. Vishnu R. Dusad, Managing Director, Mr. Parag Bhise, CEO, Mr. Anurag Mantri, 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. R P Singh, Executive Director and Mr. Parag Bhise Executive Director, whose office is liable to retire, shall retire at the ensuing AGM and being eligible, these Directors seek reappointment. Based on performance evaluation and the recommendation of the Nomination and Remuneration/Compensation committee, the Board has recommended their reappointment.

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 performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017. The Chairman of the Committee also had interactions with each of the Directors and sought their feed-back and suggestions on the overall Board Effectiveness and Directors performance.

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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 formulate policies relating to the remuneration of Directors, Key Managerial Personnel and other senior employees of the Company.

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

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

The policy of the Company for "Policy for Constitution of Board" 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 11 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, 2021, 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.

The Composition of Board Committees as on March 31, 2021 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		✓		✓	✓
Mrs. Yasmin Javeri Krishan	✓			✓	
Mr. R P Singh			✓		✓
Dr. Ritika Dusad				✓	
Mr. Parag Bhise				✓	✓

Directors' Report

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 exceptional cases.

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 Board of Directors at their meeting held on June 3, 2021 at the recommendation of Audit Committee members approved re-appointment of M/s BSR & Associates, LLP, Chartered Accountants as statutory auditors of the Company for a term of one year i.e. from the conclusion of forthcoming Annual General meeting until the conclusion of Annual General Meeting of the Company to be held in Calendar year 2022.

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.

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 Company 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. Your Company believes that responsible investments in this regard will generate long term value for all the stakeholders.

In accordance with requirements of The Companies Act 2013, the Company has a Corporate Social Responsibility Committee comprising of a majority of Independent Directors and chaired by an Independent Director, Mrs. Yasmin Javeri Krishan. Prof. Trilochan Sastry, Mr. S. M. Acharya, Mr. Parag Bhise and Dr. Ritika Dusad are the other members.

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".

This year your Company's CSR arm took a multi-pronged approach to help society deal with the repercussions of pandemic hitting the world. In the first half of the year, as India entered into a strict and lengthy lockdown, millions of livelihoods were affected. The NSF team, in collaboration with our NGO partners facilitated ration distribution in Dehradun and provided very critical medical equipment to a local COVID hospital in Noida. They also made contributions to various charities associated with COVID-19 related assistance.

With the lockdown, education of school-going students was severely affected. The NSF team came up with various innovative ways to continue facilitating the education programs that had been ongoing in the previous years. Teachers associated with our partner NGOs were upskilled in digital modes of education. These teachers enabled activity-based learning by sharing videos on the subject of mathematics and 439 students benefitted from this program every week in the first half of the fiscal year. To check progress of the students in English programs, teachers used online quizzes and 571 students benefitted from these programs every week. Smartphones were also provided to the Dehradun and Noida scholars, who got admission to colleges, in order to encourage them and help them to attend college virtually.

Directors' Report

With livelihoods being hit, NSF also believed it imperative to continue facilitating vocational training in tailoring to women in Kayalarmedu, Arambakkam villages in Tamil Nadu with more vigor than earlier. A total of 60 women learned the required skills in tailoring and gain the self-confidence to provide additional income, or in some cases become the sole breadwinners of their households.

As the pandemic proceeded to disrupt daily lives of many including students, school leaders associated with NSF and partner organization exhibited great dedication to their students. These leaders started teaching students in outdoor locations near the homes of the students, with social distancing. To keep up the morale of the students and keep them engaged during the tough times, NSF organized painting competitions and dance competitions. Smart phones were provided to NSF School leaders to facilitate online education in Noida. NSF continued to support students in need, from different parts of the country and a total of 46 students benefitted from these scholarships.

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure G** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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	500,000
(b)	Pricing formula	100% of the Fair Market Price as on date of grant
(c)	Options granted during the year	—
(d)	Options vested as of March 31, 2021	—
(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, 2021	—

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

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) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part in **Annexure H** 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 and any Member interested in obtaining a copy of the same may write to the Company Secretary

42. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- the Directors had prepared the annual accounts on a going concern basis;
- 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
- 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 2020-21.

43. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is available on <http://www.nucleussoftware.com/investors>.

Directors' Report

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 I 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 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 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. BUSINESS RESPONSIBILITY REPORT

The Listing Regulations mandate the inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for the top 1,000 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report.

49. 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

Date: June 3, 2021
Place: Bangalore

Sd/
S. M. Acharya
Chairman

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 constitution of Board

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 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 2020-21 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: June 3, 2021

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 8 April 2021.
2. We have examined the compliance of conditions of Corporate Governance by Nucleus Software Exports Limited ('the Company') for the year ended 31 March 2021, 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 2021.
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 2021.
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/-

Girish Arora

Partner

Place: New Delhi
Date: June 3, 2021

Membership No.: 506777
ICAI UDIN: 21098652AAAAAT1374

Directors' Report

Annexure D

POLICY FOR CONSTITUTION OF BOARD

A: OBJECTIVE;

The objective of this policy is to achieve an optimal structure of the Board of Directors for Nucleus Software Exports Limited, to include varied expertise, diversity and independence to view issues without prejudice or bias.

B. DEFINITIONS;

- 1: "COMPANY" means Nucleus Software Exports Limited;
- 2: "DIRECTORS" means Directors of the Company;
- 3: "INDEPENDENT DIRECTOR" means a Director appointed in accordance with the requirements laid down by the Companies Act 2013 and the Rules and Regulations thereunder and the Regulations of the Listing Agreement and amendments thereto;
- 4 "The ACT" means the Companies Act, 2013 and Rules and Regulations thereunder, as amended from time to time;
- 5: "The BOARD" means the Board of Directors of the Company;
- 6: "The COMMITTEE" means the Nomination and Remuneration/Compensation Committee of the Company as constituted by the Board in accordance with the Act, Rules, Regulations and the obligations under the Listing Agreements; and
- 7: "The POLICY" means the Policy for the constitution of the Board of the Company.

C: RESPONSIBILITY FOR CONSTITUTION OF THE BOARD:

- 1: The Board is responsible for the constitution of the Board consisting of suitable candidates for making up the Board of Directors of the Company.
- 2: The Board shall be the appointing authority of a Director on the Board of the Company.

D: PROCEDURE FOR NOMINATION, SELECTION AND APPOINTMENT OF A DIRECTOR:

1: Board Initiation:

The Board shall continually assess its current and requisite strengths and decide on the desired composition of the Board in line with the Company's requirement. The Board shall inform the Committee whenever the Board needs to induct Director/s.

The Board may also request the Committee to propose candidates for induction on the Board.

2: Selection Process:

- i: The Committee shall receive a request for the appointment of a Director to the Board;
- ii: The Committee shall prepare profiles of the candidates furnished by the Board;
- iii: The Committee may seek external professional assistance to gather information on the proposed candidates, if deemed necessary;
- iv: The data and information on the candidates being considered shall be examined by the Committee to ascertain if they possess the attributes that the Board had envisaged;
- v: Screening of proposed candidates require the Committee to cover:
 1. Qualifications, experience and skills;
 2. Potential contribution the candidate can bring to the Board;
 3. The time the candidate can give for Board work;
 4. The extent of independence that can be exercised by the candidate being considered to act as an Independent Director; and
 5. The candidate conforms to the requirements of the Act, Rules, Regulations and obligations of the Listing Agreements.
- vi: The Committee may interview the candidate, if its deems fit;
- vii: The Committee, after evaluating the material it has gathered shall forward its recommendation to the Board;
- viii: Upon receipt of the recommendation of the Committee, the Board may accept the recommendation wholly or partly and where it is at a variance from the Committee's recommendation, it shall return the same to the Committee for reconsideration and accord reasons for the same;

E: APPOINTMENT OF A DIRECTOR;

1. A candidate recommended by the Committee and accepted by the Board shall be appointed as an Additional Director, subject to ratification by the shareholders. After such a ratification, the Additional Director shall be designated as a Director, Whole-Time or Independent, as the case may be.
2. Appointment of a candidate as an Additional Director shall be through a letter that shall set out the terms of appointment and the duties and functions expected to be carried out by a Director

F: TERM/TENURE OF A DIRECTOR:

- 1: Managing Director/Whole-Time Director/Chief Executive Officer

The Board shall appoint any person as a Managing Director, Chief Executive Officer 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 of five successive years and will be eligible for re-appointment on passing of a special resolution.

No Independent Director shall hold office for more than two consecutive terms. An Independent Director having completed two consecutive terms shall be eligible for consideration after the expiry of a period of three years provided the person has not been appointed or associated with the Company in any capacity directly or indirectly.

G: RETIREMENT:

- 1: Every Director shall retire upon attaining the age of 75 years.
- 2: A Director may retire from serving on the Board by giving a notice of three months.
- 3: The Board may at its discretion retire a Director, if such a Director has been convicted by a court of law, or has acted in a manner that is contrary to the interest of the Company after allowing the said Director to explain the action leading to considering retirement by the Board.

H: POLICY REVIEW:

The Committee shall review the working of this Policy annually and shall recommend modifications arising out of new legislation, introducing higher efficiencies or reasons to be recorded in writing.

For and on the behalf of Board of Directors

**Place : Bangalore
Date: June 3, 2021**

**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 3, 2021

Sd/-
S. M. Acharya
Chairman

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[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) The auditor adhered to best professional standards and practices as could be possible while carrying out audit during the lock-down conditions due to Covid-19. The Company made due efforts to make available the relevant records and documents which were verified through online means to conduct and complete the audit in the aforesaid lock-down conditions.

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, 2021 ("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, 2021 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 regarding the Act and dealing with client;
- (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; (SEBI Listing Regulations)

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

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India which has been generally complied with.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, to the extent applicable, as mentioned above except as mentioned above. The Company was generally regular in filing of e-forms with the Registrar of Companies. The Company has also generally complied with SEBI Listing Regulations.

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 The Hon'ble National Company Law Tribunal, New Delhi Bench vide its order dated 18th March, 2020 approved the Scheme of Amalgamation of Virstra –I Technology Services Limited and Avon Mobility Solutions Private Limited with the Company. As per directions of the Hon'ble NCLT and applicable provisions of the Companies Act, 2013, the Company, Avon and Virstra filed the requisite E-forms along with certified copy of the NCLT Order and the Scheme with the Registrar of Companies, NCT of Delhi on 30 June 2020, consequently the Scheme has become effective.

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

Sd/-
Devesh Kumar Vasisht
Partner
CP No.: 13700
M No.: F8488
UDIN: F008488C000414707

Place : New Delhi
Date : June 3, 2021

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

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.

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 oldage homes, daycare 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.

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”.

This year your Company’s CSR arm took a multi-pronged approach to help society to also deal with the repercussions of pandemic hitting the world. The detail of the initiatives taken and work done by Nucleus Software Foundation during the year is provided in Directors’ Report and in other sections of this Annual Report.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms Yasmin Javeri Krishan	Chairperson, Independent Director	1	1
2	Prof Trilochan Sastry	Independent Director	1	1
3	Mr. S. M. Acharya	Independent Director	1	1
4	Mr. Parag Bhise	CEO & Executive Director	1	1
5	Dr. Ritika Dusat	Additional Executive Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

CSR Policy: <https://www.nucleussoftware.com/investors>

CSR Projects: <https://www.nucleussoftware.com/investors>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The Company along with Nucleus Software Foundation has been conducting internal impact assessments to monitor and evaluate its strategic CSR programs

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	-	Nil	Nil

6. Average net profit of the Company as per section 135(5) : ₹ 82.66 crore

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 1.65 crore

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c) : ₹ 1.65 crore

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ in crore)	Amount Unspent (in crore)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in crore)	Date of transfer	Name of the Fund	Amount (₹ in crore)	Date of transfer
1.59	0.06*	-	NA	NA	NA

*Note: The unspent amount of ₹ 0.06 crore as on March 31, 2021 has been spent on approved CSR Projects in the month of April 2021.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project.		Project duration	Amount allocated for the project (in crore)	Amount spent in the current financial Year (in ₹ crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District.						Name	CSR Registration Number
1	Remedial Studies	2	Yes	UP	Noida	5	0.48	0.42	0.06	Yes	Nucleus Software foundation	Under process of registration
2	Education of underprivileged	2	Yes	UP	Ghaziabad	5	0.18	0.18	-	No	Sandeep on music and educational trust	Under process of registration
3	Remedial studies	2	No	Uttarakhand	Dehradun	5	0.09	0.09	-	No	Mountains children foundation	Under process of registration
4	Scholarships for underprivileged and kids of Martyrs	2	Yes	UP	Noida, Unnao, Moradabad Jalauan Kannauj	3	0.19	0.19		Yes	Nucleus Software foundation	Under process of registration
5	Women empowerment	2	No	Tamilnadu	Chennai	5	0.13	0.13		No	Sevai Karangal	Under process of registration
6	Education of underprivileged	2	No	Madhya pradesh	Sehore and Dewas	3	0.13	0.13		No	Parivaar	CSR0000052
Total							1.20	1.14				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in crore)	Mode of implementation Direct (Yes/No)	Mode of implementation –Through implementing agency	
				State	District			Name.	CSR registration number
1	Education of Underprivileged	1.14	No	Maharashtra	Ahmednagar	0.05	No	Snehalaya	Under process of registration
2	Education of Underprivileged	2	Yes	Delhi	West Delhi	0.05	No	Swami sivanand memorial institutie	CSR00000753
3	Education of Disabled	2	Yes	Delhi	South Delhi	0.05	No	Suniye	Under process of registration
4	Educational training	2	No	Madhya Pradesh	Bhopal	0.05	No	Eklavya Foundation	Under process of registration
5	Helping elderly home	2	Yes	Delhi	South Delhi	0.05	No	Healthy Aging india	Under process of registration
6	Assisting in disaster control	12	Yes	UP	Noida	0.20	Yes	Nucleus Software foundation	Under Process of registration
Total						0.45			

(d) Details of CSR amount spent against Non ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of implementation Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(e) Amount spent in Administrative Overheads : ₹ 30,000/-**(f) Amount spent on Impact Assessment, if applicable: Nil****(g) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 1.59 crore****(h) Excess amount for set off, if any :**

Sl. No.	Particular	Amount (₹ in crore)
(i)	Two percent of average net profit of the company as per section 135(5)	1.65
(ii)	Total amount spent for the Financial Year	1.59
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in crore)	Amount spent on the project in the reporting Financial Year (in crore)	Cumulative amount spent at the end of reporting Financial Year (in crore)	Status of the project- Completed / Ongoing
1	Remedial Studies	Remedial Studies (Noida)	2019-20	5	1.75	0.42	0.95	Ongoing
2		Remedial Studies(UK)	2019-20	5	0.40	0.09	0.19	Ongoing
3	Education	Education of underprivileged(Ghaiabad)	2019-20	5	0.75	0.18	0.39	Ongoing
4	Women Empowerment	Women Empowerment (Tamil Nadu)	2019-20	5	0.40	0.13	0.19	Ongoing
Total					3.30	0.82	1.72	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s) : NA

(b) Amount of CSR spent for creation or acquisition of capital asset : NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) :NA

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) : The amount of ₹ 0.06 cr which was unspent as on March 31,2021 due to some delay in ongoing project was duly spent in April 2021.

Sd/-
Vishnu R Dusad
Managing Director

Sd/-
Yasmin Javeri Krishan
Chairman CSR Committee

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 (FY21)
Mr. S. M. Acharya		3.91
Mr. Prithvi Haldea		4.00
Mrs. Elaine Mathias		4.10
Prof. Trilochan Sastry		3.91
Dr. Ritika Dusad*		1.16
Ms. Yasmin Javeri Krishan*		2.52
Executive Directors		Ratio to median remuneration (FY21)
Mr. Vishnu R. Dusad		7.50
Mr. Ravi Pratap Singh		30.90
Mr. Parag Bhise		22.34
Dr. Ritika Dusad*		3.52
Mr. Anurag Mantri		NA

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

Name	Title	Remuneration in fiscal 2021 (in ₹)	Remuneration in fiscal 2020 (in ₹)	No. of stock options/ RSUs granted in fiscal 2021	% increase of remuneration in 2021 as compared to 2020	Excl. WTD	incl. WTD	Ratio of remuneration to	
						Ratio of remuneration to MRE	Ratio of remuneration to MRE and WTD	Revenues (fiscal 2021)	Net Profit (fiscal 2020)
Mr. Vishnu R Dusad	Managing Director	6,319,300	5,998,522	Nil	5.35	7.52	7.50	0.14	0.56
Mr. Ravi Pratap Singh	Executive Director	26,021,554	28,866,980	Nil	(9.86)	30.98	30.90	0.57	2.32
Mr. Parag Bhise*	CEO & Executive Director	18,809,652	691,943	Nil	NA	22.40	27.52	0.41	1.68
Dr. Ritika Dusad*	Additional Executive Director	2,963,168	-	Nil	NA	3.53	3.52	0.07	0.26
Ms. Poonam Bhasin	Company Secretary	4,325,269	4,452,943	Nil	(2.87)	5.15	5.14	0.10	0.39
Mr. Ashish Nanda*	CFO	2,778,708	15,049,220	Nil	NA	NA	NA	NA	NA
Mr. Anurag Mantri*	CFO & Additional Executive Director	Nil	Nil	Nil	NA	NA	NA	NA	NA

Note:

*Mr. Parag Bhise was appointed as an Additional Executive Director w.e.f. March 16 2020. His remuneration for Fiscal 2020 is for the period March 16 till March 31, 2020 and cannot be considered for calculation of % increase in Fiscal 2021.

*Dr. Ritika Dusad was appointed as an Additional Executive Director w.e.f. August 7, 2020. Before this appointment Dr. Ritika Dusad was a Non Executive Director till August 6, 2020. During the period from April 1 till August 6, 2020 her remuneration includes Sitting fee and Commission to Non-Executive Directors.

*Ms. Yasmin Javeri Krishan was appointed as an Additional Independent Director w.e.f. July 30, 2020.

*Mr. Ashish Nanda resigned from the post of CFO w.e.f. June 23, 2020.

*Mr. Anurag Mantri was appointed as an Additional Executive Director w.e.f. December 19, 2020. Mr. Anurag Mantri is an employee of the wholly owned subsidiary of the Company based in Singapore. His remuneration from the Company is NIL. His remuneration details from the Subsidiary Company is mentioned in Explanatory statement in Notice of Annual General meeting.

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 2021	Remuneration in fiscal 2020	Number of Stock Options/ RSU's granted in fiscal 2021	% increase of remuneration (2021 over 2020)
Mr. S. M. Acharya	3,291,060	2,860,000	Nil	15%
Mr. Prithvi Haldea	3,371,060	3,020,000	Nil	12%
Mrs. Elaine Mathias	3,451,060	2,980,000	Nil	16%
Prof. Trilochan Sastry	3,291,060	3,020,000	Nil	9%
Dr. Ritika Dusad*	977,460	2,300,000	Nil	(58)%
Ms. Yasmin Javeri Krishan	2,118,300	-	Nil	NA

*Dr. Ritika Dusad was appointed as an Additional Executive Director w.e.f. August 7, 2020. Before this appointment Dr. Ritika Dusad was a Non Executive Director till August 6, 2020. During the period from April 1 till August 6, 2020 her remuneration includes Sitting fee and Commission to Non-Executive Directors.

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 ₹ 8,39,889/- and ₹ 681,867/- in fiscal 2021 and fiscal 2020 respectively. The increase in MRE (excluding WTDs) in fiscal 2021, as compared to fiscal 2020 is 23.17%.

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 8,42,044 /- and ₹ 683,496/- in fiscal 2021 and fiscal 2020 respectively. The increase in MRE (including WTDs) in fiscal 2021, as compared to fiscal 2020 is 23.20%.

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, 2021 and March 31, 2020 was 1,932 and 2,134 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:

For FY 2020 – 21, there was no increments. However the Bonus was disbursed till Grade *Senior Managers* as approved by the Board. The Bonus was disbursed in installments.

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

Bangalore
June 03, 2021

Sd/
S. M. Acharya
Chairman

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 158.6 kwp terrace solar plant has been completed and being maintained through OEM i.e. TATA Power.
- 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.
- Replacement of old version UPS modules (03) by the energy efficient modules of latest technology.
- Replacement of old version Data Centre PAC's (Packaged AC's) by the energy efficient PAC's of latest technology.
- Installation of energy efficient and 5 star rated split AC's of inverter technology at ISS floor, Unit-1 to reduce heavy central air-conditioning load.
- Energy audit of electrical supply system and equipment's is in process.

The overall effect of the above measures combined with the work from home situation has led to the reduction by about 42%.

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™

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.

As part of our 6 monthly release plan, we released FinnOne Neo 5.0 in May 2020 and FinnOne Neo 5.5 in November 2020.

Release Highlights
Finance Against Securities(FAS)
Finance Lease & operating lease
Buy-Now and Pay-Later
Video KYC
Outlook Integration for Loan Sourcing
SARFAESI
Digital Payment Link Generation
Digital Payment Link Generation
E-mail based settlement approval
Back-Dated Moratorium
Periodic Charges
Non-Equated Instalment Plan
Loan Servicing through wearable device
Voter ID
Group Loan Collection
Enhanced API stack

These releases support Finance Against Securities(FAS), Finance lease, Operating lease, Buy-Now and Pay-Later.

FinnAxia™

The FinnAxia™ suite offers an enterprise solution for the Transaction Banking operations of Corporate banks.

During the year we released FinnAxia 7.5 in June 2020 and FinnAxia 8.0 in December 2020.

Release Highlights
Global Payments: RTGS, NEFT 24*7 Processing, Positive & Reverse Positive Pay
Financial Supply chain Management (FSCM): Bulk processing and Financing on behalf of (FOBO), limit fungibility & Delivery Order based Financing
Global Receivables : Enhancements DDI NACH processing
Digital Compass: Enhanced: AI Based Chatbots for AP/AR and overdue invoice management
Virtual Account Management (VAM)- Payment on behalf of (POBO) with multi-currency support & AI enabled KYC

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.

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

The Company has a in house R&D unit located in the corporate office in Noida, The R&D expenditure for FY 2021 and FY 2020 is as follows:

	(Amount ₹ in crore)	
For the Year ended March 31,	2021	2020
Revenue expenditure	39.70	31.33
R&D expenditure/Total revenue	7.73 %	7.25 %

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.

In FY 2021 foreign exchange earnings from software products and services were at ₹ 259.71 crore, 57% of revenue against ₹ 252.71 crore, 65% of revenue in FY 2020.

2. Foreign Exchange Earned and Used

	(Amount ₹ in crore)	
For the Year ended March 31,	2021	2020
Foreign Exchange earnings		
from software development of products and services	259.71	252.71
from dividend and interest income	-	21.90
Foreign Exchange outgo (Including capital goods)	28.33	44.83

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 these six pillars are critical in successfully running an entity and forming solid professional relationships among its stakeholders which include board directors, managers, employees, customers, suppliers, regulators and most importantly, shareholders.

Company's Philosophy on Corporate Governance

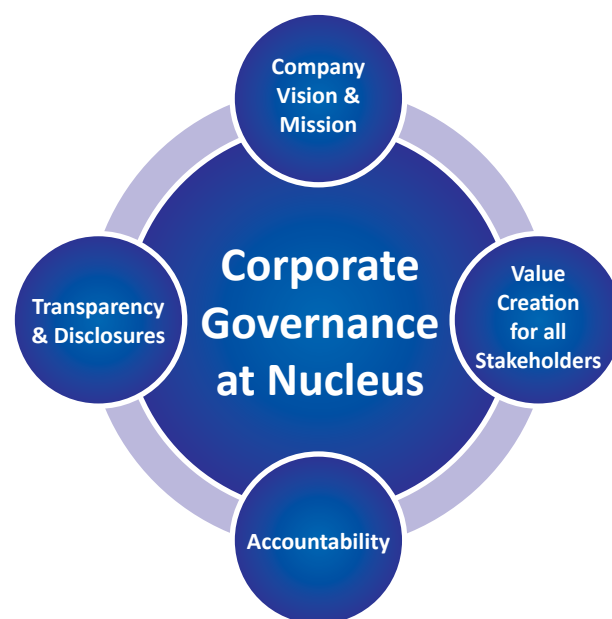
Nucleus has a strong legacy of fair, transparent and ethical governance practices. We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation.

Our commitment to adoption of best practices of corporate governance makes us fully compliant with the Companies Act 2013 as well as with the provisions of Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, not just in word but in spirit. Besides complying with the statutory guidelines, the Company has voluntarily adopted and evolved various practices of governance conforming to highest ethical and responsible standards of business. Generating value creation for all.

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.

a) 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, 2021, the Board at Nucleus comprises ten members; five Board members are Non-Executive Independent Directors including two women Directors, and the other five are Executive Directors, including one woman director. 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.

Report on Corporate Governance

Composition of the Board as on March 31, 2021:

Name of Director	Position	Age in years
Mr. S. M. Acharya (DIN 00545141)	Non-Executive, Chairman, Independent Director	72
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	64
Dr. Ritika Dusad* (DIN: 07022867)	Additional Executive Director	31
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	70
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	67
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	61
Mr. R. P. Singh (DIN 00008350)	Executive Director	58
Mr. Parag Bhise (DIN 08719754)	Executive Director	55
Mr. Anurag Mantri** (DIN 09002894)	Additional Executive Director	51
Ms. Yasmin Javeri*** Krishan (DIN 08801422)	Additional Non-Executive, Independent Director	61

Table 1

*Dr. Ritika Dusad was appointed as an Additional Executive Director by the Board w.e.f. 7 August 2020.

** Mr. Anurag Mantri was appointed as an Additional Executive Director by the Board w.e.f. 19 December 2020.

***Ms. Yasmin Javeri Krishan was appointed as an Additional Independent Director by the Board w.e.f. 30 July 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. He has been recommended for reappointment as an Independent Director for a further tenure of 5 years by Board of Directors subject to the approval of the members at the Annual General meeting.

Mr. Vishnu R Dusad, Managing Director

Mr. Vishnu R Dusad is the co-founder of Nucleus Software and has led the company since its inception. His vision to make banks technology savvy has been the guiding light and built an industry from India that now caters to the world. With his experience in product development, creating industry-leading alliances, and strategic planning, Mr. Dusad has led the company as it spread its wings around the world. Mr. Dusad is on the Board of Indian Post Payments Bank as an Independent Director.

During the late 1980s, when India's financial services sector was still in its early years, it partnered and worked closely with banks and financial institutions, giving them the technology edge. That vision to make their lending operations more efficient with the help of technology drove teams that he set up, built, and grew. During the initial projects, the commitment to excellence and experience helped conceive the first lending product from Nucleus Software Exports Ltd., called Leaseware. His passion for building products to improve business processes helped make an impact.

The vision that Mr. Dusad charted out during the formative years also helped roll out several customer-focused products, including FinnOne. With encouraging successes with early releases for banks and financial institutions, Nucleus was ready to make an impact beyond the Middle East and ASEAN regions. It now works in over 50 countries on all continents.

His commitment to excellence in products and services has led Nucleites to adopt the practices, enriching the value to customers. His mission is to drive the habit of excellence among Nucleites in their chosen work area. His expertise encompasses areas of software development, creation of strategic alliances, business development and the strategic planning.

An alum of the prestigious Indian Institute of Technology (IIT), Delhi, completed his bachelor's and master's in 1982. Mr. Dusad had his first entrepreneurial experience in 1983. The experiences of the early years led to the setting up of the company in 1986.

Mr. Prithvi Haldea, Independent Director

Mr. Prithvi Haldea did his MBA from Birla Institute of Technology & Science, Pilani in 1971. Over the next 18

Report on Corporate Governance

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. PRIME has a large subscriber base and is widely reported by the media. Mr. Haldea has played a significant role in policy formulation for the primary market. In a recent effort, he has rewritten gratis for SEBI the entire ICDR Regulations, in an orderly manner, and in simple English.

Mr. Haldea is presently a member of several committees including SEBI Primary Market Advisory Committee and SEBI Market Data Advisory Committee. Additionally, he is an Advisor to Gaja Capital, Inversion Management Services, Association of Investment Bankers of India, BGJC & Associates, and Association of Independent Directors of India.

In the past, Mr. Haldea has served, among others, as a Board Member of the Central Listing Authority-SEBI, First Trustee of the Pension Fund Regulatory & Development Authority, Government's Standing Council of Experts for the Financial Sector, Board of Governors of Indian Institute of Corporate Affairs, Member-Investment Board of Postal Life Insurance, 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, Finance Minister's High-level Expert Committee on Corporate Bonds and Securitization, Quality Review Board-ICAI, FSDC Committee on Commission/ Incentive Structure of the Distributors of Financial Products, Advisory Committee on Individual Insolvency and Bankruptcy of the Insolvency and Bankruptcy Board of India, SEBI Secondary Market Advisory Committee, SEBI Committee on Disclosures & Accounting Standards, SEBI Committee for Reviewing Disclosures, SEBI Committee for Review for MAPIN, Rules Committee (for the Companies Act) of the Ministry of Corporate Affairs, MCA Committee on Review of Corporate Governance Norms, MCA Committee for Review of the Chartered Accountants Act, MCA Group on Review of Independent Directors and NISM National Securities Market Data Committee.

He has also served as a member of Listing Advisory Committee of NSE, Index Committee, Listing Committee and Delisting Committee of BSE and Delisting Committee of DSE, ICSI Standing Committee for Development of a Model for Assessing Corporate Governance, Editorial Board of ICSI, and Financial Services Committee of ICSI. He was also a member of CII National Task Force on Financial Markets, FICCI Task Force on Development of Capital Markets and NASSCOM's Corporate Governance & Ethics Committee. Mr. Haldea was also the Chairman of the ASSOCHAM's National Council for Capital Markets, ASSOCHAM's awards committee for Corporate Governance and for Corporate Social Responsibility, and Chairman of PHDCCI Capital

Markets Committee. He was also the founder-advisor of Invest India Foundation, Superbrands and Manupatra.

Mr. Haldea was also on the board of UTI Mutual Fund as an Independent Director for nearly 6 years and served as a Public Interest Director on the boards of Multi Commodity Exchange of India, OTC Exchange of India and Central Depository Services (India) Ltd.

Mr. Haldea has been a visiting faculty at several institutions, including Nasscom and has addressed hundreds of conferences. In India and abroad on capital markets, IPOs, financial frauds, corporate governance and investor protection.

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 6,10,000 cases, www.primedirectors.com: a databank of professionals for listed companies to select independent directors, now hosting profiles of over 20,000 professionals, www.primeinfobase.com, a searchable database of information on listed companies, www.indianboards.com profiling directors of listed companies and www.msmementor.in, a national skills registry of professionals for the benefit of MSMEs. He had earlier designed and maintained www.directorsdatabase.com, covering detailed profiles of directors of Indian listed companies and www.iepf.gov.in, an investor education initiative of the Ministry of Corporate Affairs in English, Hindi and 9 regional 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 for BSE dedicated to disinvestments, a new website www.divest.nic.in for the Department of Disinvestment, and the PE/VC Directory for the Indian Venture Capital Association. 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 and which conducts the Jashn-e-Rekhta festivals.

Mr. Haldea joined the Board of Directors of Nucleus Software Exports Ltd. in June 2001 and of Nucleus Software Ltd. in April 2008.

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.

Report on Corporate Governance

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 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. Her areas of expertise include Finance, Governance, Strategy and Planning. Mrs. Elaine Mathias joined the Board of Directors of Nucleus Software Exports Ltd. in September 2014.

Professor Trilochan Sastry, Independent Director

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

In 2014, he joined the Board as an Executive Director. Product innovation is RP's passion and he has been spearheading the launch of cutting edge products at Nucleus Software. His entire career has been spent in designing, developing & delivering best-in-class software

solutions for global Banking and Financial Services leaders. RP started the Nucleus School of Banking Technology (NSBT) as a new division of Nucleus Software in 2010 with a vision of developing world class Banking (& Financial) Technology Professionals.

Being a natural mentor and a technocrat of high caliber himself, he continues to succumb to his passion for inspiring and enabling young minds to innovate. 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 Nucleus Software Limited, Nucleus Software Japan Kabushiki Kaisha and Nucleus Software Netherland B. V.

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. He joined Nucleus Board on March 16, 2020.

Mr. Parag Bhise has been appointed as CEO of the Company w.e.f. April 1, 2021.

Dr. Ritika Dusad, Additional Executive Director

Dr. Ritika Dusad completed her undergraduate studies at University of California, Los Angeles and thereafter pursued a Ph.D. in Physics at Ivy League- Cornell University, USA. During her Ph.D., 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 Ph.D. research to be published in a series that brings together the best Ph.D. theses from around the world. After her Ph.D., 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

Report on Corporate Governance

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. The Board members at their meeting held on August 7, 2020 approved appointment of Dr. Ritika Dusad as an Executive Director. She joined the Nucleus Board in July 2016 as a Non-Executive Director.

Ms. Yasmin Javeri Krishan, Additional Independent Director

Ms. Yasmin has a multi-faceted global experience of more than 20 years in Financial Control, MIS, Treasury, Process rationalization, Business Intelligence & Executive Search. She is a rank-holding Chartered Accountant from the Institute of Chartered Accountants of India and an MBA (Finance and International Business) from the Stern School of Business, New York University. She has worked with large multinational institutions like Price Waterhouse (India), American Express (US, India and Korea), Citibank (Korea), a British educational institution (Saudi Arabia), start-ups in HR consultancy (India) as well as in Analytics (Singapore) and a boutique recruitment firm (Singapore). She was Head of Campus for S P Jain School of Global Management's Singapore Campus. Her work experience spans several industries: Retail Banking & Credit Cards, HR Consultancy & Search, Education, Accounting and Information Consultancy/Decision Management. She is currently serving as Honorary Treasurer for a not-for-profit cultural organization called Friends of the Museums in Singapore, to give back to the Singapore cultural community by ensuring the financial security of the Society. Ms. Yasmin joined the Board of Nucleus Software's wholly owned Singapore subsidiary in February 2016 and the Board of Nucleus Software Exports Ltd. in July 2020. Her areas of expertise include Finance, Governance, Strategy and Planning.

Mr. Anurag Mantri, Additional Executive Director

Mr. Anurag Mantri started his career with Nucleus Software in 1994 and today leads the Company's Services Business. In addition to providing executive oversight to Customer Engagements and expanding the business to cover new geographies, he is responsible for the strategy of the Services Business where he is focusing on shaping the company's Digital Transformation services. Anurag also leads the SEPG & SQA functions at Nucleus Software.

Throughout his career at Nucleus, Anurag has handled a wide range of areas across professional services, sales and customer services. In addition to managing complex global and regional transformation programs, Anurag managed the Global Customer care centre of excellence for Transaction Banking and led sales for FinnOne Neo and FinnAxia in South East Asia.

He is a post graduate in Statistics from prestigious Banaras Hindu University (BHU). In addition to this, he gained post-graduate degree in Computer Science Applications (PGDCSA) as well from BHU. Anurag strongly believes in

the power of technology to transform and that the critical factors in turning vision into an implemented reality are a combination of domain expertise, business acumen and a relentless focus on customers. He joined the Board in December 2020. His areas of expertise include Technology, Global Business, Sales and Marketing.

b) Board Membership Criteria

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

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

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

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

Certificate from Company Secretary in practice

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

c) Selection of New Directors

The Board is responsible for the selection of new Directors and has delegated this to the Nomination & Remuneration/ Compensation Committee (NRC). The NRC has prescribed a well-defined criterion and a detailed process for the selection and appointment of new Directors. Whenever required, the NRC, makes recommendations to the Board on the induction of new Directors..

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

The Committee has also framed a Policy for "Policy for Constitution of Board". 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

Report on Corporate Governance

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.

d) 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.

Further, through regular formal reporting process and timely sharing of updates on the Company, it ensures that Company Directors stay updated about any significant changes therein on a continual basis.

Initiatives to update the Board members on a continuing basis

- An active communication channel with the executive management which allows free flow of communication among directors.
 - Regular presentations on regulatory and business environment, products, business plans, risk management framework, tax & treasury reports, key accounting matters, R&D, CSR, HR initiatives, Competition and Marketing Strategy
 - Quarterly updates on the Company and its subsidiaries
- The requirement for these programmes increases

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

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

e) 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. The Board continues to recognize that an appropriate mix of diversity and skills is key for different perspectives into the Board discussions and for better anticipating the risks and opportunities in building a long-term sustainable business.

f) 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.

Report on Corporate Governance

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.

g) Membership Term

The Companies Act, 2013, mandates the retirement of two-third of the Board members (who are liable to retire by rotation) every year and the retiring members eligible for re-appointment. Independent Directors shall hold office for a term 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. 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. Mr. Parag Bhise was appointed as an Whole-time Director w.e.f. July 31, 2020 for a period of 5 years. His present term will expire on July 30, 2025. Mr. R P Singh and Mr. Parag Bhise will retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the Year, the Board of Directors at the recommendation of Nomination and Remuneration/ Compensation committee appointed :

- Ms. Yasmin Javeri Krishan as Additional Independent Direct w.e.f. 30 July 2020 and
- Dr. Ritika Dusad as Additional Executive Director w.e.f. 7 August 2020. Dr. Ritika Dusad joined the Board as a Non-Executive Director in 2016.
- Mr. Anurag Mantri as Additional Executive Director w.e.f. 19 December 2020.

Mr. S. M. Acharya, Non-Executive Independent Director has been re-appointed as Independent Director w.e.f. 18 March 2021 for a further term of 5 years subject to the approval of Shareholders at 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. The Board of Directors at their meeting held on June 3, 2021 re- appointed Mr. Vishnu R Dusad, as Managing Director for a further term of five years.

These all appointments shall be placed for Shareholders approval at the forthcoming Annual General Meeting.

Rest of Independent Directors have been already 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 as and when due.

h) Succession Planning

The Company believes that sound succession plans for the senior leadership are very important for creating a sustainable future . The Nomination and Remuneration/ Compensation committee reviews the succession plans of the Executive Directors and the KMPs on an annual basis for the Board.

i) Key Board qualifications, expertise and attributes

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

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company. The expertise of all Board members, is mentioned in their brief printed 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 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 Nomination and Remuneration/Compensation committee

Report on Corporate Governance

in view of the Guidance Note issued by SEBI, drafted the evaluation criteria for 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 2021 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.

Compensation Paid /Payable to the Directors for the period April 2020 to March 2021

(Amount in ₹)							
Name of Director	Position	Salary	Company's Contribution to Provident and other funds	Perquisites/ Allowances	Commission	Sitting Fees	Total Compensation
Mr. S. M. Acharya	Chairman, Non-Executive, Independent Director	—	—	—	2,331,060	960,000	3,291,060
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	5,935,000	355,500	28,800	—	—	6,319,300
Mr. Prithvi Haldea	Non-Executive, Independent Director	—	—	—	2,331,060	1,040,000	3,371,060
Mrs. Elaine Mathias	Non-Executive, Independent Director	—	—	—	2,331,060	1,120,000	3,451,060
Prof. Trilochan Sastry	Non-Executive, Independent Director	—	—	—	2,331,060	960,000	3,291,060
Mr. R. P. Singh	Executive and Whole Time Director	24,796,678	1,185,276	39,600	—	—	26,021,554
Dr. Ritika Dusad*	Additional Executive, Director	2,785,977	177,191	—	817,460	160,000	3,940,628
Mr. Parag Bhise	Executive Director	18,100,152	669,900	39,600	—	—	18,809,652
Ms. Yasmin Javeri Krishan**	Non-Executive, Independent Director	—	—	—	1,558,300	560,000	2,118,300
Total		51,617,807	2,387,867	108,000	11,700,000	4,800,000	70,613,674

Table 2

*Dr. Ritika Dusad was appointed as an Additional Executive Director by the Board w.e.f. August 7, 2020.

**Ms. Yasmin Javeri Krishan was appointed as an Additional Independent Director by the Board w.e.f. July 30, 2020.

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Note : Mr. Anurag Mantri appointed as an Additional Executive Director by the Board w.e.f. December 19, 2020, is an employee of a wholly owned subsidiary of the Company based in Singapore and hence his remuneration from the Company for the FY 2020-21 is NIL

None of the non-executive Directors received remuneration amounting to 50% of the total remuneration paid to Non-Executive Directors during the year ended March 31, 2021.

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. Anurag Mantri, Additional Executive Director – for a period of 5 years w.e.f December 19, 2020, subject to the approval of shareholders at the forthcoming Annual General Meeting.
4. Dr. Ritika Dusad, Additional Executive Director – for a period of 5 years w.e.f August 7, 2020, subject to the approval of shareholders at the forthcoming Annual General Meeting.
5. Mr. Parag Bhise, Whole Time Director - for a period of 5 years that will expire on July 30, 2025.

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, 2021. 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 and domestic 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 the 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 2021.

Details of Equity Shares held by Non- Executive Directors as on March 31, 2021

Name of Director	Position	No. of Equity Shares
Mr. S. M. Acharya	Chairman, Non-Executive and Independent Director	–
Mr. Prithvi Haldea	Non-Executive, Independent Director	–
Mrs. Elaine Mathias	Non-Executive, Independent Director	–
Prof. Trilochan Sastry	Non-Executive, Independent Director	–
Ms. Yasmin Javeri Krishan	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.

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The number of other Directorships and Chairmanship/ Memberships of Committees held by each of the Director as on March 31, 2021 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 Executive Director, Dr. Ritika Dusad	2	7	1	1	1	–
Dr. Ritika Dusad	Additional Executive Director	Daughter of Managing Director	–	1	–	–	–	–
Mr. Prithvi Haldea	Independent Director	None	2	3	–	1	2	–
Mrs. Elaine Mathias	Independent Director	None	–	–	–	1	–	–
Prof. Trilochan Sastry	Independent Director	None	1	1	–	–	1	–
Mr. R. P. Singh	Executive Director	None	1	1	–	–	1	–
Mr. Parag Bhise	Executive Director	None	–	–	–	–	–	–
Ms. Yasmin Javeri Krishan	Additional Independent Director	None	–	1	–	–	1	–
Mr. Anurag Mantri	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.
- 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:

The Board business generally includes consideration of important corporate actions and events, and strategies, including:

- Quarterly and annual result announcements;
- Oversight of the performance of the business including major projects
- Development and approval of overall business strategy including new investments
- Other strategic, transactional and governance matters as required under the Companies Act, 2013, Listing Regulations and other applicable laws

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(iii) Board Agenda

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

(iv) Board Materials Distributed in Advance

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

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

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

(vi) Scheduling of Board Meetings and Attendance during FY 2020-21

- 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 2020-21, 11 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 2020-21, and the attendance record of the members in these meetings is provided in a table.

Name of Directors	Board Meetings held in FY 2020-21										
	23 May 2020	12 June 2020	30 July 2020	07 August 2020	09 September 2020	30 October 2020	04 December 2020	11 December 2020	18 December 2020	28 January 2021	30 March 2021
Mr. S. M. Acharya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu R Dusad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Ritika Dusad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof Trilochan Sastry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. R. P. Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Parag Bhise	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Yasmin Javeri Krishan*	NA	NA	NA	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Anurag Mantri*	NA	NA	NA	NA	NA	NA	NA	NA	NA	✓	✓

Table 5

*Ms. Yasmin Javeri Krishan was appointed as an Additional Independent Director by the Board w.e.f. July 30, 2020.

* *Mr. Anurag Mantri was appointed as an Additional Executive Director by the Board w.e.f. December 19, 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 were usually held at the Company's corporate office at A 39, Sector 62, Noida 201307 but in the current year due to pandemic situation, all the Board and Committee meetings were held via web conference.

- Information as mentioned in Schedule II Part A of the SEBI (LODR) Regulations 2015, has been placed before the Board for its consideration

(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.

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- 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.

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. Your Company recognizes the crucial role that the Independent Directors play in ensuring a compliant, efficient and transparent work environment

In this meeting, the Independent Directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the Board, strategy, leadership strengths and weaknesses, governance and performance of the executive members of the Board, including the Chairman. During the year, the independent directors met once without the presence of the Management.

B. Committees of the Board of Directors

Committees are a means of improving Board effectiveness in areas where more focused, specialized and extensive discussions are required. Some of the Board functions are performed through specially constituted Board Committees consisting of Executive and Non-Executive / Independent Directors, which then report to the Board. 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.

Nucleus Board Committees

The Board as on March 31, 2021 had five committees. The Composition of the Board Committees 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			✓		✓
Dr. Ritika Dusad				✓	
Mr. Parag Bhise				✓	✓
Ms. Yasmin Javeri Krishan	✓			✓	

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. 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:

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

With reference to the financial statements

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

With reference to Auditors

- The recommendation for appointment, remuneration and terms of appointment of all Auditors of the Company including filling of casual vacancy,
- Reviewing and monitoring the Auditor's independence and performance and effectiveness of the Audit process,
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

With reference to related party transactions

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

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

Other references

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

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Following information is required to be mandatory reviewed by Audit Committee

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

Additional responsibility of the Chairman of the Audit committee

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

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.

Composition of the Audit Committee and Meetings Held during FY 2020-21

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

The Composition of the Audit Committee as on March 31, 2021 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	9	9
Mr. S. M. Acharya	Non-Executive, Independent Director	9	9
Mr. Prithvi Haldea	Non-Executive, Independent Director	9	9
Ms. Yasmin Javeri Krishan*	Non-Executive, Independent Director	9	5

Table 6

*Ms. Yasmin Javeri Krishan appointed as the member of Audit Committee w.e.f. August 7, 2020.

Prof. Trilochan Sastry earlier a member of Audit Committee, ceased to be member of the Committee w.e.f. August 7, 2020

The Chairperson of the Audit Committee was present at the previous year Annual General Meeting held on July 31, 2020 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

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.

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b) Nomination and Remuneration/Compensation Committee

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

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

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

This Committee is responsible for:

- Recommending desirable changes in the Board composition, size and diversity, committees structures and processes, and other aspects of the Board's functioning
- Formulating criteria for determining qualifications, positive attributes and independence of an Independent Director
- Conducting search and recommending new Board members in light of resignation of some current member/s or in case of a planned expansion of the Board
- Identifying persons who are qualified to become Directors and who may be appointed as senior management in accordance with the criteria laid down, and recommend to the Board for their appointment
- Recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other senior employees, and while formulating such policy, to ensure that:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the desired persons
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals

d) recommend to the board, all remuneration, in whatever form, payable to senior management and Key Managerial Personnel

- 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

Prof. Trilochan Sastry is the Chairman of the Nomination and Remuneration / Compensation Committee. As of March 31, 2021, 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.

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Director	Position	No. of Meetings	
		Held	Attended
Prof. Trilochan Sastry	Committee Chairman, Independent Director	7	7
Mrs. Elaine Mathias	Independent Director	7	7
Mr. S. M. Acharya*	Independent Director	7	3

Table 7

* Mr. S. M. Acharya appointed as the member of NRC Committee w.e.f. August 7, 2020

Mr. Prithvi Haldea earlier a member of NRC ceased to be a member of the Committee w.e.f August 7, 2020.

The Chairman of the Nomination and Remuneration/ Compensation Committee attended the previous year Annual General Meeting held on July 31, 2020.

(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.
- 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 2020-21

Mr. Prithvi Haldea is the Chairman of the Stakeholder Relationship Committee. The composition of the

Report on Corporate Governance

Committee is in compliance with the applicable laws. Ms. Poonam Bhasin, 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, 2021 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 Dusat	Managing Director, Promoter, Executive Director	1	1
Mr. R P Singh*	Executive Director	1	1

Table 8

* Mr. R P Singh appointed as the member of Stakeholder Relationship Committee w.e.f. August 7, 2020

Prof. Trilochan Sastry earlier a member of Stakeholder Relationship Committee ceased to be a member of the Committee w.e.f August 7, 2020.

The Chairman of the Stakeholder Relationship Committee attended the previous year Annual General Meeting held on July 31, 2020.

(iii) Details of investor complaints/requests received and resolved during FY 2020-21 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	26	26	Nil
Duplicate/Revalidation of Dividend warrants	07	07	Nil
Issue of duplicate share certificates	-	-	Nil
Non receipt of share certificate	01	01	Nil
Non-Receipt of Annual Report	01	01	Nil

Table 9

d) Corporate Social Responsibility (CSR) Committee

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, 2021 and details of attendance of the members in the meetings are as follows:

Ms. Yasmin Javeri Krishan is the Chairperson of the Committee. The composition of the Committee is in compliance with the applicable laws. The Company

Report on Corporate Governance

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

The Composition of the Corporate Social Responsibility Committee as on March 31, 2021 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Ms. Yasmin Javeri Krishan*	Committee Chairperson, Independent Director	1	1
Mr. S. M. Acharya	Independent Director	1	1
Dr. Ritika Dusad**	Executive Director	1	1
Mr. Parag Bhise***	Executive Director	1	1
Prof. Trilochan Sastry	Independent Director	1	1

Table 10

*Ms. Yasmin Javeri Krishan was appointed as the member and Chairman of CSR Committee w.e.f. August 7, 2020

**Dr. Ritika Dusad appointed as the member of CSR Committee w.e.f. August 7, 2020

*** Mr. Parag Bhise appointed as the member of CSR Committee w.e.f. August 7, 2020

Mr. Prithvi Haldea and Mr. Vishnu R Dusad were earlier a member of CSR committee ceased to be a member of the Committee w.e.f. August 7, 2020

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.

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, 2021 and details of attendance of the members in the meetings are as follows:

Director	Position
Mr. S. M. Acharya	Committee Chairman, Independent Director
Mr. Vishnu R Dusad	Managing Director
Mr. R P Singh	Executive Director
Mr. Parag Bhise*	Executive Director

Table 11

*Mr. Parag Bhise appointed as the member of Culture Committee w.e.f. August 7, 2020

No meeting of the Committee was held during FY 2020-21.

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

Report on Corporate Governance

and researchers) to easily find or navigate pertinent information about us, including:

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

(iv) Interaction with Institutional investors, analysts etc.

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

(v) Annual Report

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

(vi) Dedicated Email id for shareholders

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

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

The Company values transparent relationship with the shareholders, prospective investors and the wider investment community. The Investor Relations (IR) team at Nucleus manages these relationships with high standards of clarity and transparency. It proactively interacts with the investors through meetings, investor conference calls, investor meets, conferences and mails. Dedicated Investors' page

on corporate website of the Company provides an efficient medium of information to the investors. The IR team can be reached at ir@nucleussoftware.com.

(viii) NSE Electronic Application Processing System (NEAPS)

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

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

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

Report on Corporate Governance

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-19-20, July 31 2020, 11.00 a.m.	VIA VIDEO CONFRENCING/ AUDIO VISIAL MEANS	Adoption of Annual Accounts for the year ended March 31, 2020 Take Note of Revocation of Interim Dividend Declared by Company for FY-19-20 Re-appoint Mr. Vishnu R Dusad (DIN:00008412), as Director of the Company who retires by rotation and being eligible offers herself for re-appointment.	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 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 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
FY 18-19, July 8 2019, 04:00 p.m.	PHD Chamber of Commerce & industry, PHD House	Adoption of Annual Accounts for the year ended March 31, 2019. Declaration of Dividend on equity shares. Re-appointment of Ms. 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.	

Table 12

*No Postal Ballot held for above mentioned Special Resolutions.

(ii) Detail of Attendance at the AGM held for FY 2019-20

AGM Date: July 31, 2020	Mr. Vishnu R Dusad	Mr. R.P Singh	Mr. Prithvi Haldea	Prof. Trilochan Sastry	Ms. Elaine Mathias	Mr. S. M. Acharya	Dr. Ritika Dusad	Mr. Parag Bhise
	✓	✓	✓	✓	✓	✓	✓	✓

Table 13

Report on Corporate Governance

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 Private Limited. to provide e-voting facility to all the members. Members whose names appear on the register of members as on July 16, 2021 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 (available on the Company's website www.nucleussoftware.com) 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.

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', compliant 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:

- number of complaints filed during the financial year - nil
- number of complaints disposed of during the financial year-nil
- 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>

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(f) Prevention of Insider Trading

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

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

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

(h) Adherence to Accounting Standards

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

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

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

(j) Management Discussion and Analysis

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

(k) Subsidiary Companies

The Company has Seven subsidiaries across the globe. The Company does not have any material non-listed Indian subsidiary companies. 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, 2021.

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%
February 2, 2006	Nucleus Software Netherlands B.V.	Netherlands	100%
April 21, 2008	Nucleus Software Ltd.	India	100%
February 3, 2014	Nucleus Software Australia Pty Limited	Australia	100%
Feb 10, 2015	Nucleus Software South Africa Pty. Ltd.	South Africa	100%

Table 14

(l) Unlisted Indian Subsidiary Companies

The Company has one Indian Subsidiary Company i.e. Nucleus Software Limited as on March 31, 2021. The investment of the Company in the subsidiary does not exceed twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year. Also, the subsidiary has not generated twenty per cent of the consolidated income of the Company during the previous financial year.

(i) 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.

(ii) The Audit Committee of the Company reviews the financial statements, in particular, the investments made by Nucleus Software Ltd.

(iii) The minutes of the Board meetings of Nucleus Software Ltd. are placed at the Board meetings of the Company.

During the year vide order of the Honourable National Company Law Tribunal (NCLT) of New Delhi dated 18 March 2020, the merger of the wholly owned subsidiaries of the Company i.e. Virstra I Technology Services Ltd., and Avon Mobility Solutions Pvt. Ltd., with the Company i.e. Nucleus Software Exports Ltd., became effective from July 1, 2020. Upon coming into effect of the Scheme, the business undertakings of Virstra I Technology Services Ltd. and Avon Mobility Solutions Pvt. Ltd., have been transferred to and vested in the Company w.e.f 1 April 2019 which was the appointed date in the Scheme.

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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>.

- (iv) 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 2018-19, 2019-20 and 2020-21 respectively: Nil
- (m) Policy on Archival and Preservation of Documents as per Regulation 9 of SEBI Listing Regulations is adopted by the Company and available on the Company's website <http://www.nucleussoftware.com/investors>.
- (n) The Board of Directors have adopted Dividend Distribution Policy in terms of the requirements of Listing Regulations. The Policy is available on the website of the Company at <http://www.nucleussoftware.com/investors>.
- (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 <http://www.nucleussoftware.com/investors>.
- (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.

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, 201307 India
• Date and time of Annual General Meeting	July 23, 2021 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, 2021 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 17, 2021 to July 23, 2021
Financial Calendar for the financial year 2021-22 (tentative and subject to change)	
Financial reporting for :	Tentative dates
First Quarter ending June 30, 2021	between July 15-31, 2021
Second Quarter ending September 30, 2021	between October 15-31, 2021
Third Quarter ending December 31, 2021	between January 15-31, 2022
Year ending March 31, 2022	between April 15- 30, 2022
Annual General Meeting for the year ending March 31, 2022	July 2022
• Listing on Stock Exchanges	Scrip Symbol/Code
National Stock Exchange of India Limited (NSE) w.e.f. December 19, 2002 #Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai-400051	NUCLEUS
BSE Ltd. (BSE) w.e.f. November 6, 1995 Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001	531209
• International Securities Identification Number	INE096B01018
• Registrars of Company & Share Transfer Agents	Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-23420815-18 Fax: 040-23420814 E-mail: mailmanager@karvy.com
• Dividend Payment Date	Within 30 days of approval of members at AGM

Report on Corporate Governance

The annual listing fees for 2021-22 have been paid to both the Stock Exchanges.

a) Market Price Data on NSE & BSE for the financial year 2020-21

Month	NSE					BSE				
	Open	High (₹)	Low (₹)	Close	Total Volume	Open	High (₹)	Low (₹)	Close	Total Volume
Apr-20	189.00	246.00	175.15	233.95	1,489,533	181.50	244.50	172.90	225.05	89,594
May-20	215.00	254.00	209.00	241.60	1,590,842	215.50	250.70	208.65	241.20	80,427
Jun-20	245.00	289.10	231.65	263.15	3,524,352	245.05	290.00	232.05	262.25	237,271
Jul-20	264.00	327.00	257.20	299.15	4,024,883	260.80	326.50	257.55	299.80	288,001
Aug-20	305.00	578.45	302.05	489.35	9,929,397	294.00	597.05	294.00	487.90	938,151
Sep-20	489.80	718.00	478.00	670.35	7,026,243	500.00	716.65	478.20	670.30	734,018
Oct-20	676.00	755.00	565.25	606.85	3,161,568	699.00	754.40	562.00	606.60	412,325
Nov-20	595.00	616.95	520.40	555.55	1,445,599	607.50	612.00	520.15	555.80	203,296
Dec-20	558.00	650.00	540.00	631.30	1,736,002	555.00	650.00	540.00	631.85	325,957
Jan-21	631.30	639.70	555.05	555.05	1,347,054	611.65	648.95	554.10	554.10	158,327
Feb-21	527.30	584.00	503.05	525.35	1,912,769	526.65	583.00	500.10	525.90	248,222
Mar-21	529.90	548.80	476.90	481.15	1,077,660	526.00	548.00	476.00	481.60	136,064
Total Shares traded during the year					38,265,902	3,851,743				

Table15

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

b) Share Transfer System

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

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities 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. Further, SEBI has fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

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 28,981,774 shares (99.80%) of the paid up share capital) as at March 31, 2021.

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

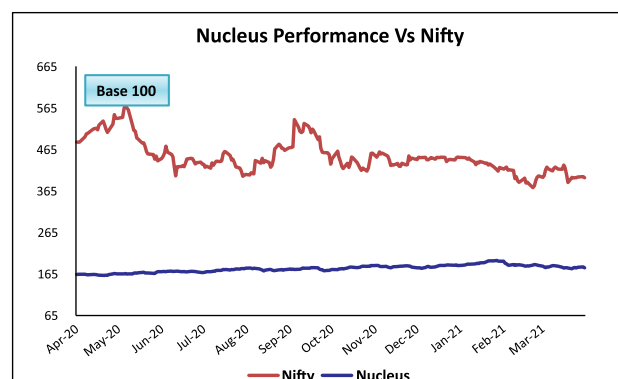
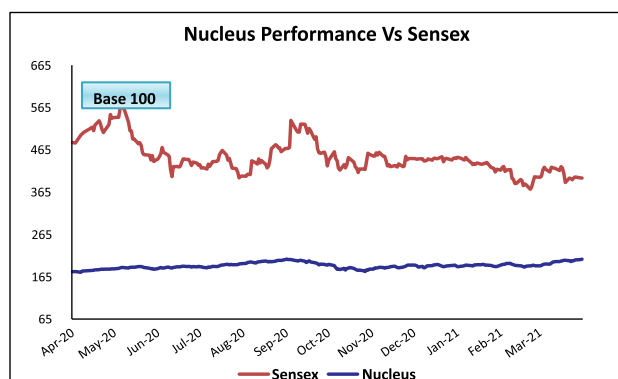
- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to his Depository Participant (DP)
- DP processes the DRF and generates a unique number viz. DRN.
- DP forwards the DRF and share certificates to the Company's Registrar & Shares Transfer Agent.
- The Company's Registrar & Shares Transfer Agent after processing the DRF confirm or reject the request to the Depositories.
- Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

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

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

Report on Corporate Governance

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

f) Shareholding Pattern of the Company as at March 31, 2021

Category	As on March 31, 2021		
	Share Holders	Share Holding	Share Holding (%)
Promoter and Promoter Group	11	19,627,866	67.59
Public Share Holding			
Mutual Funds	2	219,403	0.76
Financial Institutions /Banks	1	621	0.00
Foreign Institutional Investors	49	2,018,283	6.95
Individuals	27,032	6,226,056	21.44
Bodies Corporate	183	2,652,37	0.91
Overseas Corporate Bodies / Non Resident Indians/ Clearing Members/ Trusts/ IEPF/Director or Director's Relatives/NBFC	892	683,258	2.35
Total	28,170	29,040,724	100.00

Table 16

g) Distribution of Shareholding

No. of Equity Shares Held		As on March 31, 2021				As on March 31, 2020			
		Share Holders		Shares		Share Holders		Shares	
From	To	(Nos.)	%	(Nos.)	%	(Nos.)	%	(Nos.)	%
1	100	21,145	75.06	703,703	2.42	10,682	65.79	406,937	1.40
101	200	2,702	9.59	440,243	1.52	1,747	10.76	290,496	1.00
201	500	2,323	8.25	795,082	2.74	1,885	11.61	651,237	2.24
501	1,000	1,043	3.70	777,357	2.68	999	6.15	737,161	2.54
1,001	5,000	779	2.77	1,567,361	5.40	739	4.55	1,530,295	5.27
5,001	10,000	81	0.29	562,264	1.94	83	0.51	575,866	1.98
10,001	and above	97	0.34	24,194,714	83.30	101	0.63	24,848,732	85.57
Total		28,170	100.00	29,040,724	100.00	16,236	100.00	29,040,724	100.00

Table 17

Report on Corporate Governance

h) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2021, 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 2020-21.

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. In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are 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, 2011-12 and 2012-13 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, 2020	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	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2021	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on March 31, 2021 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	6
Re-imbursement of out-of-pocket expenses	3
Total	95

m) Locations

Nucleus services its clients through a network of domestic and international offices. At the year-end, Nucleus had wholly-owned subsidiaries in India, Japan, Netherlands, Singapore, South-Africa, U.S.A, Australia and branch offices in Mumbai, Pune and Chennai in India and Dubai (UAE) and London (UK).

Report on Corporate Governance

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.

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

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
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
Netherland

Nucleus Software Ltd.

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

Nucleus Software Australia Pty. Ltd.

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

Nucleus Software South Africa (Pty) Ltd.

28 Front Street, Brinam, Gauteng
2196
South Africa

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

C. Pune

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

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.

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 A.

q) CEO/CFO Certification

As required by SEBI (LODR) Regulations, 2015, the CEO/CFO certification is provided as **Annexure B** to the report on Corporate Governance, in this Annual Report.

r) Secretarial Audit

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

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and

Report on Corporate Governance

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, 2021. A declaration to this effect signed by the Managing Director has been published as **Annexure C** to this report on Corporate Governance.

t) Green Initiatives by the Ministry of Corporate Affairs, Government of India

The Company whole-heartedly supported the 'Green Initiative' of the Ministry of Corporate Affairs, Government of India enabling electronic delivery of documents to the shareholders at their e-mail addresses registered with the Depository participants/Registrar & Share Transfer Agent. This year also the Company is actively pursuing this initiative by sending Annual Reports in a soft copy form.

u) Commodity price risk or foreign exchange risk and hedging activities:

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, Please refer to Management Discussion and Analysis Report for the same.

v) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

No such credit rating taken by Company during the Financial year under review.

F. Compliance with Non-Mandatory Requirements of Regulation 27 (1) of SEBI (LODR) Regulations, 2015

Regulation 27 (1) of SEBI of the Listing Agreement mandates us to obtain a certificate from either the statutory auditors or practicing Company secretaries regarding compliance of conditions of Corporate Governance as stipulated in the Clause and annex the certificate with the Directors' report, which is sent annually to all our shareholders. We have obtained a

certificate to this effect and the same is given as Annexure to the Directors' report.

The Company has complied with all mandatory requirements of Schedule II of SEBI (LODR) Regulations 2015. The Company has also adopted discretionary requirements as specified in Part E of Schedule II as follows:

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.

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 disclosures received from the Directors, registers, records, forms, and returns maintained by the Company and 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, 2021 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. Siddhartha Mahavir Acharya	00545141	19/03/2016
2.	Mr. Vishnu Rampratap Dusad	00008412	09/01/1989
3.	Mr. Prithvi Pal Singh Haldea	00001220	22/06/2001
4.	Prof. Sadhu Trilochan Sastry	02762510	27/04/2013
5.	Mr. Ravi Pratap Singh	00008350	26/07/2014
6.	Ms. Elaine Mathias	06976868	20/09/2014
7.	Dr. Ritika Dusad	07022867	20/07/2016
8.	Mr. Parag Bhise	08719754	16/03/2020
9.	Ms. Yasmin Javeri Krishan*	08801422	30/07/2020
10.	Mr. Anurag Mantri*	09002894	19/12/2020

**Appointed in the Company during the financial year 2020-21*

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.: F8488

UDIN NO.: F008488C000414663

Place: New Delhi
Date: June 3, 2021

CERTIFICATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER OF THE COMPANY PURSUANT TO REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

We, Parag Bhise, Chief Executive Officer (CEO) and Anurag Mantri, Chief Financial Officer (CFO), of Nucleus Software Exports Limited ("the Company"), to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements for the Quarter & Financial Year ended March 31, 2021 along with its schedules and notes on accounts, as well as the cash flow statements;
2. These statements do not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, misleading with respect to the statements made;
3. These financial statements, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of and for, the periods presented in this report, and are in compliance with the existing accounting standards and applicable laws and regulations;
4. Based on our knowledge and information, no transactions entered into by the Company during the period, are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee of the Company's Board of Directors, deficiencies in the design or operation of internal controls and steps proposed to be taken to rectify these deficiencies.
6. We have disclosed, based on our most recent evaluation, to the Company's Auditors and the Audit Committee of the Company's Board of Directors:
 - a. Significant changes in internal control over financial reporting during the period, if any;
 - b. There are no significant changes in accounting policies during the period; and
 - c. There are no instances of fraud of which we have become aware and the involvement, therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: Noida
Date: June 3, 2021

Sd/-
Parag Bhise
Chief Executive Officer

Sd/-
Anurag Mantri
Chief Financial Officer

DECLARATION BY CEO REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

I, Parag Bhise, 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, 2021, received from its Board members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

Place: Noida
Date: June 3, 2021

Sd/-
Parag Bhise
Chief Executive Officer

Business Responsibility Report

FOR 2020-21

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 Market, New Delhi-110003
4	Website	www.nucleussoftware.com
5	E-mail id	investorrelations@nucleussoftware.com
6	Financial Year reported	FY-2020-21
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 - 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 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 and Dubai National Locations - The Company has branch offices in Chennai, Pune 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.
10	Markets served by the Company	The Company is the leading provider of lending and transaction banking products to the global financial services industry. 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. 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	₹ 29.04 Crore
2	Total Turnover	₹ 454.36 Crore
3	Total Profit after Taxes	₹ 112.04 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 1.65 Crore (1.47%)
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, 2021, the Company has 7 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, as part of our responsibility initiative. The vendors participate in these sessions and share 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	08719754
	Name	Parag Bhise
	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

P2: Corporate Social Responsibility Policy, Information Security Policy

P3: Code of Conduct, Education Assistance Policy, Prevention of Sexual Harassment Policy

P4 : Corporate Social Responsibility Policy, Hiring Differently abled Policy

P5 : Code of Conduct

P6 : Work Environment Standards, Corporate Social Responsibility Policy

P7: Code of Conduct and Corporate Social Responsibility Policy

P8; Corporate Social Responsibility Policy

P9 : Information Security Policy

Business Responsibility Report

(b) If answer to the question at serial number 1 against any principle, is 'No', please

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. 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 (CSR) and Culture Committee. All Committees have formally established terms of reference/ charter.

The CSR committee assist the Board in setting Company Corporate Social Responsibility policies and programs and assessing Company Corporate Social Responsibility performance. 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. For more information, refer to the Corporate governance report, which is part of this Annual Report

(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 BR report was published for the first time in the Annual Report for FY 19-20 . The Annual Report is available on Company's website www.nucleussoftware.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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.

- The Company stakeholders include our investors, clients, employees, vendors / partners, government, and local communities. 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

Detail on employee grievances and resolution: There was no Complaint received from employee during the year.

Business Responsibility Report

Principle 2

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 such 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. (However the Company products offers various solutions which significantly help improve process efficiency and business outcomes for our customers and due to the nature of their services, it is difficult to quantify.)

- 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 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 procurement process is transparent, objective and non-discriminatory in the selection of its vendors. The Company works towards sustainable sourcing and ensure 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 to reduce the use of plastic and paper products. Use of plastic material has been reduced up to 25%. Similarly, use of paper for printing has been reduced up to 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.

Principle 3

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, 2021 is 1,840.

- 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

The total number of employees hired on temporary /contractual basis are 61 as on March 31, 2021.

- 3. Please indicate the Number of permanent women employees.**

The number of permanent women employees are 489 as on March 31, 2021.

Business Responsibility Report

4. Please indicate the Number of permanent employees with disabilities

There are 4 employees with disabilities employed with the Company as on March 31, 2021.

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.

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	Permanent Women Employees	Nil	Nil
3	Casual/Temporary/Contractual Employees	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 lay continuous focus on learning and development of employees and help them in understanding their career.

The detail of the employees who were given safety & skill upgradation training in the last year is as below:

	Number of employees	% of employees
Permanent Employees	1,820	99
Permanent Women Employees	488	99
Casual/Temporary/Contractual Employees	44	72
Employee with Disabilities	2	50

Principle 4

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

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 many other CSR initiatives 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.

Business Responsibility Report

Principle 5

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 group.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The complaints as received from Shareholders during the year have been satisfactorily resolved by the management. For details please refer Clause 2 of Principle 1 above.

Principle 6

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 address the 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

Yes

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 I of Directors' Report, which is part of this Annual Report.

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

Principle 7

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:

- The Company 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.
- The Company is also registered with Electronics and Computer Software, Export Promotion Council.

Business Responsibility Report

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

Principle 8

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?**

During the year, 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

For details regarding various programmes /projects undertaken by NSF, please refer Annexure G of the Directors’ Report, which is part of this Annual Report.

3. **Have you done any impact assessment of your initiative?**

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.

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.

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

4. **What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

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

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.

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.**

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

The NSF team has designed a remedial program to bridge the gap identified by the baseline test conducted across the selected schools. The program bridges the gap of the student in the area of Math and English. The aim is to bring children closer to the learning levels appropriate for their assigned classes. The digital content on the tab is mapped to the remedial program which we have designed based on the learning level of the student.

With the lockdown, education of school-going students was severely affected during the year. The NSF team came up with various innovative ways to continue facilitating the education programs that had been ongoing in the previous years. Teachers associated with our partner NGOs were upskilled in digital modes of education. Smartphones were also provided to some scholars, who got admission to colleges, in order to encourage them and help them to attend college virtually.

Business Responsibility Report

Principle 9

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 complaint relating to violation of this principle. However, we would have routine customer complaints which are taken care 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. The “ 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, 2021

Management's Discussion and Analysis

OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forming Part of the Financial Statements for the year ended March 31, 2021

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

The overall industry landscape has become highly conducive for the growth of FinTechs. Not only is the venture capital industry supporting this growth as mentioned in a joint report from BCG and FICCI (2021), the need for disruption to fill in gaps in the fast paced lifestyle of society has become very high. FinTechs are revolutionizing conversion of thousands of manual systems to digital ones. A process which would take weeks to complete earlier can now take half a day, due to extreme innovation introduced by FinTechs. This is because FinTechs have looked at every small activity with a fresh perspective.

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 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 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.

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 seven 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%
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%

Table 1

The Company has branch offices in Chennai, Pune and Mumbai in India and in London, UK, 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.

The Honourable National Company Law Tribunal (NCLT) of New Delhi vide its Order dated March 18, 2020 approved the Scheme of Amalgamation (referred to as "the Scheme") providing for the merger of the wholly owned subsidiaries of the Company, Virstra I Technology Services Ltd. and Avon Mobility Solutions Pvt. Ltd., with Nucleus Software Exports Ltd. (the Company).

Consequent to the above Order and subsequent filing of the certified copy with the Registrar of Companies, NCT of Delhi, the Scheme has become effective from July 1, 2020. Upon coming into effect of the Scheme, the business undertakings of Virstra I Technology Services Ltd. and Avon Mobility Solutions Pvt. Ltd., have been transferred to and vested in the Company w.e.f. 1 April 2019 which was the appointed date in the Scheme.

Some notable accolades won over the years are as follows:

- Nucleus Software was awarded the "Best Technological Innovation in Payments (B2B)" award at the Seamless Middle East 2020 conference in Dubai
- Nucleus Software received first position at the "Corporate Governance and Sustainability Vision Awards 2021", held by Indian Chamber of Commerce
- Nucleus Software received an award for the Annual Report (for FY 19-20) from League of American Communication

Management's Discussion and Analysis

Professionals (LACP). We also won the **Platinum Award for excellence within the Industry** for FY 2019-20 - Technology-Software and the Technical Achievement Award for overall excellence in the art and method of Annual Report communications (This is the first time we got this Award. Last year, we had won the Silver Award for Best In-House Report)

- 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).
- We 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.

C. The Way Forward

The pace of disruption is only going to accelerate in the coming times. Both the breadth and depth of FinTechs are going to rise as time progresses and we may see a new ecosystem develop. The key requirement for such an ecosystem would be integrability between various fintech solutions in the market. Highly digitized banking platforms would emerge as leaders in such a market. While buzzwords around which latest technology is adopted by a bank or fintech may change with time, the underlying need for innovation at the core will remain the same.

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 ten members manages the Company.

The Board at Nucleus comprises ten members; five Board members are Non-Executive Independent Directors including two women Directors, and the other five are Executive Directors, including one woman director. All Independent Directors, with their diverse knowledge and expertise, provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence. It develops and promotes the vision, culture and values of the Company and provides entrepreneurial leadership to the Company within a framework of prudent and effective controls.

Only a strong global team can drive excellent performance especially in a challenging business environment. During the year, critical functions of the organisation were strengthened with assessment of Leadership bandwidth to build a strong team aligned to Nucleus fundamentals and culture. Particular emphasis was placed on attracting, developing and retaining talent, especially in emerging markets, through specifically designed programs. At the same time, the focus was on continuously improving and strengthening the leadership team and fostering a unique performance culture at Nucleus. For a global company, a diverse workforce that unites different 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 number stood at 1,932 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

As computing power continues to become cheaper substantially, only hindered by the slight slowing down of Moore's law, more and more graduates will gravitate towards software

Management's Discussion and Analysis

development. This will continue to fuel the growth in number of FinTechs entering the industry. This may potentially lead to a transformation of the entire landscape of the industry.

Greater the number of innovations and pace of innovation that FinTechs bring, greater becomes the threat for their competitors that fail to modernize their approach. At the same time, companies like ours that continue to push the envelope of innovation further and further, increase their chances of not only survival but also leadership.

F. OUTLOOK

One of the sources of strengths for Nucleus is the core value of continuous innovation. Over the past few decades, we shifted gears rapidly and stayed ahead of many of our competitors by focusing on this value. From building software products for the Banking and Financial Services and Insurance (BFSI) sector in the mid-90s to completely revamping our product line when it was already successful, we have always tried to provide our customers with the best that technology has to offer. In fact, this initiative of ours is being widely recognized by the BFSI industry in both domestic and international markets. Many customers of ours who want the latest technologies backing their businesses have reached out to us for their next generation digital transformation. With the many waves of the pandemic, bankers see the need to revamp their systems with the cutting-edge tools present in our FinnOne NEO™ and FinnAxia™ suites.

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, 2021.

BSR & Associates LLP, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

The Board of Directors has also appointed Internal Auditors as recommended by the Audit Committee with a well-defined internal audit scope. The Internal Auditor reports to the Chairman of the Audit Committee and presents significant audit observations to the Audit Committee. Based on the report of the

Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

The CEO/CFO certification provided elsewhere in this report also places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

I. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The 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 sustained 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. 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. Consequently the results for the year ended March 31, 2017 have been restated to comply with Ind AS to make them comparable.

The financial statements are prepared in accordance with the Companies (Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act. 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.

Management's Discussion and Analysis

The Company has seven 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:

- Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company, discussed in this chapter and
- Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, and has been discussed in the later chapters of this report.

Standalone financial results are as below:

(₹ in crore)					
For the Year Ended March 31,	2021	% of Revenue	2020	% of Revenue	Growth %
Revenue from Operations	454.36	100	444.20	100	2.29
Expenses					
a) Employee benefit expense	277.47	61.07	266.74	60.05	4.02
b) Operating and other expenses	54.80	12.06	100.18	22.55	(45.29)
c) Finance costs	0.77	0.17	0.75	0.17	1.95
Total Expenses	333.04	73.30	367.67	82.77	(9.42)
Operating Profit (EBITDA)	121.32	26.70	76.53	17.23	58.51
Depreciation	11.43	2.52	11.23	2.53	1.73
Operating Profit after Interest and Depreciation	109.89	24.19	65.30	14.70	68.28
Other Income	36.63	8.06	63.75	14.35	(42.54)
Profit Before Tax	146.52	32.25	129.05	29.05	13.54
Taxation	34.48	7.59	26.83	6.04	28.50
Profit After Tax	112.04	24.66	102.22	23.01	9.61
Other Comprehensive Income	1.75	0.39	(8.49)	(1.91)	(120.65)
Total Comprehensive Income for the period	113.79	25.04	93.73	21.10	21.40

Revenue from Operations

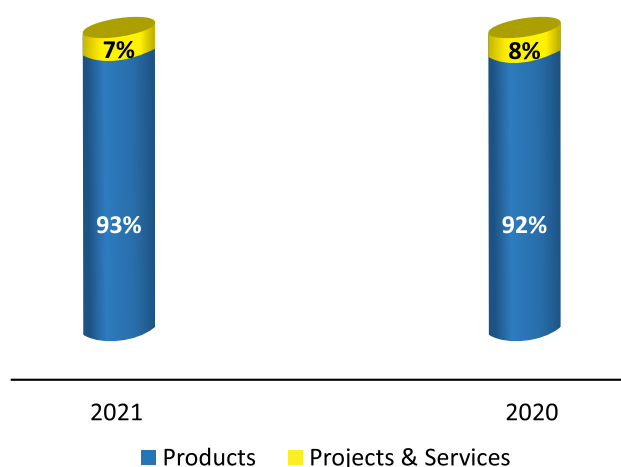
Our revenues from software development comprise of income from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the services are rendered and revenue from fixed price contracts comprising of license, related customization and implementation is recognised 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 ₹ 454.36 crore, against ₹ 444.20 crore for the previous year.

Revenue from Products and Services

We are a Product Company and derive most of our revenues from Products and related services. Categorized under revenue from "Products", it comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 424.51 crore, 93% of the total revenue, against ₹ 408.00 crore, 92% of total revenue, in the previous year.

Revenue from Products and Services



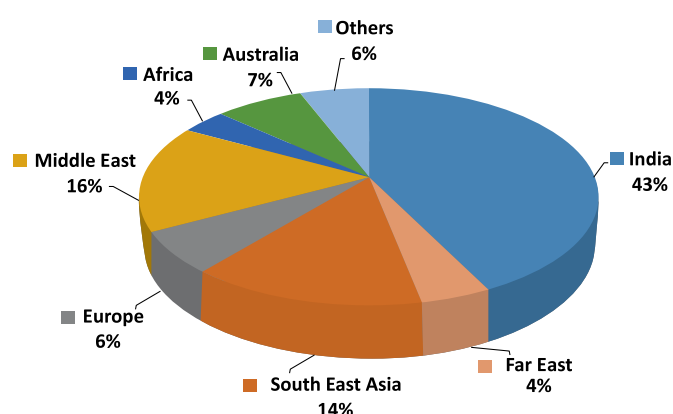
Management's Discussion and Analysis

Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Software projects and services revenue for the year is ₹ 29.85 crore, 7% of the total revenue, against ₹ 36.20 crore, 8 % of the total revenue, in the previous year.

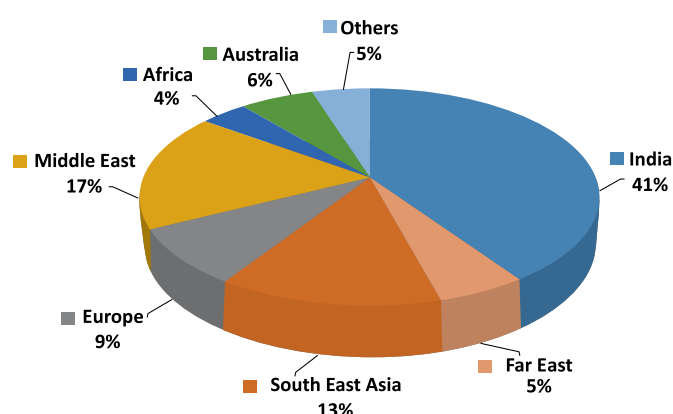
Revenue from Various Geographies

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 57% 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 21



Revenue from Various Geographies for FY 20



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 4.02 % to ₹ 277.47 crore, 61.07% of revenue against ₹ 266.74 crore, 60.05% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)

For the Year Ended March 31,	2021	% of Revenue	2020	% of Revenue	Growth %
Salaries	255.14	56.15	242.31	54.55	5.29
Contribution to provident and other funds	13.79	3.03	13.85	3.12	(0.41)
Gratuity	3.99	0.88	3.49	0.79	14.37
Staff welfare	4.55	1.00	7.09	1.60	(35.84)
Total Employee Benefit Expenses	277.47	61.07	266.74	60.05	4.02
Revenue	454.36	100.00	444.20	100.00	2.29

Operating and Other Expenses

Operating and other expense 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.

Management's Discussion and Analysis

Operating and other expenses at ₹ 55.57 crore, 12.23% of revenue for the year, a decrease of 44.94% against ₹ 100.93 crore, 22.72% of revenue in the previous year.

For the Year Ended Mar 31,	2021	% of Revenue	2020	% of Revenue	Growth %
Outsourced Technical Service Expense	12.99	2.86	12.26	2.76	5.97
Cost of software purchased for delivery to clients	0.62	0.14	1.28	0.29	(51.56)
Travelling	1.02	0.22	21.37	4.81	(95.23)
Power and fuel	2.70	0.59	4.40	0.99	(38.64)
Rent	0.45	0.10	0.56	0.13	(19.64)
Rates & Taxes	0.26	0.06	0.17	0.04	52.94
Repair and maintenance	4.61	1.01	5.94	1.34	(22.39)
Legal and professional	3.74	0.82	5.14	1.16	(27.24)
Directors remuneration	1.65	0.36	1.43	0.32	15.38
Conveyance	0.34	0.07	1.50	0.34	(77.33)
Communication	0.99	0.22	1.70	0.38	(41.76)
Information technology expenses	11.96	2.63	11.12	2.50	7.55
Provision for doubtful debts/advances/other current assets	(3.38)	(0.74)	6.24	1.40	(154.17)
Commission to channel partners	(0.23)	(0.05)	2.02	0.45	(111.39)
Training and recruitment	0.96	0.21	3.23	0.73	(70.28)
Conference, exhibition and seminar	0.15	0.03	3.10	0.70	(95.16)
Advertisement, business development and promotion	1.11	0.24	2.09	0.47	(46.89)
Insurance	0.40	0.09	0.45	0.10	(11.11)
Finance Cost	0.77	0.17	0.75	0.17	2.67
Sales & marketing fee	7.90	1.74	12.04	2.71	(34.39)
Net loss on sale of fixed assets/discarded assets	0.11	0.02	-	-	-
Withholding tax charged off	3.5	0.77	-	-	-
Miscellaneous expenses	1.29	0.28	2.69	0.61	(52.04)
Contribution to CSR activities	1.65	0.36	1.45	0.33	13.79
Total Operating and Other Expenses	55.57	12.23	100.93	22.72	(44.94)
Revenue	454.36	100.00	444.20	100.00	2.28

Finance cost includes bank charges and fee for issuance of bank guarantees. It is ₹ 0.77 crore against ₹ 0.75 crore in the previous financial year.

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 ₹ 1.65 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 ₹ 121.32 crore, 26.70% of revenue against ₹ 76.53 crore, 17.23% of revenue in the previous year.

Depreciation

Depreciation on fixed assets is ₹ 11.43 crore, 2.52% of revenue for the year against ₹ 11.23 crore, 2.53% of revenue 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 investment

(₹ in crore)

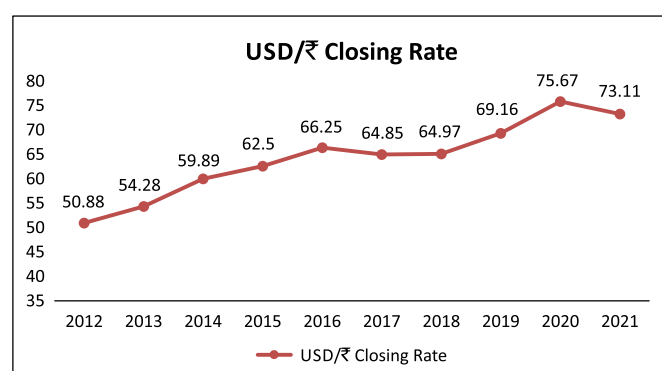
For the Year Ended March 31,	2021	2020
Dividend on investment in Mutual Fund	0.26	10.06
Interest income on financial assets carried at amortised cost	13.59	16.25
Dividend from Subsidiary companies	-	21.90
Net Gain / (Loss) on foreign currency	0.65	2.79
Profit on sale of assets/investments	1.25	(0.01)
MTM gain or (loss)	19.34	5.50
Others	1.54	7.26
Total	36.63	63.75

Management's Discussion and Analysis

Other income for the year is ₹ 36.63 crore against ₹ 63.75 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 ₹ 0.65 crore against a gain of ₹ 2.79 crore for the previous year. We conduct major portion of our business transactions in currencies other than the Indian Rupee. Nearly Sixty Five 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.



The monthly closing rate of Indian Rupee varied from a high of ₹ 75.67 to the Dollar in April 2020 to a low of ₹ 72.96 in February 2021 and overall lost 3.4 % against the US Dollar on a March end to March end comparison.

Taxation

Current tax represents the provision for Indian income tax on the profits of the Company as calculated in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods, 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,	2021	2020
- Current Tax Expense	28.01	21.07
- Deferred Tax Credit (net)	6.47	5.76
Total	34.48	26.83

Total effective tax for the year is 7.59% of Revenue, in comparison to 6.04% of Revenue for the previous year.

Profit After Tax

Our profit after tax for the year is ₹ 112.04 crore, 24.66% of revenue against ₹ 102.22 crore, 23.01% 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 ₹ 1.55 crore, against ₹ (4.99) 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 ₹ (1.47) crore net after Tax, against ₹ (0.91) 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 ₹ 1.67 crore net after Tax, against ₹ (2.59) crore in the previous year.

Total other comprehensive income for the year is ₹ 1.75 crore, against ₹ (8.49) 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, 2021 is 29,040,724 equity shares of ₹ 10 each.

Retained Earnings

Particulars	2021	2020
Opening balance	498.92	426.80
Add: Profit for the year	112.04	102.22
Less : Appropriations		
- Final dividend on equity shares	-	(26.14)
- Interim dividend / Final dividend paid	(8.71)	-
- Corporate Dividend tax	-	(3.05)
- Remeasurement of the defined benefit plans, net	(1.47)	(0.91)
Closing balance	600.78	498.92

Reserves and Surplus

Movement in the components of reserves and surplus is as below:

Particulars	Closing Balance as on March 31, 2021	Additions/ (Deletions) during the year	Opening Balance as on March 31, 2020
Capital Reserve	0.89	-	0.89
Securities Premium	1.00	-	1.00
Retained Earnings	600.78	101.86	498.92
General reserve	6.61	-	6.61
Capital redemption reserve	3.34	-	3.34
Other Comprehensive Income			
Hedging Reserve	0.27	1.67	(1.40)
Equity instrument through other comprehensive income	5.01	1.55	3.46
Total	617.90	105.08	512.82

Management's Discussion and Analysis

Property, plant and equipment and Intangible assets

As at March 31, 2021, Net carrying Amount of Property, Plant and Equipment and Intangible assets is ₹ 24.20 crore against ₹ 30.44 crore as on March 31, 2020.

(₹ in crore)			
As at March 31,	2021	2020	% Inc/Dec
Gross Carrying Amount			
Freehold land	0.34	0.34	-
Plant and equipment	4.43	3.63	0.80
Building	16.58	16.58	-
Office and other equipment	1.52	1.40	0.12
Computers	24.00	23.13	0.87
Vehicles	3.43	4.51	(1.08)
Furniture and fixtures	1.97	1.79	0.18
Software	10.89	10.13	0.75
Total	63.16	61.51	1.65
Less; accumulated depreciation	38.96	31.07	-
Net Carrying Amount	24.20	30.44	(6.24)

Transition to Ind AS 116

Following are the changes in the carrying value of right of use assets:

(₹ in crore)						
Particulars	As at 31 March 2021			As at 31 March 2020		
	Building	Lease hold land	Total	Building	Lease hold land	Total
Opening balance	5.58	5.28	10.86	4.68	5.36	10.04
Additions	-	-	-	3.54	-	3.54
Amortisation	2.50	0.07	2.57	2.64	0.08	2.72
Closing balance	3.08	5.21	8.29	5.58	5.28	10.86

The aggregate depreciation expense on right of use assets is included under depreciation and amortisation expense in the Standalone Statement of Profit and Loss Account.

The following is the movement in lease liabilities during the year ended 31 March 2021

(₹ in crore)		
Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	5.49	4.68
Additions	-	3.05
Finance cost accrued during the period	0.41	0.49
Payment of lease liabilities	(2.58)	(2.73)
Rent concession on lease liability	(0.06)	-
Closing balance	3.26	5.49

The Company has applied expedient to one of its lease contracts and accordingly an amount of ₹ 6 lacs for rent concession has been recorded for the year ended 31 March 2021 in the Standalone Statement of profit and loss.

Investments

Investments of the Company can be categorized as per the following:

i) **Non-current investments** totaling ₹ 191.44 crore as on March 31, 2021 against ₹ 245.77 crore as on March 31, 2020.

a. **Investment in subsidiaries** -The investment of the Company in the Equity Share capital of its subsidiaries stood at ₹ 14.85 crore.

(₹ in crore)		
	As at March 31	
	2021	2020
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
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. Ltd., Australia	0.55	0.55
Nucleus Software South Africa (Pty.) Limited, South Africa	0.32	0.32

b. **Investment in equity shares of a listed company at FVOCI** - ₹ 5.26 crore.

c. **Investment in Preference Shares (quoted)**- Nil.

d. **Investment in Preference Shares (unquoted)**- Nil.

e. **Investment in bonds (quoted)**- ₹ 77.37 crore.

f. **Investment in mutual funds (quoted)** - Nil.

g. **Investment in mutual funds (unquoted)** - ₹ 93.96 crore.

ii) **Current Investments and Bank Balances**

Current Investments of ₹ 457.29 crore as on March 31, 2021, as per below table.

(₹ in crore)	
Name	Value of units as on March 31, 2021
Investment in Mutual Funds (Unquoted)	
Aditya Birla Sunlife Arbitrage Fund -Direct Plan – Growth	14.04
HDFC Arbitrage Fund - Direct Plan – Growth	19.28
HDFC Ultra Short term Fund - Direct Plan – Growth	16.00
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Growth	3.32
Kotak Equity Arbitrage Fund- Direct Plan – Growth	36.26
L&T Ultra Short Term Fund - Direct Plan – Growth	6.48

Management's Discussion and Analysis

Name	Value of units as on March 31, 2021
Nippon India Arbitrage Fund - Direct Plan – Growth	12.93
SBI Liquid Fund - Direct Plan – Growth	16.35
Tata Liquid Fund - Direct Plan – Growth	12.52
DSP Ultra Short term Fund - Growth – Direct	6.79
DSP Low Duration Fund - Growth- Direct	20.68
ICICI Prudential Money Market Fund - Direct Plan – Growth	32.89
UTI Money Market Fund - Direct Plan – Growth	21.62
UTI Arbitrage Fund - Direct Plan – Growth	11.76
Aditya Birla Sun Life Money Manager Fund - Direct Plan – Growth	23.92
SBI Arbitrage Opportunities Fund - Direct Plan – Growth	15.00
HDFC Money Market Fund - Direct Plan – Growth	21.61
Axis Treasury Advantage Fund - Direct Plan – Growth	16.16
SBI Savings Fund - Growth- Direct	23.79
Kotak Money Market Fund - Growth-Direct	13.19
Axis Money Market Fund - Growth – Direct	0.81
Tata Treasury Advantage Fund - Growth –Direct	5.93
	351.33
Fixed Maturity Plans/Interval Plans (quoted)	
<i>Fixed maturity plan at Amortised cost</i>	
ICICI Prudential FMP - Series 82 - 1225 Days Plan B	6.28
UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	6.28
Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12	6.22
Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	6.28
ICICI Prudential FMP - Series 82 - 1203 Days Plan K	6.27
Nippon India Fixed Horizon Fund XXXVI - Series 6	6.24
UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	6.22
	43.79
Investment in bonds (quoted)	
<i>Bonds securities at Amortised cost</i>	
8.09% Power Finance Corporation Tax Free Bonds 2021	4.71
7.51% Power Finance Corporation Tax Free Bonds 2021	5.17
7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	3.06
8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	20.87
8.20% Power Finance Corporation Tax Free Bonds 2022	0.63
	34.44

Name	Value of units as on March 31, 2021	
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)		1.00
Less: Provision for impairment of investment		(1.00)
7.50% Tata Capital Ltd. (Preference Shares - 2020)		5.00
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
10% Tata Motors Finance Ltd (CCPS - 2025) (see note 2.30)		22.73
		27.73
Aggregate amount of investment		457.29
As of March 31, 2021 current investments and Bank Balances stood at ₹ 23.58 crore as against ₹ 73.93 crore as on March 31, 2020.		
		(₹ in crore)
As at March 31,	2021	2020
Balances with Bank		
Cash in Hand	-	0.02
Balances with scheduled banks	9.75	40.08
Balance with non scheduled banks in current accounts	0.53	0.50
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	0.72	1.79
Balances with scheduled banks in earmarked accounts	0.36	0.38
Balances with scheduled banks in deposit accounts	12.22	31.16
Current Investments	457.29	242.22
Total	480.87	316.15
Operating Cash Flow		
Our net cash flow from operating activities before working capital changes is ₹ 124.72 crore for the financial year, against ₹ 84.75 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 105.86 crore against ₹ 69.07 crore in the previous year. To summarize the Company's liquidity position, given below are a few ratios:		
		(in %)
As at March 31,	2021	2020
Operating cash flow as % of revenue	23%	16%
Cash and Equivalents as % of assets	57%	43%
Cash and Equivalents as % of revenue	106%	71%
Current investments as % of assets	54%	33%
Current investments as % of revenue	101%	55%

Management's Discussion and Analysis

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2021 are ₹ 77.41 crore against ₹ 79.96 crore on March 31, 2020. The age profile of the debtors (net of provision) is given below:

	(in %)	
As at March 31,	2021	2020
Less than three months	88.45%	85.66%
Between 3 and 6 months	2.88%	7.20%
More than 6 months	8.67%	7.14%

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,	2021	2020
Non – Current		
Staff Loans	0.02	0.06
Loan to subsidiary credit impaired	1.65	1.75
Security deposits	2.44	2.50
Long-term bank deposits	18.22	0.20
Total	22.33	4.51
Current		
Staff Loans	0.11	0.35
Security deposits	0.02	0.06
Mark-to-market gain on forward contracts	0.37	-
Expenses recoverable from customers	-	0.18
Other recoverable from subsidiaries	0.79	0.69
Unbilled revenue	3.51	1.31
Total	4.80	2.59
Total Loans and Other Financial Assets	27.13	7.10

Security Deposits, utilised primarily for hiring of office premises and staff accommodation, amounts to ₹ 2.44 crore as on March 31, 2021 against ₹ 2.50 crore as on March 31, 2020. Long term bank deposits amounting to ₹ 18.22 crore as on March 31, 2021 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

	(₹ in crore)	
As at March 31,	2021	2020
Non – Current		
Capital advances	0.04	0.30
Employee advances	0.37	0.38
Prepaid expenses	0.05	0.08

(₹ in crore)

As at March 31,	2021	2020
Advance payment to gratuity trust (see note 2.38)	-	1.19
Corporate dividend tax *	-	3.26
Total	0.46	5.21
Current		
Service income accrued but not due	11.19	8.55
Employee Advances	0.14	0.33
Prepaid Expenses	3.40	3.69
Contract Cost	0.03	-
Balances with Government authorities	0.43	1.11
Supplier advances	4.38	4.50
Deferred Expenses	0.01	0.04
Total	19.58	18.22
Total Other Assets	20.04	23.43

Current Liabilities

(₹ in crore)

As at March 31,	2021	2020
Financial liabilities		
Lease Liabilities	2.49	2.23
Trade Payables	13.86	18.19
Unpaid dividends	0.36	0.38
Mark-to-market gain/loss on forward contracts	-	1.87
Payable for purchase of fixed assets	0.19	0.07
Employee payable	32.80	28.79
Other current liabilities		
Advances from customers/Advance Billing	57.67	65.73
Deferred Revenue	69.36	52.97
Payable to Gratuity Trust	-	-
Statutory dues	8.64	7.95
Short term provisions		
Compensated absences	2.24	2.35
Provision for Tax	3.86	0.63
Total	191.47	181.16

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2021 the Current liabilities are ₹ 191.47 crore (₹ 181.16 crore as on March 31, 2020).

Trade payables represent the amount payable for providing goods and services and are ₹ 13.86 crore as on March 31, 2021 against ₹ 18.19 crore as on March 31, 2020.

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, 2021 it is ₹ 8.64 crore against ₹ 7.95 crore as on March 31, 2020.

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, 2021 are ₹ 2.24 crore against ₹ 2.35 crore as on March 31, 2020.

Management's Discussion and Analysis

Non-Current Liabilities

Non-Current Liabilities as on March 31, 2021 were ₹ 12.03 crore against ₹ 12.54 crore as on March 31, 2020. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)		
As at March 31,	2021	2020
Financial liabilities		
Lease Liabilities	0.77	3.26
Employee Payable	-	1.17
NON-CURRENT PROVISIONS	9.93	8.11
Deferred tax liabilities (net)	1.33	-
Total	12.03	12.54

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, 2021

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 2021, 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 ("the 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 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Emphasis of matter

We draw attention to note 2.41 to the standalone financial statements, which describes the information security incident on 30 May 2021 involving a ransomware attack experienced by the Company. The management has initiated the process of containment and remediation efforts to address the event and to recover and restore impacted application and data. It has also initiated the process to investigate and ascertain the nature, extent and causes of data breach. The impact of this cyber security incident including any possible litigations and claims is presently not ascertainable. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Revenue recognition- Significant Judgment required in estimating percentage of work completed in fixed price contracts See note 1.2.ii and note 2.25 to the standalone financial statements	
The key audit matter	How the matter was addressed in our audit
For the year ended 31 March 2021, revenue amounting to Rs. 45,436 lacs 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. The percentage of work completed is estimated by the Company basis the completion of milestones and activities as agreed with the customers. Due to the number and complexity of 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 2021.	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and 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 inspected key terms, including transaction price, deliverables, performance obligations, timetable and milestones, set out in the contract;

Independent Auditors' Report

	<ul style="list-style-type: none"> 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; o tested 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 confirmed by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmations which form the basis of percentage of completion; and o verified the ageing analysis and performed 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 standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's 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 standalone financial statements in place and the operating effectiveness of such controls.

Independent Auditors' Report

- 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 of India 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 standalone 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 2021 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.
 - 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 standalone financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

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) of the Act which are required to be commented upon by us.

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

Sd/-
Girish Arora
Partner
Membership No. 098652
UDIN: 21098652AAAAAP3035

Place: New Delhi
Date : 3 June 2021

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 2021.

- (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 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Sales tax, Service tax, Goods and Services tax, Duty of customs, Duty of excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

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 ₹ Lacs	in ₹ Lacs	
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	2 (refer Note below)	Nil	AY 2014-15
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	2 (refer Note below)	Nil	AY 2015-16
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	National Faceless Appeal Centre	62 (refer Note below)	Nil	AY 2017-18

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 financial institutions or banks or government or debenture holders 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 the year. Further, reference is made to emphasis of matter in our audit report which describes information security incident involving a ransomware attack experienced by the Company subsequent to year end.
- (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 Indian Accounting Standards (Ind AS).

- (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

Sd/-
Girish Arora
Partner
Membership No.: 098652
UDIN: 21098652AAAAAP3035

Place: New Delhi
Date: 3 June 2021

Annexure B to the Independent Auditors' report on the standalone financial statements of Nucleus Software Exports Limited for the year ended 31 March 2021.

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 standalone financial statements of Nucleus Software Exports Limited ("the Company") as of 31 March 2021 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 standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 standalone 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 standalone financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to standalone 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 Standalone Financial Statements

A company's internal financial controls with reference to standalone 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 standalone 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 standalone 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 Standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 Standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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

Sd/-
Girish Arora
Partner
Membership No. 098652
UDIN: 21098652AAAAAP3035

Place: New Delhi
Date : 3 June 2021

Standalone Balance Sheet

AS AT 31 MARCH 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	2,295	2,816
Capital work in progress	2.1(b)	45	21
Intangible assets under development	2.1(c)	5	5
Other intangible assets	2.1(a)	125	228
Right of use assets	2.2	829	1,086
Financial assets			
Investments	2.3	19,144	24,577
Loans	2.4	167	181
Other financial assets	2.5	2,066	270
Deferred tax assets (net)	2.6	-	522
Income tax asset (net)	2.7	2,056	1,537
Other non-current assets	2.8	46	521
Total non-current assets		26,778	31,764
Current assets			
Financial assets			
Investments	2.9	45,729	24,322
Trade receivables	2.10	7,741	7,996
Cash and cash equivalents	2.11	1,100	4,239
Other bank balances	2.12	1,258	3,154
Loans	2.13	11	35
Other financial assets	2.14	469	224
Other current assets	2.15	1,958	1,822
Total current assets		58,266	41,792
Total assets		85,044	73,556
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.16	2,904	2,904
Other equity	2.17	61,790	51,282
Total equity		64,694	54,186
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	77	326
Other financial liabilities	2.18	-	117
Provisions	2.19	993	811
Deferred tax liabilities (net)	2.6	133	-
Total non-current liabilities		1,203	1,254
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	249	223
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	1,386	1,819
Other financial liabilities	2.21	3,335	3,111
Provisions	2.22	224	235
Current tax liabilities (net)	2.23	386	63
Other current liabilities	2.24	13,567	12,665
Total current liabilities		19,147	18,116
Total equity and liabilities		85,044	73,556

See accompanying notes forming part of the standalone 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/-
GIRISH ARORA
Partner
Membership number : 098652

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
ANURAG MANTRI
Additional Executive Director & CFO

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Sd/-
PARAG BHISE
CEO & Whole-time Director

Place: New Delhi
Date: 3 June 2021

Place: Noida
Date: 3 June 2021

Standalone Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2021

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(Amount in ₹ Lacs unless otherwise stated)

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
1. REVENUE FROM OPERATIONS			
Income from software product and services	2.25	45,436	44,420
2. OTHER INCOME	2.26	3,663	6,375
3. TOTAL INCOME (1+2)		49,099	50,795
4. EXPENSES			
a. Employee benefits expenses	2.27	27,747	26,674
b. Operating and other expenses	2.28	5,480	10,018
c. Finance cost	2.29	77	75
d. Depreciation, amortisation and impairment expenses	2.1(a) and 2.2	1,143	1,123
TOTAL EXPENSES		34,447	37,890
5. PROFIT BEFORE TAX (3-4)		14,652	12,905
6. INCOME TAX EXPENSE			
a. Net current tax expense		2,801	2,107
b. Deferred tax credit /charge	2.6	647	576
NET TAX EXPENSE		3,448	2,683
7. PROFIT FOR THE YEAR (5-6)		11,204	10,222
8. OTHER COMPREHENSIVE INCOME / (LOSS)			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		(196)	(121)
b) Equity instruments through other comprehensive income		155	(499)
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		49	30
(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		224	(369)
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		(57)	110
9. TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		175	(849)
		11,379	9,373
Profit attributable to:			
Owners of the Company		11,204	10,222
Other comprehensive income attributable to:			
Owners of the Company		175	(849)
Total comprehensive income attributable to:			
Owners of the Company		11,379	9,373
10. EARNINGS PER EQUITY SHARE	2.33		
Equity shares of ₹ 10 each			
a. Basic (₹)		38.58	35.20
b. Diluted (₹)		38.58	35.20
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 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/-
GIRISH ARORA
Partner
Membership number : 098652

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/-
PARAG BHISE
CEO & Whole-time
Director

Sd/-
ANURAG MANTRI
Additional Executive Director & CFO

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 3 June 2021

Place: Noida
Date: 3 June 2021

Standalone Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2021

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flow from operating activities		
Net profit before tax	14,652	12,905
Adjustment for:		
Depreciation, amortisation and impairment expenses	1,143	1,123
Unrealised exchange gain / loss on translation of foreign currency accounts (net)	50	(351)
Dividend received from current investments	(24)	(747)
Dividend received from non-current investment	(2)	(259)
Dividend received from subsidiary companies	-	(2,190)
Interest income on financial assets- carried at amortised cost	(1,343)	(1,607)
Discounting of staff loan and security deposit	(16)	(17)
MTM (gain) on investments	(1,934)	(550)
Net (gain)/loss on sale of investments	(125)	1
Rent concession on lease liability	(6)	-
(Profit) / Loss on sale of property, plant and equipment (net)	11	(6)
Interest expense on lease liability	41	49
Interest others	13	-
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	(338)	624
Withholding tax charged off	350	-
Reversal of loss allowance on loan to subsidiary	-	(500)
Operating profit before working capital changes	12,472	8,475
Adjustment for (increase) / decrease in operating assets		
Trade receivables	557	(1,602)
Loans	38	343
Other assets	(4)	(447)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(604)	597
Provisions and other liabilities	1,159	1,514
	13,618	8,880
Income taxes paid (net)	(3,032)	(1,973)
Net cash from operating activities (A)	10,586	6,907
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(285)	(1,183)
Proceeds from sale of property, plant and equipment	27	5
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(13,445)	(4,090)
Bank deposits (net) and other bank balances not considered as cash and cash equivalents	57	638
Interest received on fixed deposits, mutual funds, tax free bonds and preference shares	1,085	1,003
Dividend received from non current investments	2	427
Dividend from subsidiary company	-	2,190
Net cash used in investing activities (B)	(12,559)	(1,010)
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(217)	(224)
Interest paid on lease liabilities	(41)	(49)
Interim dividend / Final dividend paid	(871)	(2,919)
Net cash used in financing activities (C)	(1,129)	(3,192)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(3,102)	2,705
Opening cash and cash equivalents	4,239	1,460
Exchange difference on translation of foreign currency bank accounts	(37)	74
Closing cash and cash equivalents [see note 2.11]	1,100	4,239
Supplementary information		
1. Cash and cash equivalents represents :		
Cash on hand	-	2
Balances with scheduled banks	975	4,008
Balance with non scheduled banks in current accounts	53	50
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	72	179
	1,100	4,239
Reconciliation of movements of liabilities to cash flows arising from financing activities :-		
At the beginning (current and non current)	549	-
Recognized on adoption of Ind AS 116 as at 1 April 2019	-	468
Addition in lease liabilities	-	305
Interest accrued	41	49
Net Cash outflow	(258)	(273)
Rent concession	(6)	-
At the end (current and non current)	326	549

Notes:

i. Figures in brackets indicate cash outflow.

See accompanying notes forming part of the standalone 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/-

GIRISH ARORA

Partner

Membership number : 098652

Sd/-

SIDDHARTHA MAHAVIR ACHARYA

Chairman

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

PARAG BHISE

CEO & Whole-time Director

Sd/-

ANURAG MANTRI

Additional Executive Director & CFO

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 3 June 2021

Place: Noida

Date: 3 June 2021

Standalone Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

A. Equity share Capital		
(Amount in ₹ Lacs unless otherwise stated)		
Balance as of 1 April 2020	Changes in equity share capital during the period	Balance as on 31 March 2021
2,904	-	2904
Balance as of 1 April 2019	Changes in equity share capital during the period	Balance as on 31 March 2020
2,904	-	2904

B. Other Equity							
	Reserves and Surplus					Items of Other Comprehensive Income (OCI)	
	Capital reserve	Securities premium	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income
Opening balance 1 April 2020	89	100	334	661	49,892	(140)	346
Profit for the period	-	-	-	-	11,204	-	-
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	-	167	-
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	155
Interim dividend	-	-	-	-	(871)	-	-
Remeasurement of the defined benefit plans, net	-	-	-	-	(147)	-	-
Balance as of 31 March 2021	89	100	334	661	60,078	27	501
							51,282
							11,204
							167
							155
							(871)
							(147)
							61,790

Standalone Statement of Changes in Equity for the year ended 31 March 2021

	Reserves and Surplus					Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Securities premium	Capital Redemption reserve	General 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
Adjustment for scheme of amalgamation (see note 2.17)	-	100	-	661	(53)	11	-	719
Restated opening balance 1 April 2019	89	100	334	661	42,680	119	845	44,828
Profit for the period	-	-	-	-	10,222	-	-	10,222
Dividend on equity shares	-	-	-	-	(2,614)	-	-	(2,614)
Corporate dividend tax	-	-	-	-	(305)	-	-	(305)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	-	(259)	-	(259)
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	(499)	(499)
Remeasurement of the defined benefit plans, net	-	-	-	-	(91)	-	-	(91)
Balance as of 31 March 2020	89	100	334	661	49,892	(140)	346	51,282
See accompanying notes forming part of the standalone financial statements								

As per our report of even date attached

For **B S R & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number : 116231W/VV-100024

Sd/-
GIRISH ARORA
Partner
Membership number : 098652

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
PARAG BHISE
CEO & Whole-time Director

For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED

Sd/-
ANURAG MANTRI
Additional Executive Director & CFO

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 3 June 2021

Place: Noida
Date: 3 June 2021

Notes forming part of the standalone financial statements

FOR THE YEAR ENDED 31 MARCH 2021

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 2021 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 3 June 2021.

b) Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, amounts below ₹ 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 standalone financial statements for the year ended 31 March 2021

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

Notes forming part of the standalone financial statements for the year ended 31 March 2021

such cases, revenue for supply of such third 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

*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.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

v. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

The management's estimates of the useful lives of the software are 3 years.

vi. Financial instruments

a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI)-equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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.
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.
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Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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:

- 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

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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. 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

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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.

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.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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. 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 Company does not recognize liability or expense for non-accumulating short term compensated absences as these do not carry forward and lapses if the current period's entitlement is not used in full. Further, employees are not entitled to any cash payment in respect of such non accumulating short term compensated absences.

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. For the long term employee benefits, the obligation is measured on the basis of an independent actuarial valuation using the project unit credit method.

Employee stock option based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

xiii. 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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.

i. 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.

ii. Business combination

Business combinations of entities under common control are accounted using the "pooling of interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies. The figures for the previous period are restated as if the business combination had occurred at the beginning of the preceding period irrespective of the actual date of the combination.

xvii. 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 2021

Notes forming part of the standalone financial statements for the year ended 31 March 2021

2.1(a) Property, plant and equipment

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS		GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT	
	As at 1 April 2020	Additions	Deductions / adjustments	As At 31 March 2021	As at 1 April 2020	Depreciation for the period	Deductions / adjustments	As At 31 March 2021	As At 31 March 2020
Tangible assets									
Freehold land	34 (34)	-	-	34 (34)	-	-	-	-	34 (34)
Buildings	1,658 (1,654)	-	-	1,658 (1,658)	365 (274)	88 (91)	-	453 (365)	1,293 (1,380)
Plant and equipment	363 (206)	84 (157)	4	443 (363)	184 (157)	51 (27)	3	232 (184)	179 (49)
Office equipment	140 (122)	12 (19)	-	152 (140)	71 (48)	25 (24)	-	96 (71)	69 (74)
Computer equipment	2,313 (1,667)	89 (647)	2	2,400 (2,313)	1,415 (1,014)	430 (402)	3	1,842 (1,415)	898 (653)
Vehicles	451 (327)	20 (124)	128	343 (451)	208 (137)	78 (71)	91	195 (208)	243 (190)
Furniture and fixtures	179 (178)	18 (1)	-	197 (179)	79 (44)	35 (35)	-	114 (79)	100 (134)
	5,138 (4,188)	223 (952)	134 (2)	5,227 (5,138)	2,322 (1,674)	707 (650)	97 (2)	2,932 (2,322)	2,816 (2,514)
Other intangible assets									
Software	1,013 (838)	76 (184)	-	1,089 (1,013)	785 (659)	179 (135)	-	964 (785)	228 (179)
Total	6,151 (5,026)	299 (1,136)	134 (11)	6,316 (6,151)	3,107 (2,333)	886 (785)	97 (11)	3,896 (3,107)	3,044 (2,693)

2.1(b) Capital work in progress

PARTICULARS	As at 1 April 2020	Additions	Capitalisation / adjustments	As At 31 March 2021
Capital work in progress	21	87	63	45
	(-)	(200)	(179)	(21)

2.1(c) Intangible assets under development

PARTICULARS	As at 1 April 2020	Additions	Capitalisation / adjustments	As At 31 March 2021
Intangible assets under development	5	1	1	5
	(2)	(47)	(44)	(5)

Note:

(i) Figures in bracket pertain to the respective previous period.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

2.2 Changes in right of use assets / lease liabilities

(a) Following are the changes in the carrying value of right of use assets:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Building	Lease hold land	Total	Building	Lease hold land	Total
Opening balance	558	528	1,086	468	536	1,004
Additions	-	-	-	354	-	354
Amortisation	250	7	257	264	8	272
Closing balance	308	521	829	558	528	1,086

The aggregate depreciation expense on right of use assets is included under depreciation and amortisation expense in the Standalone Statement of Profit and Loss Account.

(b) The following is the break-up of current and non-current lease liabilities :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	249	223
Non-current lease liabilities	77	326
Total	326	549

(c) The following is the movement in lease liabilities :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	549	468
Additions	-	305
Finance cost accrued during the period	41	49
Payment of lease liabilities	(258)	(273)
Rent concession on lease liability (see note below)	(6)	-
Closing balance	326	549

The Company has applied expedient to one of its lease contracts and accordingly an amount of ₹ 6 lacs for rent concession has been recorded for the year ended 31 March 2021 in the Standalone Statement of profit and loss.

(d) The table below provides details regarding future lease payments on an undiscounted basis:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Not later than 1 year	269	264
Later than 1 year but not later than 5 years	79	348
More than 5 year	-	-
Total	348	612

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 ₹ 45 lacs (net of rent concession of ₹ 6 lacs) for the year ended 31 March 2021 (previous period year ended 31 March 2020 ₹ 47 lacs)

The Company does not foresee any large-scale contraction in demand due to COVID-19 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 COVID-19.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

2.3 A. NON-CURRENT INVESTMENTS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Investments in equity shares of subsidiaries (unquoted)		
<i>Equity shares at cost</i>		
a. 625,000 (As at 31 March 2020 - 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 2020 -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 2020 - 200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha, Japan	41	41
d. 7,500 (As at 31 March 2020 - 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)
e. 10,000,000 (As at 31 March 2020 - 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
f. 100,000 (As at 31 March 2020 - 100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	55	55
g. 10 (As at 31 March 2020 - 10) equity shares of ZAR 61,200 each fully paid up, in Nucleus Software South Africa (Pty.) Limited, South Africa	32	32
	1,485	1,485
Investment in equity instruments (Quoted)		
<i>Equity shares at FVOCI</i>		
250,000 (As at 31 March 2020- 250,000) equity shares of ₹ 10 each, fully paid up, in Ujjivan Financial Services Limited	526	371
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	501
Less: Provision for impairment of investment	(501)	(501)
b. 7.50% Tata Capital (Preference Shares - 2020)	-	1,500
	-	1,500
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
a. 10% Tata Motors Finance Ltd (CCPS - 2025) (see note 2.30)	-	2,100
	-	2,100
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	1,004	991
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	540	540
c. 8.09% Power Finance Corporation Tax Free Bonds 2021	-	474
d. 7.51% Power Finance Corporation Tax Free Bonds 2021	-	518
e. 8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	-	2,101
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
i. 8.20% Power Finance Corporation Tax Free Bonds 2022	-	63
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

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
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	107	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	532	543
t. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	538	548
u. 8.63% National Housing Bank Tax Free Bond 2029	1,265	-
v. 8.30% Power Finance Corporation Tax Free Bonds 2027	1,230	-
	7,737	8,714
Investment in mutual funds (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
a. ICICI Prudential FMP - Series 82 - 1225 Days Plan B	-	586
b. UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	-	586
c. Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12 (formerly known as Reliance Fixed Horizon Fund XXXV (1227 days) - series 12)	-	580
d. Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	-	586
e. ICICI Prudential FMP - Series 82 - 1203 Days Plan K	-	583
f. Nippon India Fixed Horizon Fund XXXVI - Series 6 (formerly known as Reliance Fixed Horizon Fund XXXVI - Series 6)	-	581
g. UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	-	579
	-	4,081
Investment in mutual funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. HDFC Corporate Bond Fund - Growth-Direct	417	382
b. DSP Banking & PSU Debt Fund - Growth- Direct	565	1,125
c. Axis Banking and PSU Debt Fund - Growth-Direct	1,400	496
d. ICICI Prudential Bond Fund - Growth- Direct	-	603
e. L&T Short Term Bond Fund - Growth- Direct	-	603
f. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,110	1,034
g. Tata Short Term Bond Fund - Growth- Direct	2,299	711
h. SBI Corporate Bond Fund - Growth- Direct	380	351
i. Kotak Bond Short Term Fund - Growth- Direct	1,107	1,021
j. Nippon India Floating Rate Fund - Growth- Direct	843	-
k. ICICI Prudential Corporate Bond Fund - Growth-Direct	1,275	-
	9,396	6,326
Aggregate amount of non-current investments	19,144	24,577
Aggregate book value of quoted investments	8,263	14,666
Aggregate market value of quoted investments	8,687	15,233
Aggregate value of unquoted investments	10,881	9,912
Aggregate amount of impairment in value of quoted investments	501	501
Aggregate amount of impairment in value of unquoted investments	652	652

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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 the Company intends to hold for a long-term for strategic purpose

	Fair value as at 31 March 2021	Dividend income recognised during the year ended 31 March 2021	Fair value as at 31 March 2020
Investment in Ujjivan Financial Services Limited	526	155	371

No strategic investments were disposed off during the period ended 31 March 2021 as well as in the previous year ended 31 March 2020 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.4 LONG-TERM LOANS		
(Unsecured considered good unless otherwise stated)		
a. Loans and advances to employees	2	6
b. Loan to subsidiary credit impaired	397	407
	399	413
Less: Loss allowance on loan to subsidiary	(232)	(232)
	167	181
2.5 OTHER NON-CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposits	244	250
b. Long-term bank deposits	1,822	20
	2,066	270

Note:

[Long term bank deposits include ₹ Nil (31 March 2020 ₹ 20 lacs) which are under lien]

2.6 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax	2,801	2,107
Deferred tax	647	576
Net tax expense	3,448	2,683

B. Income tax recognised in other comprehensive income on

	For the year ended 31 March 2021	For the year ended 31 March 2020
Remeasurements of net defined benefit plans	49	30
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges	(57)	110
	(8)	140

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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 2021	Percentage	For the year ended 31 March 2020
Profit before tax		14,652		12,905
Domestic tax rate	25%	3,688	29%	3,639
Effect of exempt non-operating income	-1%	(179)	-5%	(688)
Effect of non- deductible expenses and others	1%	198	2%	229
Additional deduction on research and development expenses	-	-	-3%	(450)
Taxes on income at different rates	-1%	(129)	-2%	(270)
Tax pertaining to Branch tax	-	1	-	4
Change in tax rate and others	-1%	(131)	2%	219
Effective tax	24%	3,448	21%	2,683

D. Movement in temporary differences

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Balance as at 1 April 2020	Recognised [Credited/ (Charge)] in the statement of profit or loss during the period	Recognised [Credited/ (Charge)] in OCI during the period	MAT created /(utilised) during the period	Balance as at 31 March 2021
(i) Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	336	(73)	49	-	312
Provision for doubtful trade receivables / loans and service income accrued but not due and others	294	(92)	-	-	202
Forward contracts	47	-	(57)	-	(10)
MAT credit entitlement	132	-	-	(132)	-
Trade receivables, security deposit and loans at amortised cost	20	(6)	-	-	14
Lease liability	6	2	-	-	8
	835	(169)	(8)	(132)	526
(ii) Deferred tax liabilities					
Property, plant and equipment	(64)	51	-	-	(13)
Forward contracts	-	-	-	-	-
Investments	(249)	(397)	-	-	(646)
	(313)	(346)	-	-	(659)
Net deferred tax asset	522	(515)	(8)	(132)	(133)

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Balance as at 1 April 2019	Recognised [Credited/ (Charge)] in the statement of profit or loss during the period	Recognised [Credited/ (Charge)] in OCI during the period	MAT created /(utilised) during the period	Balance as at 31 March 2020
(i) Deferred tax assets					
Provision for compensated absences, gratuity and other employee benefits	667	(361)	30	-	336
Provision for doubtful debts / loans and service income accrued but not due	422	(128)	-	-	294
MAT credit entitlement	155	-	-	23	132
Trade receivables, security deposit and loans at amortised cost	31	(11)	-	-	20
Lease liability	-	6	-	-	6
	1,275	(494)	30	23	788
(ii) Deferred tax liabilities					
Property, plant and equipment	(86)	22	-	-	(64)
Forward contracts	(63)	-	110	-	47
Investments	(168)	(81)	-	-	(249)
	(317)	(59)	110	-	(266)
Net deferred tax asset	958	(553)	140	23	522

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.7 INCOME TAX ASSETS (NET)		
a. Advance income tax (net of provisions)	2,056	1,537
	2,056	1,537
2.8 OTHER NON- CURRENT ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Capital advances	4	30
b. Employee advances	37	38
c. Prepaid expenses	5	8
d. Advance payment to gratuity trust (see note 2.38)	-	119
e. Balances with Government authorities		
Corporate dividend tax *	-	326
	46	521

* relates to corporate dividend tax paid in respect of interim dividend which was declared by the Company on 16 March 2020 and subsequently revoked. This amount has been subsequently claimed by the Company as advance tax in the Income Tax return filed for AY 20-21 and is included in the balance of advance income tax disclosed in Note 2.7.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

2.9 Current investments

Investment in mutual funds

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2021	As at 31 March 2020
Investment in Mutual Funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Growth	1,404	1,348
HDFC Arbitrage Fund - Direct Plan - Growth	1,928	1,859
HDFC Ultra Short term Fund - Direct Plan - Growth	1,600	-
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Growth	332	319
Kotak Equity Arbitrage Fund- Direct Plan - Growth	3,626	3,481
L&T Ultra Short Term Fund - Direct Plan - Growth	648	526
Nippon India Arbitrage Fund - Direct Plan - Growth	1,293	1,239
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	800
SBI Liquid Fund - Direct Plan - Growth	1,635	-
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	1,000
Tata Liquid Fund - Direct Plan - Growth	1,252	-
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	-	575
DSP Ultra Short term Fund - Growth - Direct	679	-
DSP Low Duration Fund - Growth- Direct	2,068	-
ICICI Prudential Money Market Fund - Direct Plan - Growth	3,289	1,588
UTI Money Market Fund - Direct Plan - Growth	2,162	1,081
UTI Arbitrage Fund - Direct Plan - Growth	1,176	563
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	2,392	1,605
SBI Arbitrage Opportunities Fund - Direct Plan - Growth	1,500	1,136
HDFC Money Market Fund - Direct Plan - Growth	2,161	1,448
Axis Treasury Advantage Fund - Direct Plan - Growth	1,616	1,514
SBI Savings Fund - Growth- Direct	2,379	-
Kotak Money Market Fund - Growth-Direct	1,319	-
Axis Money Market Fund - Growth - Direct	81	-
Tata Treasury Advantage Fund - Growth -Direct	593	-
	35,133	20,082
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)	-	600
ICICI Prudential FMP - Series 82 - 1225 Days Plan B	628	-
UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	628	-
Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12	622	-
Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	628	-
ICICI Prudential FMP - Series 82 - 1203 Days Plan K	627	-
Nippon India Fixed Horizon Fund XXXVI - Series 6	624	-
UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	622	-
	4,379	2,790

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2021	As at 31 March 2020
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
8.09% Power Finance Corporation Tax Free Bonds 2021	471	-
7.51% Power Finance Corporation Tax Free Bonds 2021	517	-
7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	306	-
8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	2,087	-
8.20% Power Finance Corporation Tax Free Bonds 2022	63	-
	3,444	-
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	100
Less: Provision for impairment of investment	(100)	(100)
7.50% Tata Capital Ltd. (Preference Shares - 2020)	500	-
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
10% Tata Motors Finance Ltd (CCPS - 2025) (see note 2.30)	2,273	-
8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.30)	-	559
	2,773	559
Aggregate amount of investment	45,729	24,322
Aggregate book value of quoted investments	8,323	3,681
Aggregate market value of quoted investments	8,402	3,656
Aggregate value of unquoted investments	37,406	20,641
Aggregate amount of impairment in value of quoted investments	100	100

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.10 CURRENT TRADE RECEIVABLES		
a. Due from subsidiaries - considered good (see note 2.34)	131	167
b. Other trade receivable		
Considered good - Unsecured	7,610	7,829
Credit impaired	151	473
	7,761	8,302
Less: Allowances for doubtful trade receivables	(151)	(473)
	7,610	7,829
Total	7,741	7,996
2.11 CASH AND CASH EQUIVALENTS		
a. Cash on hand	-	2
b. Balances with scheduled banks:		
- in Current accounts	65	2,772
- in Escrow accounts	52	81
- in EEFC accounts	859	1,155
c. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	18	12
- Citibank, United Arab Emirates	22	20
- Citibank, USA	12	18
d. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	72	179
Total	1,100	4,239

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.12 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	36	38
- dividend accounts		
b. Balances with scheduled banks in deposit accounts		
- Maturity with in 12 months of the reporting date	1,222	3,116
Total	1,258	3,154
Note:		
[Balance with scheduled banks in deposit accounts include ₹ 89 lacs (31 March 2020 ₹ 51 lacs) which are under lien]		
2.13 SHORT-TERM LOANS		
Loans and advances to employees considered good - Unsecured	11	35
	11	35
2.14 OTHER CURRENT FINANCIAL ASSETS (Unsecured, considered good unless otherwise stated)		
a. Security deposit	2	6
b. Mark-to-market gain on forward contracts	37	-
c. Expenses recoverable from customers	-	18
d. Other recoverable from subsidiaries	79	69
e. Unbilled revenue		
Considered good	351	131
Credit impaired	30	22
	381	153
Less : Loss allowance for unbilled revenue	(30)	(22)
	351	131
	469	224
2.15 OTHER CURRENT ASSETS (Unsecured considered good unless otherwise stated)		
a. Income accrued but not due		
Considered good	1,119	855
Credit impaired	360	429
	1,479	1,284
Less : Loss allowance for income accrued but not due	(360)	(429)
	1,119	855
b. Employee advances	14	33
c. Prepaid expenses	340	369
d. Contract cost	3	-
e. Balances with government authorities		
- Tax credit receivable GST/VAT	43	111
f. Others		
- Supplier advances	438	450
g. Deferred employee benefits	1	4
	1,958	1,822

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.16 SHARE CAPITAL		
a. Authorised		
Equity shares		
41,100,000 (As at 31 March 2020 - 40,000,000) equity shares of ₹ 10 each (also see note 2.17)	4,110	4,000
Preference shares		
4,000,000 (As at 31 March 2020 - NIL) 11% redeemable non cumulative preference shares of ₹ 10 each (also see note 2.17)	400	-
	4,510	4,000
b. Issued, Subscribed and Paid-Up		
Issued		
29,043,524 (As at 31 March 2020 - 29,043,524) equity shares of ₹ 10 each	2,904	2,904
Subscribed and Paid-Up		
29,040,724 (As at 31 March 2020 - 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 year ended 31 March 2021			
- Number of shares	29,040,724	-	29,040,724
- Amount (In ₹)	290,422,240	-	290,422,240
b. For the year ended 31 March 2020			
- Number of shares	29,040,724	-	29,040,724
- Amount (In ₹)	290,422,240	-	290,422,240

- (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 2021		31 March 2020	
	(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 includes ₹ 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 28 October 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.
- 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.
- No options have been granted till date under the ESOP Scheme 2015.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.17 OTHER EQUITY		
a. Capital reserve	89	89
b. Securities premium account	100	100
c. Capital redemption reserve	334	334
d. General reserve	661	661
e. Retained earnings	60,078	49,892
f. Other comprehensive income	528	206
Total	61,790	51,282

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Securities premium account		
Opening balance	100	-
Adjustment for scheme of amalgamation	-	100
Restated opening balance	100	100
Closing balance	100	100
c. Capital Redemption reserve		
Opening Balance	334	334
Closing balance	334	334
d. General reserve		
Opening balance	661	-
Adjustment for scheme of amalgamation	-	661
Restated opening balance	661	661
Closing balance	661	661
e. Retained Earnings		
Opening balance	49,892	42,733
Adjustment for scheme of amalgamation	-	(53)
Restated opening balance	49,892	42,680
Add: Profit for the year	11,204	10,222
Less : Appropriations		
- Final dividend on equity shares [see note (i) below]	-	(2,614)
- Interim dividend / Final dividend paid [see note 2.30]	(871)	-
- Corporate Dividend Tax	-	(305)
- Remeasurement of the defined benefit plans, net	(147)	(91)
Closing balance	60,078	49,892
f. Other comprehensive income		
Equity instrument through other comprehensive income		
Opening balance	346	845
Addition / (Deletion)	155	(499)
Closing balance	501	346
Hedging reserve, net		
Opening balance	(140)	108
Adjustment for scheme of amalgamation	-	11
Restated opening balance	(140)	119
Addition / (Deletion)	167	(259)
Closing balance	27	(140)
Total other comprehensive income (net of tax)	528	206
	61,790	51,282

Notes forming part of the standalone financial statements for the year ended 31 March 2021

Note :

(i) Dividend

The Board of Directors on 3 June 2021 have recommended a payment of Final Dividend of ₹ 6 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2021. The payment is subject to approval of shareholders at the ensuing AGM.

On 30 July 2020 the Board of Directors declared an interim dividend of ₹ 3 per share (on equity share of par value of ₹ 10 each) for FY 2020-21. This interim dividend has been paid to the equity shareholders of the Company, whose names were appearing in the Register of Members of the Company or in the records of the Depositories as beneficial owners of the shares, on 12 August 2020 which is the Record Date that was fixed for this purpose.

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.

(ii) Scheme of Amalgamation:

The Honourable National Company Law Tribunal (NCLT) of New Delhi vide its Order dated 18 March 2020 approved the Scheme of Amalgamation (referred to as "the Scheme") of Virstra –I Technology Services Limited (referred to as "Virstra") and Avon Mobility Solutions Private Limited (referred to as "Avon") with the Company, the certified copy of which was received by the Company in the quarter ended 30 June 2020. Consequent to the above Order and subsequent filing of the said certified copy with the Registrar of Companies, NCT of Delhi, the Scheme has become effective.

As per directions of the Honourable NCLT and applicable provisions of the Companies Act, 2013, the Company, Avon and Virstra filed the requisite E-forms along with certified copy of the above NCLT Order and the Scheme with the Registrar of Companies, NCT of Delhi/ Ministry of Corporate Affairs (MCA) on 30 June 2020. These E-forms have been approved during the quarter ended 31 December 2020.

Upon coming into effect of the Scheme, the business undertakings of Virstra and Avon have been transferred to and vested in the Company w.e.f 1 April 2019 which is the appointed date and these financial statements have been prepared accordingly giving effect to the Scheme. Accordingly, the comparative statements have been restated for all periods presented as per guidance under Appendix C of Ind AS 103 "Business Combinations".

The Company has applied the pooling of interest method under which:

- The assets and liabilities of the business acquired have been carried at the carrying values at which these were included in the financial statements of Virstra and Avon and no adjustments have been made to reflect fair values, or to recognize any new assets or liabilities except to harmonize the accounting policies.
- The identity of the reserves acquired under the business combination has been preserved as they appeared in the financial statements of Virstra and Avon.
- The figures of the previous period have been recast as if the amalgamation had occurred from the beginning of the preceding period i.e. 1 April 2019 to harmonize the accounting as per the requirements of Appendix C of Ind AS 103 on Business Combinations.

Based on the above, the opening balance as at 1 April 2019 includes the following assets and liabilities which have been acquired under the Scheme :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	VIRSTRA	AVON	Total
Total assets	1,381	67	1,448
Total liabilities	162	328	490
Net assets	1,219	(261)	958
Other equity balance	1,119	(262)	857
Less: Inter company elimination	-	(138)	(138)
Net adjustment to other equity	1,119	(400)	719

Consequent to the Scheme coming into effect, Goodwill of ₹ 67 lakhs (net of existing impairment of ₹ 250 lakhs) in relation to acquisition of Avon in earlier years, was also recorded by the Company on 1 April 2019. This Goodwill was fully impaired and an impairment expense of ₹ 67 lakhs was recorded during the year ended 31 March 2020.

Further, pursuant to the Scheme coming into the effect, the authorized share capital of Virstra and Avon mentioned below has been added to the existing authorised share capital of the Company-

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Authorised Share Capital	Virstra	Avon	Total
Equity Shares (of ₹ 10 each)	100	10	110
11% redeemable non cumulative preference share (of ₹ 10 each)	-	400	400

(iii) 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.

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

Securities premium account

Securities premium is used to record the premium on issue of shares and shall be utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption reserve

This reserve was created on account of a buy back of shares by the Company during the year ended 31 March 2017. A sum equal to the nominal value of the shares so purchased was transferred to capital redemption reserve. The reserve shall be utilised in accordance with the provisions of section 69 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.

General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

Equity instrument through other comprehensive income

The Company has designated its investments in certain equity instruments at fair value through other comprehensive income. These changes are accumulated within the FVOCI equity investments within 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)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.18 OTHER NON- CURRENT FINANCIAL LIABILITIES		
a. Employee payables	-	117
	<u>-</u>	<u>117</u>
2.19 NON-CURRENT PROVISIONS		
Provision for employee benefits		
a. Provision for compensated absences	842	811
b. Provision for gratuity (see note 2.38)	151	-
	<u>993</u>	<u>811</u>
2.20 TRADE PAYABLES		
a. Due to subsidiaries (see note 2.34)	418	648
b. Other trade payables		
- Total outstanding dues of micro enterprises and small enterprises (see note below)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	968	1,171
c. Due to Micro, Small and Medium Enterprises	-	-
	<u>1,386</u>	<u>1,819</u>

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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 2021 and 31 March 2020 have been made in the financials statements based on information received and available with the Company.

	As at 31 March 2021		As at 31 March 2020	
	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	-	-	-	-
	-	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.21 OTHER CURRENT FINANCIAL LIABILITIES		
a. Unpaid dividends	36	38
b. Payable for purchase of Property, plant and equipment and Intangible assets	19	7
c. Mark-to-market gain/loss on forward contracts	-	187
d. Employee payable	3,280	2,879
	3,335	3,111
2.22 CURRENT PROVISIONS		
Provision for employee benefits		
Provision for compensated absences	224	235
	224	235
2.23 CURRENT TAX LIABILITIES		
a. Provision for tax	386	63
	386	63
2.24 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	5,767	6,573
b. Deferred revenue	6,936	5,297
c. Other payables - statutory liabilities	864	795
	13,567	12,665
	(Amount in ₹ Lacs unless otherwise stated)	
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
2.25 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Software products and services (see note 2.37)		
- Sale of products	42,451	40,800
- Sale of services	2,985	3,620
	45,436	44,420

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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, the impact on future revenue streams could come from -

- i. the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- ii. 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 meeting its obligations and based on its current assessment, the Company sees no material impact on these Financial Statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

Remaining performance obligation disclosure and contract balances

The remaining performance obligation disclosure provides the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues. The Company has applied the practical expedient in Ind AS 115 and accordingly the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised meets the criteria as per the practical expedients and typically relate to time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, changes in currency rate etc).

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations as at 31 March, 2021, other than those meeting the exclusion criteria is ₹ 6,223 Lacs out of which 60% is expected to be recognised as revenue in the next year and the balance thereafter.

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations as at 31 March 2020, other than those meeting the exclusion criteria is ₹ 5,614 Lacs out of which 44% is expected to be recognised as revenue in the next year and the balance thereafter.

Changes in contract assets (income accrued but not due) are as follows:

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	1,284	1,629
Revenue recognised during the year	7,343	6,268
Invoices raised during the year	(8,410)	(6,680)
Translation exchange difference	10	(63)
Movement of contract assets	1,288	146
Impairment of a contract asset	(36)	(16)
Balance at the end	1,479	1,284

Changes in contract liabilities (unearned and deferred revenue) are as follows:

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	(11,870)	(9,633)
Revenue recognised during the year	34,018	24,379
Invoices raised during the year	(33,476)	(26,400)
Translation exchange difference	226	(26)
Other movement liability	(1,601)	(146)
Impairment of liability	-	(44)
Balance at the end	(12,703)	(11,870)

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
2.26 OTHER INCOME		
a. Interest income on financial assets- carried at amortised cost :		
- Deposits with banks	189	306
- Tax free bonds	713	630
- Non- current trade receivable	-	19
- Fixed maturity plan	361	463
- Preference shares	80	190
- Others	16	17
b. Dividend income		
- Current investments	24	747
- Non-current investments	2	259
- Subsidiary companies (see note 2.34)	-	2,190
c. Net gain / (loss) on sale of investments		
- Non trade investment	(5)	(1)
- Mutual Funds	130	-
d. MTM gain or (loss) on		
- Current investments	1,135	259
- Non-current investments	798	290
e. - Gain on exchange fluctuation	65	279
f. Other non-operating income		
- Net profit on sale of property, plant and equipment	-	6
- Premium on Forward Contracts	153	216
- Reversal of loss allowance on loan to subsidiary	-	500
- Miscellaneous income	2	5
	3,663	6,375
2.27 EMPLOYEE BENEFITS EXPENSES		
a. Salaries and wages	25,514	24,231
b. Contribution to provident and other funds	1,379	1,385
c. Gratuity expense (see note 2.38)	399	349
d. Staff welfare expenses	455	709
	27,747	26,674
2.28 OPERATING AND OTHER EXPENSES		
a. Outsourced technical service expense	1,299	1,226
b. Cost of software purchased for delivery to clients	62	128
c. Power and fuel	270	440
d. Rent (see note 2.2)	45	56
e. Repair and maintenance		
- Buildings	104	100
- Others	358	494
f. Insurance	40	45
g. Rates and taxes	26	17
h. Travel expenses		
- Foreign	43	1,608
- Domestic	59	529
i. Advertisement, business development and promotion	111	209
j. Legal and professional (see note 2.32)	374	514
k. Directors remuneration	165	143
l. Conveyance	34	150
m. Communication	99	170

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
n. Training and recruitment	96	323
o. Net loss on sale /discarded of property, plant and equipment	11	-
p. Conference, exhibition and seminar	15	310
q. Information technology expenses	1,196	1,112
r. Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	(338)	624
s. Withholding tax charged off	350	-
t. Commission to channel partners	(23)	202
u. Expenditure on corporate social responsibility (see note 2.40)	165	145
v. Sales and marketing fee	790	1,204
w. Miscellaneous expenses	129	269
	5,480	10,018

Directors Remuneration includes :

Non Executive Directors

a. Commission	117	107
b. Sitting fees	48	36
	165	143

2.29 FINANCE COST

a. Bank Charges	23	26
b. Interest expense on lease liability	41	49
c. Interest others	13	-
	77	75

2.30 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2021 is as follows:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	1,100	-	-	1,100	1,100			
Other bank balances (2.12)	1,258	-	-	1,258	1,258			
Investments (2.3 and 2.9)								
Equity Instruments (Other than subsidiaries)	-	-	526	526	526	526		
Tax free bonds	11,182	-	-	11,182	11,647	11,647		
Mutual funds (other than FMPs)	-	9,396	-	9,396	9,396	9,396		
Fixed maturity plans (FMPs)	4,302	-	-	4,302	4,416	4,416		
Preference shares	528	2,229	-	2,757	2,773	544		2,229
Trade receivables (2.10)	7,741	-	-	7,741	7,741			
Loans (2.4 and 2.13)	178	-	-	178	178			
Other financial assets (2.5 and 2.14)	2,498	-	37	2,534	2,534			
	28,787	11,625	563	40,974	41,569			
Liabilities:								
Trade payables (2.20)	1,386	-	-	1,386	1,386			
Lease liabilities (2.2)	326	-	-	326	326			
Other financial liabilities (2.18 and 2.21)	3,335	-	-	3,335	3,335			
	5,047	-	-	5,047	5,047			

Notes forming part of the standalone financial statements for the year ended 31 March 2021

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	4,239	-	-	4,239	4,239			
Other bank balances (2.12)	3,154	-	-	3,154	3,154			
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)	-	26,409	-	26,409	26,409	26,409		
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)	7,996	-	-	7,996	7,996			
Loans (2.4 and 2.13)	216	-	-	216	216			
Other financial assets (2.5 and 2.14)	494	-	-	494	494			
	34,073	29,068	371	63,512	64,057			
Liabilities:								
Trade payables (2.20)	1,819	-	-	1,819	1,819			
Lease liabilities (2.2)	549	-	-	549	549			
Other financial liabilities (2.18 and 2.21)	3,041	-	187	3,228	3,228			
	5,409	-	187	5,596	5,596			

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 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 2021	As at 31 March 2020
Opening balance	2,659	2,685
Net change in Fair Value (recognized in profit or loss)	(430)	(26)
	2,229	2,659

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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.

The Company's risk management policy is to hedge 30% 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.

Foreign currency exposures are given below :

Currency	As at 31 March 2021		As at 31 March 2020	
	Amount in foreign currency in lacs	Amount in ₹ in lacs	Amount in foreign currency in lacs	Amount in ₹ in lacs
Receivable				
USD	54	3,955	39	2,943
EUR	2	159	1	104
MYR	2	44	29	506
SGD	-	12	-	21
JPY	201	133	108	75
ZAR	-	-	-	2
AED	7	136	8	159
GBP	2	174	2	189
AUD	6	314	4	188
CHF	-	4	-	6
QAR	-	-	1	15
Payable				
USD	2	145	5	346
EUR	-	1	-	-
MYR	-	4	-	4
GBP	-	14	1	68
SGD	1	34	4	208
AED	-	7	3	62
JPY	99	65	182	127
AUD	5	295	6	262

Notes forming part of the standalone financial statements for the year ended 31 March 2021

Cash flow sensitivity of currency risk

As at 31 March 2021 and as at 31 March 2020 a 10% strengthening/weakening of the Indian rupee against the respective Foreign currencies, would have affected the Company's total comprehensive income by ₹ 436 lacs and ₹ 313 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

The Company basis its 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 their 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.

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 2021	31 March 2020	31 March 2021	31 March 2020
Increase 2%				
Mutual funds	188	528	-	-
Equity instruments (other than subsidiaries)	-	-	11	7
Decrease 2%				
Mutual funds	(188)	(528)	-	-
Equity instruments (other than subsidiaries)		-	(11)	(7)

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 2021 (Original currency)	Equivalent amount in ₹ in lacs 31 March 2021	As at 31 March 2020 (Original currency)	Equivalent amount in ₹ in lacs 31 March 2020
In USD (Amount in USD lacs)	Sell	48	3,473	67	5,032

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 2021 Amount in USD in lacs	31 March 2021 Equivalent amount in ₹ in lacs	31 March 2020 Amount in USD in lacs	31 March 2020 Equivalent amount in ₹ in lacs
Not later than one month	7.5	548	10	757
Later than one month and not later than three months	12.5	914	19	1,438
Later than three months and not later than one year	27.50	2,011	38	2,838

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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 2021	As at 31 March 2020
Balance at the beginning of the year	(140)	119
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	167	(259)
Balance at the end of the period	27	(140)

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 2021	For the year ended 31 March 2020
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss), net	224	(368)
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	7	246

The following table provides quantitative information of mark-to-market gain/loss on forward contracts

Particulars	As at 31 March 2021	As at 31 March 2020
Gross amount of recognized financial asset/ (financial liabilities)	37	(187)
Net amount presented in balance sheet	37	(187)

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 ₹ 7,741 lacs and ₹ 7,996 lacs as of 31 March 2021 and 31 March 2020 respectively and income accrued but not due and unbilled revenue amounting to ₹ 1,470 lacs and ₹ 987 lacs as of 31 March 2021 and 31 March 2020, 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 and unbilled revenue. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience with 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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 2021	For the Year ended 31 March 2020
	(in %)	(in %)
Revenue from top customer	6.02%	8.64%
Revenue from top five customers	23.67%	26.61%

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the year ended 31 March 2021 is ₹ (322) lacs and for the year ended 31 March 2020 this was ₹ 329 lacs.

	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Balance at the beginning	473	247
Impairment loss recognised	(322)	329
Amounts written off against existing provision	-	(103)
Balance at the end	151	473

- b) The lifetime expected credit loss on income accrued but not due and unbilled revenue for the year ended 31 March 2021 is ₹ (17) lacs and for the year ended 31 March 2020 this was ₹ 297 lacs.

	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Balance at the beginning	451	218
Impairment loss recognised	(53)	297
Amounts written off against existing provision	(8)	(64)
Balance at the end	390	451

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 2021

(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	7,737	0%	-	7,737
		Loans to employee	2	0%	-	2
		Security deposits	244	0%	-	244
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	397	58%	(232)
			Investment at amortised cost	601	100%	(601)

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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	14,295	0%	-	14,295
		Loans to employee	6	0%	-	6
		Security deposits	250	0%	-	250
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
		Loan to subsidiary	407	57%	(232)	175
	Financial assets for which credit risk has increased significantly and credit-impaired	Investment at amortised cost	601	100%	(601)	-

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

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	4,224	2,623	223	465	1	356	7,892
Less : Expected credit losses (Loss allowance provision)					1	150	151
Carrying amount of trade receivables (net of impairment)	4,224	2,623	223	465	-	206	7,741

As at 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

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	3,798	3,065	642	268	366	330	8,469
Less : Expected credit losses (Loss allowance provision)	1	-	70	195	87	120	473
Carrying amount of trade receivables (net of impairment)	3,797	3,065	572	73	279	210	7,996

c) Expected credit loss for income accrued but not due / unbilled revenue under simplified approach

As at 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,196	168	28	22	446	1,860
Less : Expected credit losses (Loss allowance provision)	-	-	-	-	390	390
Carrying amount (net of impairment)	1,196	168	28	22	56	1,470

As at 31 March 2020

(Amount in ₹ Lacs unless otherwise stated)

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	790	99	57	79	412	1,437
Less : Expected credit losses (Loss allowance provision)	-	1	26	64	360	451
Carrying amount (net of impairment)	790	98	31	15	52	986

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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 2021, the Company had a working capital of ₹ 39,118 lacs including cash and cash equivalent of ₹ 1,100 lacs and current investment of ₹ 45,729 lacs (31 March 2020 ₹ 23,675 lacs including cash and cash equivalent of ₹ 4,239 lacs and current investment of ₹ 24,322 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 as low.

The table below provides details regarding the contractual maturities of financial liabilities as of 31 March 2021:

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	1,386	-	1,386
Lease liabilities	249	77	326
Other financial liabilities	3,335	-	3,335

The table below provides details regarding the contractual maturities of significant liabilities as of 31 March 2020:

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	1,819	-	1,819
Lease liabilities	223	326	549
Other financial liabilities	3,111	117	3,228

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 2021	As at 31 March 2020
Total Liabilities	20,350	19,370
Less: Cash and cash equivalents	1,100	4,239
Adjusted net debt	19,250	15,131
Total equity	64,694	54,186
Less: Effective portion of cash flow hedges	27	(140)
Adjusted Equity	64,667	54,326
Adjusted net debt to equity ratio	30%	28%

(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.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(ii) Dividends

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Equity Shares		
(i) Final dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2019. (see note 2.17 (i))	-	2,614
(ii) Interim dividend of ₹ 3 per share (On equity share of ₹ 10 each) for financial year 2020-21. (see note 2.17 (i))	871	-
(iii) Dividends not recognised at the end of reporting period (see note 2.17 (i))	1,742	-

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.31 Contingent liabilities and Commitments (to the extent not provided for)		
a. Contingent liabilities	Refer notes below	Refer notes below
Notes :		
1 In relation with AY 14-15, a tax demand of INR 2 lacs (previous year March 2020 ₹ 2 lacs) on account of MAT credit is outstanding. Management is of the view that this demand is not tenable and is unlikely to be retained		
2 In relation with AY 15-16, a tax demand of INR 2 lacs (previous year March 2020 ₹ 2 lacs) on account of MAT credit and custom duty is outstanding. Management is of the view that this demand is not tenable and is unlikely to be retained		
b. Capital Commitments (to the extent not provided for)	131	196

Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
2.32 Auditors remuneration (excluding taxes)		
a. As auditors - statutory audit, including quarterly audits	57	57
b. For other services	6	9
c. Reimbursement of expenses	3	9
	66	75

2.33 Earnings per share

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a. Profit after taxation available to equity shareholders (₹)	11,204	10,222
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	2,90,40,724	2,90,40,724
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share (Numbers)	2,90,40,724	2,90,40,724
e. Basic earnings per share	38.58	35.20
f. Diluted earnings per share	38.58	35.20

Notes forming part of the standalone financial statements for the year ended 31 March 2021

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
- Nucleus Software Limited, India
- Nucleus Software Australia Pty. Ltd., Australia
- Nucleus Software South Africa Pty. Limited, South Africa

Other related parties with whom transactions have taken place :

Key managerial personnel (KMP):

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director), (CEO up to 31 March 2021)
- Ashish Nanda (Chief Financial officer) (up to 24 June 2020)
- Anurag Mantri (Additional Executive Director w.e.f 19 December 2020 and CFO w.e.f 11 December 2020)
- Poonam Bhasin (Company Secretary)
- Parag Bhise (Whole time Director) (w.e.f 16 March 2020) and CEO w.e.f 1 April 2021
- Ms Ritika Dusad (Non executive Director up to 6 August 2020) (Additional Whole time Director w.e.f 7 August 2020)
- Prithvi Pal Singh Haldea (Non Executive Director)
- Prof. Trilochan Sadhu Sastry (Non Executive Director)
- Elaine Mathias (Non Executive Director)
- Siddhartha Mahavir Acharya (Non Executive Director)
- Yasmin Javeri Krishan (Additional Non Executive Director w.e.f 30 July 2020)

Others :

- Lt. Gen. (Retd.) Tej Pratap Singh (Relative of KMP)
- Nucleus Software Foundation (Entity in which relatives of KMPs are trustees) (see note 2.40)
- Praxis Consulting and Information services Pvt Ltd (Entity in which KMP is interested)
- Indiafarm Foods Private Limited (Entity in which Non Executive Director is interested)

Transactions with related parties

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a. Software development services and products		
- Nucleus Software Japan Kabushiki Kaisha, Japan	138	133
- Nucleus Software Solutions Pte Ltd, Singapore	1,624	2,118
	1,762	2,251
b. Other income		
Dividend income		
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	192
- Nucleus Software Solutions Pte Ltd, Singapore	-	1,998
	-	2,190
c. Salary and other benefits to Key managerial personnel		
Short-term employee benefits	579	523
Contribution to provident and other funds	33	24
	612	547
d. Remuneration to Non Executive Directors		
- Commission	117	107
- Sitting fees	48	36
	165	143
e. Cost of software purchased for delivery to clients		
- Nucleus Software Solutions Pte Ltd, Singapore	-	21
	-	21

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
f. Outsourced technical service expense		
- Nucleus Software Australia Pty Ltd.	886	647
	886	647
g. Expenditure on Corporate Social Responsibility		
Nucleus Software Foundation (see note 2.40)	165	145
	165	145
h. Reimbursement of expenses from		
- Nucleus Software Solutions Pte Ltd, Singapore	13	14
- Nucleus Software Japan Kabushiki Kaisha, Japan	827	920
- Nucleus Software Inc., USA	2	2
- Nucleus Software Netherlands B.V., Netherlands	1	1
	843	937
i. Reimbursement of expenses to		
- Nucleus Software Solutions Pte Ltd, Singapore	-	30
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	30
	-	30
j. Sales & marketing fee		
- Nucleus Software Japan Kabushiki Kaisha, Japan	290	203
- Nucleus Software Solutions Pte Ltd, Singapore	252	658
- Nucleus Software Inc., USA	110	168
- Nucleus Software Australia Pty Ltd.	138	175
	790	1,204
k. Legal and professional		
- Lt. Gen. (Retd.) Tej Pratap Singh	3	9
- Praxis Consulting and Information services Pvt Ltd	5	5
	8	14
l. Loan repaid by subsidiary		
- Nucleus Software Limited, India	10	325
	10	325
m. Miscellaneous expenses		
- Indiafarm Foods Private Limited	20	-
	20	-

Outstanding balances As at year end

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a. Trade receivables		
- Nucleus Software Solutions Pte Ltd, Singapore	131	161
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	6
	131	167
b. Other recoverable from subsidiaries - considered good		
- Nucleus Software Japan Kabushiki Kaisha, Japan	78	69
- Nucleus Software Limited, India	1	-
	79	69
c. Trade payables		
- Nucleus Software Solutions Pte Ltd, Singapore	34	39
- Nucleus Software Japan Kabushiki Kaisha, Japan	65	127
- Nucleus Software Australia Pty Ltd., Australia	295	261
- Nucleus Software Inc., USA	24	52
	418	479

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
d. Expenses Payable to Subsidiaries		
- Nucleus Software Solutions Pte Ltd, Singapore	-	169
	<u>-</u>	<u>169</u>
e. Advance from customers / Advance billings		
- Nucleus Software Solutions Pte Ltd, Singapore	2	2
	<u>2</u>	<u>2</u>
f. Income accrued but not due		
- Nucleus Software Solutions Pte Ltd, Singapore	22	-
- Nucleus Software Japan Kabushiki Kaisha, Japan	54	-
	<u>76</u>	<u>-</u>
g. Loan to subsidiary		
- Nucleus Software Limited, India	397	407
	<u>397</u>	<u>407</u>
h. Loss allowance for loan to subsidiary		
- Nucleus Software Limited, India	232	232
	<u>232</u>	<u>232</u>
i. Investments in subsidiary companies (net of provision) (see note 2.3)		
	1,485	1,485
	<u>1,485</u>	<u>1,485</u>
j. Remuneration to Non Executive Directors		
- Commission payable	117	107
	<u>117</u>	<u>107</u>

2.35 Research and development expenditure

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Expenditure on research and development		
Revenue Expenditure	3,970	3,133

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.

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 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 adjusted 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

Information in respect of reportable segments being geographies

The profit and loss is set out below:

a (i) For the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	19,465	1,877	6,294	2,788	7,300	1,714	3,329	2,669	45,436
Expenses	8,208	976	6,582	2,181	3,892	614	1,739	1,471	25,663
Segment result	11,257	901	(288)	607	3,408	1,100	1,590	1,198	19,773
Unallocated corporate expenditure									8,784
Operating profit before taxation									10,989
Other income									3,663
Profit before taxation									14,652
Tax Expense									
Net current tax expense									2,801
Deferred tax (credit) / charge									647
									3,448
Profit for the year									11,204

a (ii) 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	17,988	2,386	5,883	3,788	7,763	1,719	2,738	2,155	44,420
Expenses	8,532	1,199	6,767	2,834	4,710	1,125	1,554	1,093	27,814
Segment result	9,456	1,187	(884)	954	3,053	594	1,184	1,062	16,606
Unallocated corporate expenditure									10,076
Operating profit before taxation									6,530
Other income									6,375
Profit before taxation									12,905
Tax Expense									
Net current tax expense									2,107
Deferred tax (credit) / charge									576
									2,683
Profit for the year									10,222

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 2021

(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 2020									
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-

Notes forming part of the standalone financial statements for the year ended 31 March 2021

Assets and liabilities of reportable segments being geographies are as follows:

a. As at 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	5,334	287	937	334	1,140	997	194	823	10,046
Unallocated corporate assets									74,998
Total assets									85,044
Segment liabilities	6,148	464	3,395	551	2,901	1,351	1,814	737	17,361
Unallocated corporate liabilities									2,989
Total liabilities									20,350
Capital employed									64,694

b. 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	6,106	439	1,811	322	975	153	190	121	10,117
Unallocated corporate assets									63,439
Total assets									73,556
Segment liabilities	6,041	559	2,535	887	3,304	875	1,854	381	16,436
Unallocated corporate liabilities									2,934
Total liabilities									19,370
Capital employed									54,186

A listing of capital expenditure, depreciation and other non-cash expenditure of the geographical segment are set out below:

b (i) For the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)	323	-	-	-	-	-	-	-	323
Total capital expenditure	323	-	-	-	-	-	-	-	323
Depreciation expenditure (Unallocated)									1,143
Total depreciation									1,143
Non-cash expense other than depreciation	(86)	55	159	-	20	(137)	1	-	12
Total non cash expenditure other than depreciation	(86)	55	159	-	20	(137)	1	-	12

Notes forming part of the standalone financial statements for the year ended 31 March 2021

b (ii) 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)	1,514	-	-	-	-	-	-	-	1,514
Total capital expenditure	1,514	-	-	-	-	-	-	-	1,514
Depreciation expenditure (Unallocated)									1,123
Total depreciation									1,123
Segment non-cash expense other than depreciation	325	-	102	-	(4)	201	-	-	624
Total non cash expenditure other than depreciation	325	-	102	-	(4)	201	-	-	624

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 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	19,465	1,877	6,294	2,788	7,300	1,714	3,329	2,669	45,436

(ii) 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	17,988	2,386	5,883	3,788	7,763	1,719	2,738	2,155	44,420

* 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 2021			
Revenue	42,451	2,985	45,436
b. For the year ended 31 March 2020			
Revenue	40,800	3,620	44,420

** 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 ₹ 1247 lacs for the year ended 31 March 2021 (for the year ended 31 March 2020 ₹ 1254 lacs), has been recognized as an expense in respect of the Company's contribution towards Provident Fund, 1 lacs for the year ended 31 March 2021 (for the year ended 31 March 2020 ₹ 3 lacs) has been recognised as an expense in respect of Employee State Insurance Fund and ₹ 131 lacs for the year ended 31 March 2021 (for the year ended 31 March 2020 ₹ 128 lacs) has been recognized as an expense in respect of National Pension scheme and have been shown under Employee Benefits expense in the standalone Statement of Profit and Loss.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

In relation to the judgement of the Honourable 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 had, 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 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 2021 :

<i>(Amount in ₹ Lacs unless otherwise stated)</i>		
Particulars	As at 31 March 2021	As at 31 March 2020
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	3,410	2,840
Current service cost	413	363
Past service cost	-	-
Interest cost	199	183
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	422	125
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	(200)	19
Benefits paid	(260)	(120)
Obligation at year end	3,984	3,410
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	3,529	2,928
Expected return on asset plan	213	197
Contributions by employer	325	501
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	26	23
Benefits paid	(260)	(120)
Plan assets at year end, at fair value	3,833	3,529
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	3,984	3,410
Fair value of plan assets	3,833	3,529
Funded status- Surplus/ (Deficit)	(151)	119
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	(151)	119
d. Expected employer's contribution next year	200	212
e. Expense recognised in Profit or Loss		

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	413	363
Past service cost	-	-
Interest cost	(14)	(14)
Net gratuity cost	399	349

Notes forming part of the standalone financial statements for the year ended 31 March 2021

f. Remeasurement income recognised in other comprehensive income:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Actuarial (gain) loss on defined benefit obligation	222	144
Return on plan assets excluding interest income	(26)	(23)
	<u>196</u>	<u>121</u>

Actuarial assumptions for gratuity and long-term compensated absences

g. Economic assumptions :	As at 31 March 2021	As at 31 March 2020
Discount rate	6.25%	6.35%
Salary escalation rate	18% until year 1 inclusive, then 9%	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 (2012-14)	IALM Mortality (2012-14)

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	3,833	3,529
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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.

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 2021		Year ended 31 March 2020	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(113)	127	(94)	105
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	84	(81)	76	(72)

2.39 FUNCTION WISE CLASSIFICATION OF STATEMENT OF STANDALONE PROFIT AND LOSS

The Company has provided following function wise results of operations on a voluntary basis.

The Management has presented below function wise results because it also monitor its performance and it believe that this information is relevant to understanding Company's financial performance.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Income from software product and services	45,436	44,420
Software development expenses *	28,243	28,652
Operating profit from software product & services	17,193	15,768
Less :		
Selling and marketing expenses	1,731	3,679
General and administration expenses	3,330	4,436
Operating profit before depreciation	12,132	7,653
Less :		
Depreciation and amortisation expense	1,143	1,123
Operating profit after depreciation	10,989	6,530
Add :		
Other income	3,663	6,375
Profit before tax	14,652	12,905
Less :		
Tax expense:		
Net current tax expense	2,801	2,107
Deferred tax (credit) /charge	647	576
	3,448	2,683
Profit for the period	11,204	10,222

* Includes indirect expenses which have been allocated on a reasonable basis.

2.40 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Particulars	for the year ended 31 March 2021	for the year ended 31 March 2020
a Gross amount required to be spent by Company during the year ended 31 March 2021 / 31 March 2020 :	165	150
b Amount approved by the Board to be spent during the year	165	139
c. 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	165	145

2.41 On 30 May 2021 (after the end of the period of 31 March 2021 to which these standalone financial statements pertain) the Company experienced an information security incident involving a ransomware attack and consequent isolation of impacted IT services. In response to this, Management has immediately initiated comprehensive containment and remediation efforts to address the incident. Recovery and restoration of all impacted application and data is underway. The Company has also started the process to investigate and ascertain the nature, extent and causes of data breach. The impact of this cyber security incident including any possible litigations and claims is presently uncertain.

2.42 In view of the 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 current and 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 controls etc. and is of the view that based on its present assessment this situation 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. The Company had held back annual increments, variable pay at senior levels, confirmations of employees and new recruitments and cut down travelling expenses, marketing events and advertisement costs for the year 2020-21, because of the uncertainty unfolding due to COVID 19. The Company is keeping a close eye on the situation and is reviewing its decisions every quarter as per emerging situation. The Management has taken measures to compensate its employees through a special bonus which it has started distributing to its employees from the quarter ended 31 December 2020.

Notes forming part of the standalone financial statements for the year ended 31 March 2021

- 2.43** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

As per our report of even date attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-

GIRISH ARORA

Partner

Membership number : 098652

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/-

PARAG BHISE

*CEO & Whole-time
Director*

Sd/-

ANURAG MANTRI

Additional Executive Director & CFO

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 3 June 2021

Place: Noida

Date: 3 June 2021

**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, 2021

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 200 Financial Institutions in over 50 countries, supporting retail lending, corporate banking, cash management, mobile and 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. As part of our 6-monthly plan, we released FinnOne Neo 5.0 in May 2020 and FinnOne Neo 5.5 in November 2020. These releases now also support Finance Against Securities(FAS), Finance Lease, Operating Lease and Buy-Now Pay-Later.

We also launched Sales Assist specialized loan sourcing channel for sales staff and collateral management system for complete collateral

life cycle management. This application empowers the sales staff for better management and tracking of loan application. Collateral Management system provides 360° view of collateral pledged with financial institutions.

As a part of the ongoing development program this year, we also launched the latest versions of our Transaction Banking solution FinnAxia 7.5 and FinnAxia 8.0 which enabled corporates to make informed decisions on supplier payments through real-time visibility and access to cash and liquidity.

During the year, PaySe™ digital transformation solution was enhanced to support offline to online mode with its QR code based implementation for rural India. PaySe™ is the first product in India that has successfully completed the RBI Sandbox testing on retail payments. The objective of this Sandbox is to foster responsible innovation in financial services to benefit customers at the bottom of pyramid – which PaySe team is indeed proud to have fulfilled.

Nucleus operates through integrated and well-networked subsidiaries in India, Japan, Netherlands, Singapore, USA, Australia and South Africa. Since 1995, product development has been our forte and the Company has chosen to exclusively develop products and further add value through dedicated Research and Development initiatives.

Strengths

The Group's business broadly consists of Development and Marketing of Software Products and Software Services for business entities in the Banking and Financial Services (BFS) vertical. With a single point focus on the banking and financial industry, the Group's focus on product development is to build products on latest architecture & technology stack, with products that have advanced feature & functionalities to support growing need of business.

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:

Management's Discussion and Analysis

- **FinnOne Neo Customer Acquisition System(CAS)** is a comprehensive loan origination software, which controls and automates various business processes/activities performed in processing of a loan or credit card application for advanced risk management and business process optimization. It allows financial institutions to integrate various processes for acquisition and pre-disbursal. It supports the entire acquisition lifecycle from customer self-application (knowing upfront eligibility, automatic credit evaluation and disbursal) to customer walk-in and decision by the underwriter for the disbursement. Additionally, it allows integration with channels and lending tools using the digital API stack.
 - **FinnOne Neo Loan Management System (LMS)** is an advanced and comprehensive loan management system that aims to improve the quality, turnaround time and service for end-customers. It enables banks to improve the agility, transparency and efficiency of their lending solutions. As a loan management solution, it enables financial institutions to automate the processes for achieving cost savings and enhanced customer experience. The solution is empowered with API stack to let financial institutes achieve digital transformation in lending processes.
 - **FinnOne Neo Collections** is a customer centric, web based and workflow driven solution that allows financial institutions to manage, monitor and control the delinquent loan accounts while automating the loan collections management framework. The workflow manager governs the entire business processes and the rule engine defines the supporting rules in line with their policies. The single solution caters to Collection, Legal and Repossession processes for delinquency management. The API stack allows to digitalize the field collection through channels.
 - **FinnOne Neo Enterprise Content Management (ECM)** provides image based processing capabilities in loan acquisitions and various lifecycle events. ECM provides capability to store and retrieve various contents like document images, letters, communications etc. for a particular account. It is well integrated with other modules of the FinnOne Neo suite and offers API stack for digital integration.
 - **FinnOne Neo Channel Solutions** offered in FinnOne Neo caters to mobile as well as web based channels. The FinnOn Neo Mobility suite is a portfolio of mobile solutions aimed at creating end customer empowerment while digitalizing various lending business processes – Loan origination by field staff (mCAS), Loan origination by field staff for MicroFinance (mFin), Loan origination by prospect customers (mApply), Loan self-servicing (mServe) & Field collection management (mCollect). The suite offers functional areas for use by end customers and by staff of banks and finance companies. The FinnOne Neo Internet Channel suite provides web based applications for customer Self Application (eApply) and customer Self Service (eServe)
 - **FinnOne Finance Against Securities (FAS)**, is a comprehensive solution that establishes credit lines to individuals and corporate against the pledging of financial securities including & not limited to equity shares, mutual funds and government & corporate bonds. It is an end-to-end solution which automates the business processes right from portfolio/Account creation to daily assessment of the portfolio value to account closure.
 - **Collateral Management System (New Module)** : Aids in maintaining and managing various types of collaterals and supporting business functions including static and dynamic collaterals, Collateral dedupe, Valuation, Verification, Lien marking, Release, Liquidation, Collateral review including re-valuation & re-verification, Collateral Insurance capturing & update, Collateral document upload, ready reports & 20 API for collateral business operations.
 - **Sales Assist (New Module)** : A digital loan / card sourcing front end web channel module to be used by a sales staff for complete application entry, triggering credit checks through fintech integrations, getting eligibility/serviceability, offers and status of loan application, Query module, Loan calculators, Packaged and Split Loans, multiple LOB support with business flow orchestration and dashboard for sales staff.
 - **Islamic Financing** is an offering comprising of CAS and LMS modules designed as per Islamic/Shariah rules. It is designed with function specific modules, managing the complete finance cycle starting from origination till after sales transactions.
 - **Lending Analytics** helps financial institutions to unleash the power of analytics. The solution focuses on the four key tenets of efficient end-to-end loan lifecycle management viz. Improved Acquisition, Faster Customer On-boarding, Comprehensive Loan Servicing and Efficient Delinquency Management. The product has an intuitive GUI for quick insight generation through interactive visualizations. It is easy to build and validate scoring models. Overall, Lending Analytics is a rightly shaped product that gives lending business the much needed analytical edge to make data driven decisions seamlessly throughout the lending value chain.
- Mobility Solutions:** The **FinnOne™ Mobility suite** is a portfolio of mobile solutions aimed at digitizing various lending business processes – Loan origination by field staff (mCAS), Loan origination by prospect customers (mApply), Loan self-servicing (mServe), & Field collection management (mCollect). The suite offers functional areas for use by end customers and by staff of banks and finance companies. Mobility solutions are also available for FinnAxia customers.
- 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.

Management's Discussion and Analysis

- **Global Liquidity Management** gives bank the power to manage the cash positions of their corporate customers on an international basis resulting in better utilisation of available funds and reduced interest costs through short-term bank borrowings. It helps the banks setup and manage complex cash concentration and pooling structures for automated fund movements and consolidation within the group. Global Liquidity Management automates all transactions, interest & tax calculations, manages a registry of intercompany lending/borrowing history and limits for the corporate entity.
- **Financial Supply Chain Management** offers an integrated way of managing invoice presentation and transaction processing across a corporate's supply chain, covering its suppliers and dealers. It aims to optimize working capital with its wide array of supply chain financing options like Invoice discounting, invoice financing, factoring, reverse factoring and dynamic discounting etc.
- **Business Internet Banking** is a delivery channel for bank's customers, offering convenience to bank anytime and anywhere. It allows banks to provide easy access to information from multiple back-end systems as relevant data into a single customer view. It is an easy to use, robust solution that provides direct access to a comprehensive suite of transaction banking products developed for bank's corporate customers.
- **E- Trade Finance** gives the corporate customers of the bank a flexibility to digitize their trade finance service requests via trade products like letter of credit, bank guarantees, import-

export financing, Standby Letter of Credit, Shipping Guarantee and Import-Export Bills for collection.

- **Advance Virtual Treasury Management** enables banks to offer transaction processing and managing corporate liquidity using virtual accounts .

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 seven subsidiary companies, all of which are wholly-owned. The Company discloses standalone 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.

The consolidated financial results are as below:

(₹ in crore)					
For the Year Ended March 31,	2021	% of Revenue	2020	% of Revenue	Growth (%)
Revenue from Operations	513.53	100	520.83	100	(1.40)
Expenses					
a) Employee benefit expense	330.55	64.37	322.29	61.88	2.57
b) Operating and other expenses	53.64	10.45	104.32	20.03	(48.58)
c) Finance costs (Bank charges)	1.22	0.24	1.12	0.21	8.75
Total Expenses	385.41	75.05	427.73	82.12	(9.89)
Operating Profit (EBITDA)	128.12	24.95	93.10	17.88	37.26
Depreciation	13.87	2.70	13.55	2.60	2.32
Operating Profit after Interest and Depreciation	114.25	22.25	79.55	15.27	43.62
Other Income	39.56	7.70	37.23	7.15	6.24
Profit Before Tax	153.81	29.95	116.78	22.42	31.70
Taxation	35.86	6.98	27.79	5.34	29.04
Profit After Tax	117.95	22.97	88.99	17.09	32.54
Other Comprehensive Income	1.90	0.37	(7.47)	(1.43)	(125.43)
Total Comprehensive Income for the period	119.85	23.34	81.52	15.65	47.01

Management's Discussion and Analysis

Revenue from Operations

Our revenues from software development comprise of income from fixed price and time and material contracts. Revenue from fixed price contracts comprising of license, related customization and implementation is 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.

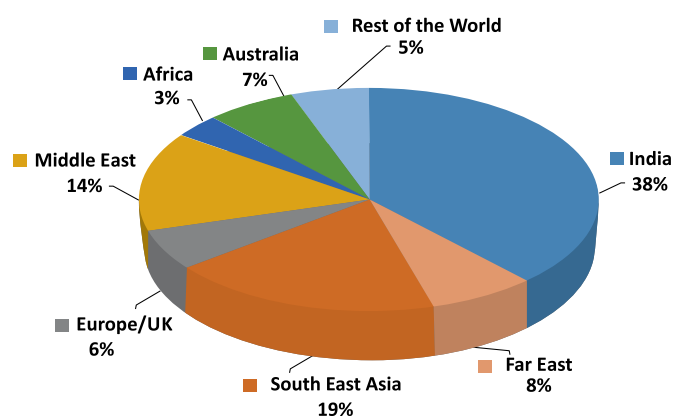
During the year, revenue from operations is ₹ 513.53 crore, as compared to ₹ 520.83 crore for the previous year.

Revenue from Various Geographies

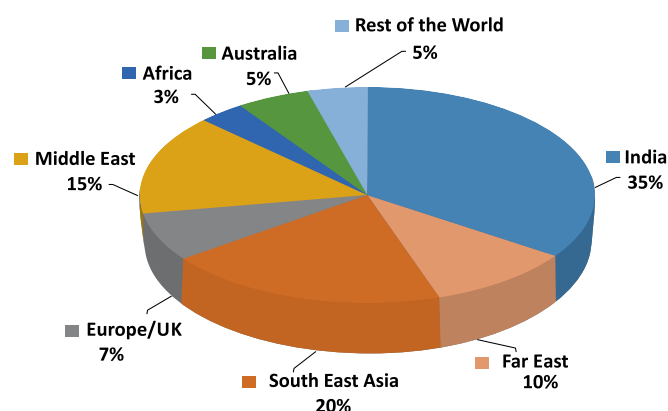
Your Group's parent Company is incorporated in India, and caters to customers situated all across the globe, and hence significant part of the revenue is derived from international sales. We operate in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia, which represent the reportable segments. These segments are based on location of customers of the Company.

For the year, around 62% 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 Various Geographies for FY 21



Revenue from Various Geographies for FY 20

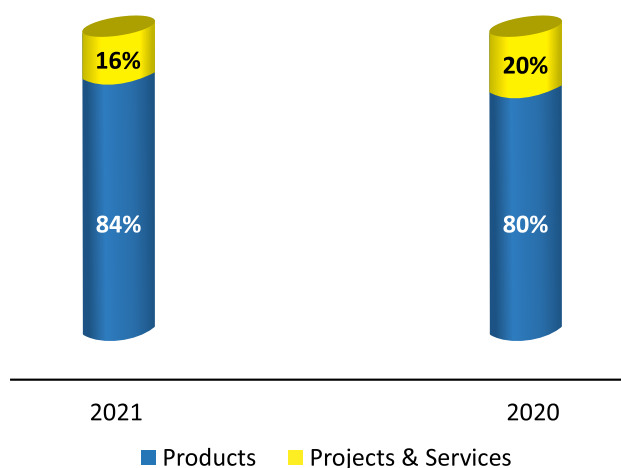


Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. "Products", comprises of license fee, revenue from customization and implementation of products and post production maintenance support. Product revenue for the year is ₹ 430.16 crore, 83.77% of the total revenue, against ₹ 414.33 crore, 79.55% 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 ₹ 83.37 crore, 16.23% of the total revenue, against ₹ 106.50 crore, 20.45% of the total revenue in the previous year.

Revenue from Products and Services



Management's Discussion and Analysis

EXPENSES

Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed, variable and incentives components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 2.57% to ₹ 330.55 crore, 64.37% of revenue against ₹ 322.29 crore, 61.88% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)					
For the Year Ended March 31,	2021	% of Revenue	2020	% of Revenue	Growth (%)
Salaries	304.43	59.28	294.41	56.53	3.40
Contribution to provident and other funds	16.08	3.13	15.83	3.04	1.61
Gratuity expense	3.99	0.78	3.49	0.67	14.33
Staff welfare	6.05	1.18	8.56	1.64	(29.34)
Total Employee Benefit Expenses	330.55	64.37	322.29	61.88	2.57
Revenue	513.53	100.00	520.83	100.00	(1.40)

Operating and Other Expenses

Operating and other expense 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, contribution to CSR activities and others.

Operating and other expenses at ₹ 54.86 crore, 10.68% of revenue for the year, decreased by 47.97% in comparison to ₹ 105.44 crore, 20.25% of revenue in the previous financial year.

(₹ in crore)					
For the Year Ended March 31,	2021	% of Revenue	2020	% of Revenue	Growth %
Outsourced technical service expense	4.13	0.80	6.51	1.25	(36.56)
Cost of software purchased for delivery to clients	0.62	0.12	1.63	0.31	(61.96)
Travel expense	1.29	0.25	22.60	4.34	(94.29)
Power and fuel	2.78	0.54	4.52	0.87	(38.50)
Rent	2.49	0.48	3.09	0.59	(19.42)
Rates & Taxes	0.37	0.07	0.20	0.04	85.00
Repair and maintenance	4.98	0.97	6.48	1.24	(23.15)
Legal and professional	15.47	3.01	19.11	3.67	(19.05)
Directors remuneration	1.71	0.33	1.48	0.28	15.54
Conveyance	0.38	0.07	1.75	0.34	(78.29)
Communication	1.57	0.31	2.29	0.44	(31.44)
Training and recruitment	1.00	0.20	4.56	0.88	(78.07)
Information technology expenses	12.04	2.34	11.22	2.15	7.31
Provision for doubtful debts/advances/other current assets	(3.38)	(0.66)	6.71	1.29	(150.37)
Commission to channel partners	(0.23)	(0.04)	2.02	0.39	(111.39)
Conference, exhibition and seminar	0.17	0.03	3.15	0.60	(94.60)
Advertisement and business promotion	1.17	0.23	2.17	0.42	(46.08)
Insurance	0.49	0.09	0.54	0.10	(9.26)
Net loss on sale of fixed assets/discarded assets	0.11	0.02	-	-	-
Withholding tax charged off	3.50	0.68	-	-	-
Finance Cost	1.22	0.24	1.12	0.22	8.93
Miscellaneous expenses	1.34	0.26	2.84	0.55	(52.82)
Contribution to CSR Activities	1.65	0.32	1.45	0.28	13.79
Total Operating and Other Expenses	54.86	10.68	105.44	20.25	(47.97)
Revenue	513.53	100.00	520.83	100.00	(1.40)

Management's Discussion and Analysis

The Decrease in Operating and other expense for FY 2021 from FY 2020 is primarily due to decrease in travel expenses and reversal of provision of doubtful debts.

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 ₹ 1.65 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 is at ₹ 128.12 crore, 24.95% of revenue against ₹ 93.10 crore, 17.88% of revenue in the previous year.

Depreciation & amortization

Depreciation & Amortization on fixed assets was ₹ 13.87 crore, 2.70% of revenue for the year, against ₹ 13.55 crore, 2.60% of revenue in the previous year.

Other Income

Other Income represents income received in the form of dividends from MTM gain on mutual fund, interest on fixed deposits and bonds and capital gains on the sale of current investments.

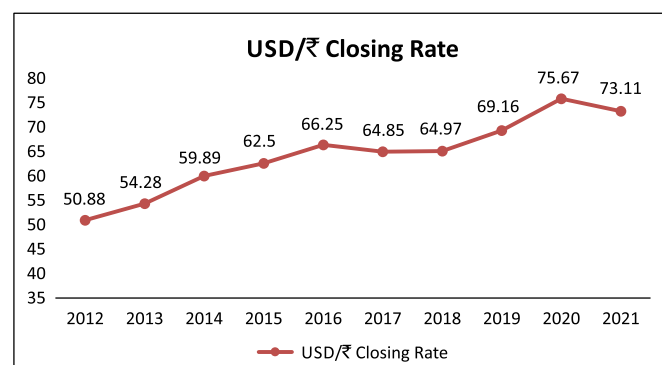
	(₹ in crore)	
For the Year Ended March 31,	2021	2020
Dividend on investment in Mutual fund units and Other Instruments	0.26	10.20
Interest income	13.67	16.49
Net Gain / (Loss) on foreign currency	0.66	2.71
Net gain on sale of investments	1.26	(0.01)
MTM gain or (loss) on mutual funds	19.35	5.50
Others	4.36	2.34
Total	39.56	37.23

Other income for the year is ₹ 39.56 crore, against ₹ 37.23 crore in the previous year.

Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from translation of current assets and liabilities at quarter end rates, those arising from realization/payments of receivables/payables. During the year the Company had a foreign exchange gain of ₹ 0.66 crore against gain of ₹ 2.71 crore in the previous year.

Foreign Exchange continues to be volatile, as depicted in the below mentioned chart.



The monthly closing rate of Indian Rupee varied from a high of ₹ 75.67 to the Dollar in April 2020 to a low of ₹ 72.96 in February 2021 and overall lost 3.4 % against the US Dollar on a March end to March end comparison.

The Company follows a well-defined policy of hedging close to receivables through Forward Contracts which are designated as Highly Probable forecast transactions. The Company has a conservative approach and does not speculate in foreign currency markets. Forwards are held to maturity and regular reporting and monitoring systems are in place including quarterly updates to the Audit Committee. In terms of foreign currency hedges, we had on March 31, 2021, 4.75 million US dollars of forward contracts at an average rate of ₹ 75.06, designated as highly probable forecast transactions. There is a mark-to-market gain of ₹ 36.80 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 %)	
Currency	2021	2020
INR	38%	35%
SGD	8%	11%
USD	34%	34%
GBP	4%	6%
JPY	3%	3%
MYR	1%	1%
AUD	6%	5%
EUR	2%	1%
AED	3%	3%
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,	2021	2020
- Current Tax Expense	29.37	23.76
- Deferred Tax Credit (net)	6.49	4.03
Total	35.86	27.79

Total effective tax for the year is 23.31% of Profit Before Tax, in comparison to 23.80% of Profit Before Tax for the previous year.

Profit After Tax

Our profit after tax for the year is ₹ 117.95 crore, 22.97% of revenue, against ₹ 88.99 crore, 17.09% of revenue, 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.

Management's Discussion and Analysis

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 ₹ 1.55 crore, against ₹ (4.99) 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 ₹ (1.47) crore net after Tax, against ₹ (0.91) 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 ₹ 1.67 crore net after Tax, against ₹ (2.59) crore net after Tax in the previous year.
- Exchange difference on translation of foreign operations. For the year it is ₹ 0.15 crore, against ₹ 1.02 crore in the previous year.

Total other comprehensive income for the year is ₹ 1.90 crore, against ₹ (7.47) 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, 2021 is 29,040,724 equity shares of ₹ 10 each as compared to 29,040,724 equity shares of ₹ 10 each as on March 31, 2020.

Subsidiaries

The Company has seven 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, 2021 is as per the below table.

Name of Subsidiary Company	Currency	As at March 31, 2021		As at March 31, 2020	
		In foreign Currency	Equiv. Rupees (in crore)	In foreign Currency	Equiv. 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
Nucleus Software Netherlands B.V., Netherlands. 7,500 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

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries.

Other Equity

The movement in the components of Other Equity is as below:

(₹ in crore)

	Closing Balance as on March 31, 2021	Additions/ (Deletions) during the year	Opening Balance as on April 1, 2020
General Reserve	6.61	-	6.61
Capital Reserve	0.89	-	0.89
Capital Redemption reserve	3.34	-	3.34
Retained Earnings	624.28	107.77	516.51
Securities premium account	1.00	-	1.00
Other Comprehensive Income		-	
Hedging Reserve	0.27	1.67	(1.40)
Foreign Currency Translation Reserve	1.58	0.15	1.43
Equity instrument through other comprehensive income	5.01	1.55	3.46
Total	642.98	111.14	531.84

Management's Discussion and Analysis

Property, plant and equipment and Intangible assets and Investment Property-

As at March 31, 2021, Net carrying Amount of Property, Plant and Equipment and Intangible assets and Investment Property is ₹ 24.44 crore against ₹ 30.75 crore as on March 31, 2020.

(₹ in crore)			
As at March 31,	2021	2020	Inc/Dec%
Gross Carrying Amount			
Freehold land	0.34	0.34	-
Leasehold improvements	0.14	0.14	-
Buildings	16.58	16.58	-
Plant and equipment	6.23	5.32	17.11
Computer equipment	24.73	23.77	4.04
Vehicles	3.43	4.51	(23.95)
Furniture and fixtures	2.05	1.87	9.63
Software	10.90	10.14	7.50
Total	64.40	62.67	2.76
Less; accumulated depreciation	39.96	31.92	25.19
Net Carrying Amount	24.44	30.75	(20.51)

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

Goodwill on Consolidation is Nil for the Year.

Investments

- a. **Non-current investments** totaling ₹ 176.59 crore as on March 31, 2021 against ₹ 230.91 crore as on March 31, 2020.
 - i) **Investment in equity shares of a listed company at FVOCI-** ₹ 5.26 crore
 - ii) **Investment in preference shares at Fair value through profit or loss (FVTPL)-** Nil
 - iii) **Investment in tax free bonds at amortised cost-** ₹ 77.37 crore.
 - iv) **Investment in fixed maturity plans of mutual funds at amortised cost -** Nil
 - v) **Investment in mutual funds at Fair value through profit or loss (FVTPL) -** ₹ 93.96 crore.
- b. **Current investments, Cash 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, 2021 the cash and bank balances (including fixed deposits) stood at ₹ 44.90 crore against ₹ 88.34 crore on March 31, 2021; current investments are ₹ 457.92 crore against ₹ 243.84 crore on March 31, 2020.

Total current investments, cash and bank balances are thus at ₹ 502.82 crore on March 31, 2021 against ₹ 332.18 crore as on March 31, 2020.

(₹ in crore)		
As at March 31,	2021	2020
Balances with Bank		
Cash on Hand	0.01	0.03
Remittance in transit	-	0.43
Balances with scheduled banks	9.82	40.13
Balance with non scheduled banks in current accounts	18.99	10.14
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	3.46	6.05
Other Bank Balances	12.62	31.56
Current Investments	457.92	243.84
Total	502.82	332.18

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 ₹ 134.25 crore for this financial year against ₹ 102.34 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 114.90 crore against ₹ 74.73 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 summarize the Company's liquidity position, given below are few ratios based on consolidated figures:

As at March 31	2021	2020
Operating cash flow as % of revenue	22.38	14.35
Cash and Equivalents as % of assets	56.84	43.53
Cash and Equivalents as % of revenue	97.91	63.78
Current investments as % of assets	51.76	31.95
Current investments as % of revenue	89.17	46.82

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2021 are ₹ 85.71 crore, against ₹ 90.24 crore as on March 31, 2020.

The age profile of the debtors (net of provision) is given below:

As at March 31,	2021	2020
Less than three months	88.88%	87.43%
Between 3 and 6 months	3.61%	6.31%
More than 6 months	7.51%	6.25%

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.

(₹ in crore)		
As at March 31,	2021	2020
Non – Current		
Loans Receivables considered good	0.02	0.06
Security deposits	3.24	3.43
Long-term bank deposits	18.22	0.20
Total	21.48	3.69
Current		
Loans Receivables considered good	0.11	0.21
Security deposits	0.36	0.45
Mark-to-market gain on forward contracts	0.37	-
Expenses recoverable from customers	-	0.17
Unbilled Revenue	3.51	1.31
Total	4.35	2.14
Total Loans and other Financial Assets	25.83	5.83

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to ₹ 3.24 crore as on March 31, 2021 against ₹ 3.43 crore as on March 31, 2020. Long term bank deposits amounting to ₹ 18.22 crore as on March 31, 2021 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,	2021	2020
Non – Current		
Advance Tax	20.64	15.45
Employee Advances	0.38	0.38
Capital Advances	0.04	0.31
Revenue Equalization reserve	0.03	0.10
Prepaid Expenses	0.05	0.08
Advance payment to gratuity trust	-	1.19
Corporate dividend tax	-	3.26
Deferred Expenses	-	-
Total	21.14	20.77

As at March 31,	2021	2020
Current		
Service income accrued but not due	13.28	10.77
Employee Advances	0.29	0.48
Prepaid Expenses	3.61	3.98
Contract cost	0.03	-
Balances with Government authorities	0.50	1.15
Supplier advances	4.39	4.50
Deferred Expenses	0.01	0.04
Revenue Equalization reserve	0.06	0.04
Total	22.17	20.96
Total Other Assets	43.31	41.73

Current Liabilities

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2021 the Current liabilities are ₹ 198.02 crore against ₹ 188.95 crore as on March 31, 2020.

(₹ in crore)		
As at March 31,	2021	2020
Financial liabilities		
Lease Liability	3.95	2.98
Trade Payables	13.03	15.03
Unpaid dividends	0.36	0.38
Payable for purchase of fixed assets	0.19	0.11
Mark-to-market gain on forward contracts	-	1.87
Employee payable	34.02	33.20
Other current liabilities		
Advances from customers/Advance Billing	69.36	66.62
Deferred Revenue	59.28	52.97
Deferred lease income on Security deposit received	0.02	0.03
Statutory Liabilities	9.94	9.49
Short term provisions	-	-
Compensated absences	3.23	2.92
Provision for asset retirement obligations	0.15	0.22
Income tax	4.49	3.13
Total	198.02	188.95

Trade payables represent the amount payable for providing goods and services and are ₹ 13.03 crore as on March 31, 2021 against ₹ 15.03 crore as on March 31, 2020. Advances from customers as on March 31, 2021 are ₹ 69.36 crore against ₹ 66.62 crore as on March 31, 2020. 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

Management's Discussion and Analysis

the advance invoicing for annual maintenance charges for which services are to be rendered in the future. As of March 31, 2021 it is ₹ 59.28 crore against ₹ 52.97 crore as on March 31, 2020.

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, 2021 it is ₹ 9.94 crore against ₹ 9.49 crore as on March 31, 2020. 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, 2021 are ₹ 7.87 crore against ₹ 6.27 crore as on March 31, 2020.

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, 2021 were ₹ 14.62 crore against ₹ 13.29 crore as on March 31, 2020. The break-up of non-current liabilities at the year-end is given below:

	(₹ in crore)	
As at March 31,	2021	2020
Financial liabilities		
Lease Liability	2.35	3.34
Employee payable	-	1.17
Security Deposit	0.26	0.24
Deferred lease income on Security deposit received	0.06	0.08
Deferred Tax liability	1.43	0.09
Long-term Provisions		
Compensated absences	8.98	8.37
Gratuity	1.51	-
Asset retirement obligation	0.03	-
Total	14.62	13.29

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.

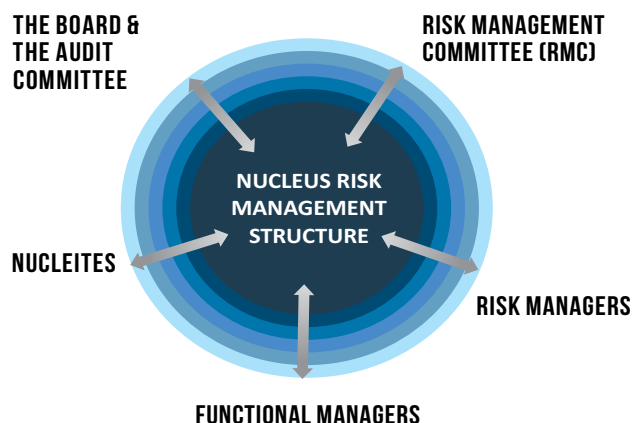
We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

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.

Information Security, protection from Cyber-attacks, Data management, privacy and protection have become a critical requirement: Our business practices with respect to our own data/IP, including data privacy and data protection, and in case of any data 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.

The Company is taking all necessary steps to ensure that the Infrastructure (Systems / Network / Physical location) is properly secured. Following additional measures are being taken:

- Multi Factor Authentication (MFA) for access to email and other critical applications
- Installation of End Point Detection and Response (EDR) solution
- Setting up of 24X7 Security Operations Center

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 security and 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.

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, 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.

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 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

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

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 are 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.

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

Risk Management Report

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. 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, 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. 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.

This Risk is primarily a "Business Environment Risk."

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

Risk Management Report

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.. 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 change 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.. 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

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

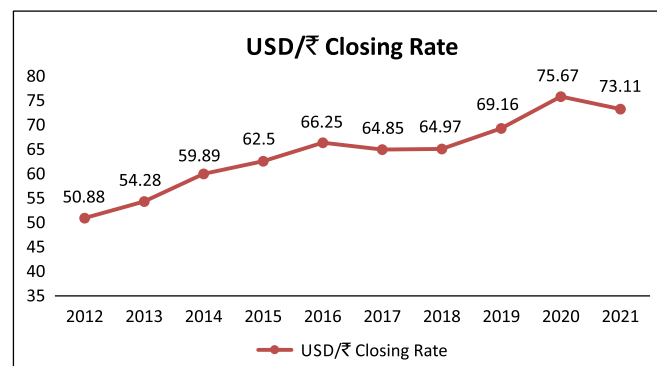
If we or our partners fail to deliver appropriately, our ability to complete the contract may be adversely affected, which may have a material and adverse impact on our revenue and profitability

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.

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.

Risk Management Report

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.

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.

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

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.

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,

Risk Management Report

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 public Limited 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.

The management conducts many workshops and trainings on continuous basis 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.

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."

AUDITORS' REPORT

For the Financial Statements for the year ended March 31, 2021

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 2021, 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 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the 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.

Emphasis of matter

We draw attention to note 2.44 to the consolidated financial statements, which describes the information security incident on 30 May 2021 involving a ransomware attack experienced by the Group. The management has initiated the process of containment and remediation efforts to address the event and to recover and restore impacted application and data. It has also initiated the process to investigate and ascertain the nature, extent and causes of data breach. The impact of this cyber security incident including any possible litigations and claims is presently not ascertainable. Our opinion is not modified in respect of this matter.

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

Revenue recognition- Significant Judgment required 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 2021, revenue amounting to Rs. 51,353 lacs 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. The percentage of work completed is estimated by the Company basis the completion of milestones and activities as agreed with the customers. Due to the number and complexity of 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 2021.	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and 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 inspected 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; o tested 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 confirmed by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmations which form the basis of percentage of completion; and o verified the ageing analysis and performed analytical procedures, based on revenue trends, to assess the movements in accruals.
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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 auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial information of three subsidiaries, whose financial information reflect total assets of Rs. 3,097 lacs as at 31 March 2021, total revenues of Rs. 7,352 lacs and net cash flows amounting to Rs. 555 lacs for the year ended on that date, as considered in the consolidated financial statements. These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.
- (b) The financial information of three subsidiaries, whose financial information reflect total assets of Rs. 1,180 lacs as at 31 March 2021, total revenues of Rs. 1,951 lacs and net cash flows amounting to Rs. 133 lacs 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. These unaudited financial information have 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, these financial information are 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 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:
- 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.
 - 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.
 - 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.
 - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and

Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 2.34 to the consolidated financial statements.
 - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.
 - 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 2021.
 - 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 2021.
- 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 and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company 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. 116231 W/W-100024

Sd/-
Girish Arora
Partner

Place: New Delhi
Date : 3 June 2021

Membership Number: 09652
UDIN: 21098652AAAAAQ5248

Annexure A to the Independent Auditors' report on the consolidated financial statements of Nucleus Software Exports Limited for the year ended 31 March 2021.

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 2021, 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 2021, 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").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Sd/-
Girish Arora
Partner

Place: New Delhi
Date : 3 June 2021

Membership Number: 09652
UDIN: 21098652AAAAQ5248

Consolidated Balance Sheet

AS AT 31 MARCH 2021

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(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	2,319	2,846
Capital work in progress	2.1(b)	47	21
Intangible assets under development	2.1(c)	5	5
Other intangible assets	2.1(a)	125	229
Right of use assets	2.2	1,155	1,181
Investment property	2.3	1,389	1,418
Financial assets			
Investments	2.4	17,659	23,091
Loans	2.5	2	6
Other financial assets	2.6	2,146	363
Deferred tax assets (net)	2.7	-	523
Income tax asset (net)	2.8	2,064	1,545
Other non-current assets	2.9	50	532
		26,961	31,760
Current Assets			
Financial assets			
Investments	2.10	45,792	24,384
Trade receivables	2.11	8,571	9,024
Cash and cash equivalents	2.12	3,227	5,677
Other bank balances	2.13	1,263	3,157
Loans	2.14	11	21
Other financial assets	2.15	424	193
Other current assets	2.16	2,217	2,096
		61,505	44,552
Total Assets		88,466	76,312
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	2.17	2,904	2,904
Other equity	2.18	64,298	53,184
Total equity attributable to equity holders of the company		67,202	56,088
Non- controlling interest		-	-
Total Equity		67,202	56,088
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	235	334
Other financial liabilities	2.19	26	141
Other non-current liabilities	2.20	6	8
Deferred tax liabilities (net)	2.7	143	9
Provisions	2.21	1,052	837
		1,462	1,329
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	395	298
Trade payables	2.22	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,303	1,503
Other financial liabilities	2.23	3,457	3,556
Provisions	2.24	338	314
Current tax liabilities (net)	2.25	449	313
Other current liabilities	2.26	13,860	12,911
		19,802	18,895
TOTAL EQUITY AND LIABILITIES		88,466	76,312

See accompanying notes forming part of the consolidated 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/-

GIRISH ARORA

Partner

Membership number : 098652

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/-

PARAG BHISE

CEO & Whole-time Director

Sd/-

ANURAG MANTRI

Additional Executive Director & CFO

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 3 June 2021

Place: Noida

Date: 3 June 2021

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL STATEMENTS | 179

(Amount in ₹ Lacs unless otherwise stated)

	Ref.	For the year ended 31 March 2021	For the year ended 31 March 2020
1. REVENUE FROM OPERATIONS	2.27	51,353	52,083
2. OTHER INCOME	2.28	3,956	3,723
3. TOTAL INCOME (1+2)		55,309	55,806
4. EXPENSES			
a. Employee benefits expense	2.29	33,055	32,229
b. Operating and other expenses	2.30	5,364	10,432
c. Finance cost	2.31	122	112
d. Depreciation, amortisation and impairment expense	2.1(a) and 2.2	1,387	1,355
TOTAL EXPENSES		39,928	44,128
5. PROFIT BEFORE TAX (3-4)		15,381	11,678
6. TAX EXPENSE			
a. Current tax expense		2,937	2,376
b. Deferred tax credit /charge	2.7	649	403
NET TAX EXPENSE		3,586	2,779
7. PROFIT FOR THE YEAR (5-6)		11,795	8,899
8. OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans, net		(196)	(121)
b) Equity instruments through Other Comprehensive Income, net		155	(499)
(ii) Tax relating to Items that will not be reclassified to profit or loss		49	30
(B) (i) Items that will be reclassified subsequently to profit or loss			
a) Exchange difference on translation of foreign operations		15	102
b) Effective portion of gains and loss on hedging instruments in a cash flow hedge, net		224	(369)
(ii) Tax relating to Items that will be reclassified subsequently to profit or loss		(57)	110
TOTAL OTHER COMPREHENSIVE INCOME		190	(747)
9. TOTAL COMPREHENSIVE INCOME (7+8)		11,985	8,152
Profit attributable to			
Owners of the Company		11,795	8,899
Non- controlling interest		-	-
		11,795	8,899
10 Total comprehensive income attributable to			
Owners of the Company		11,985	8,152
Non- controlling interest		-	-
		11,985	8,152
11. EARNINGS PER EQUITY SHARE			
Equity shares of ₹ 10 each			
a. Basic (₹)		40.62	30.64
b. Diluted (₹)		40.62	30.64
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 consolidated 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/-
GIRISH ARORA
Partner
Membership number : 098652

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/-
PARAG BHISE
CEO & Whole-time
Director

Sd/-
ANURAG MANTRI
Additional Executive Director & CFO

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 3 June 2021

Place: Noida
Date: 3 June 2021

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2021

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Net profit before tax	15,381	11,678
Adjustment for:		
Depreciation and amortisation expense	1,387	1,355
Exchange gain / loss on translation of foreign currency accounts (net)	34	(300)
Dividend received from current investments	(24)	(761)
Dividend received from non-current investment	(2)	(259)
Interest income on financial assets- carried at amortised cost	(1,345)	(1,625)
MTM (gain) on investments	(1,935)	(549)
Net (gain)/loss on sale of investments	(126)	1
(Profit) / Loss on sale of property, plant and equipment (net)	11	(6)
Unwinding of interest on security deposit	2	1
Interest expense on lease liability	66	67
Interest others	13	-
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	(338)	671
Withholding tax charged off	350	-
Discounting of staff loan and security deposit	(23)	(24)
Deferred lease income on Security deposit received	(2)	(2)
Reserve for lease equalization	-	(13)
Rent concession on lease liability	(6)	-
Assets Retirement Obligation reversal	(18)	-
Operating profit before working capital changes	13,425	10,234
Adjustment for (increase) / decrease in operating assets		
Trade receivables	593	(1,874)
Loans	13	8
Other assets	31	(381)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(179)	264
Provisions and other liabilities	962	1,336
Net Income taxes paid	14,845	9,587
Net cash from operating activities (A)	11,490	7,473
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(299)	(1,242)
Proceeds from sale of property, plant and equipment	30	6
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(13,442)	(3,761)
Bank deposits (net) not considered as cash and cash equivalents (placed) / matured	57	635
Interest received on fixed deposits, mutual funds, tax free bonds and preference shares	1,086	1,025
Dividend received from non current investments	2	427
Net cash (used in) investing activities (B)	(12,566)	(2,910)
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(398)	(421)
Interest paid on lease liabilities	(65)	(67)
Interim dividend / Final dividend paid	(871)	(2,919)
Proceeds from employee stock option exercised		
Net cash (used in) in financing activities (C)	(1,334)	(3,407)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(2,410)	1,156
Opening cash and cash equivalents	5,677	4,452
Exchange difference on translation of foreign currency bank accounts	(40)	69
Closing cash and cash equivalents [see note 2.12]	3,227	5,677
Supplementary information		
1. Cash and cash equivalents represents :		
Cash on hand	1	3
Remittance in transit	-	43
Balances with scheduled banks	982	4,013
Balance with non scheduled banks in current accounts	1,899	1,014
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	346	605
	3,228	5,678
Reconciliation of movements of liabilities to cash flows arising from financing activities :-		
At the beginning (current and non current)	632	-
Recognized on adoption of Ind AS 116 as at 1 April 2019	-	722
Addition in lease liabilities	404	326
Interest accrued	65	67
Net Cash outflow	(463)	(488)
Rent concession	(6)	-
Translation Difference	(2)	5
At the end (current and non current)	630	632

Notes:

(i) Figures in brackets indicate cash outflow.

See accompanying notes forming part of the consolidated 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/-
GIRISH ARORA
Partner
Membership number : 098652

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
PARAG BHISE
CEO & Whole-time Director

Sd/-
ANURAG MANTRI
Additional Executive Director & CFO

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 3 June 2021

Place: Noida
Date: 3 June 2021

NUCLEUS SOFTWARE EXPORTS LTD.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

A. Equity Share Capital

(Amount in ₹ Lacs unless otherwise stated)

	Changes in equity share capital during the year	Balance as on 31 March 2021
Balance as of 1 April 2020		
2,904	-	2,904
Balance as of 1 April 2019		
2,904	-	2,904

B. Other Equity

	Reserves and Surplus					Items of OCI			Total
	Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign currency translation reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2020	89	100	334	661	51,651	(140)	143	346	53,184
Profit for the year	-	-	-	-	11,795	-	-	-	11,795
Interim dividend	-	-	-	-	(871)	-	-	-	(871)
Effective gain/(loss) on hedging instruments	-	-	-	-	-	167	-	-	167
Exchange difference on translation of foreign operations	-	-	-	-	-	-	15	-	15
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	-	155	155
Remeasurement of the defined benefit plans, net	-	-	-	-	(147)	-	-	-	(147)
Attributable to owners of the company	89	100	334	661	62,428	27	158	501	64,298
Balance as of 31 March 2021	89	100	334	661	62,428	27	158	501	64,298

Statement of Changes In Equity for the year ended 31 March 2021

	Reserves and Surplus					Items of OCI			Total
	Capital reserve	Securities premium	Capital Redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign Currency translation reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2019	89	100	334	661	45,762	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/(loss) on hedging instruments	-	-	-	-	-	(259)	-	-	(259)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	102	-	102
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	-	(499)	(499)
Remeasurement of the defined benefit plans, net	-	-	-	-	(91)	-	-	-	(91)
Attributable to owners of the company	89	100	334	661	51,651	(140)	143	346	53,184
Balance as of 31 March 2020	89	100	334	661	51,651	(140)	143	346	53,184

See accompanying notes forming part of the consolidated 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/-

GIRISH ARORA

Partner

Membership number : 098652

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/-

PARAG BHISE

CEO & Whole-time Director

Sd/-

ANURAG MANTRI

Additional Executive Director & CFO

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place: New Delhi

Date: 3 June 2021

Place: Noida

Date: 3 June 2021

Notes forming part of the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2021

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 2021, 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 3 June 2021.

b) Functional and Presentation currency

The financial statements are presented in Indian Rupees (₹), 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 (₹ 50,000 to make financials in round off to Rupees in Lacs.

c) Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Group normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of the non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Group normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of the non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has ascertained its operating cycle, being a period within 12 months for the purpose of classification of assets and liabilities as current and non-current.

d) Basis of measurement

The Consolidated financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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 share of the acquired entity's net identifiable assets.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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.

Out of pocket reimbursable expenses e.g.travel etc. if incurred in relation to performance obligation under the contract is recognised as revenue.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vii)(e) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to

receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

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 is generally the case when the Group determines

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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.

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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.

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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.

xviii. 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 2021.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.1(a) Property, plant and equipment

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT		Deductions / adjustments	ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT	
	As at 1 April 2020	Additions		As at 1 April 2020	Depreciation for the year	Deductions / adjustments	As at 31 March 2021	As at 31 March 2020
Tangible assets								
Freehold land	34 (34)	-	-	-	-	-	34 (34)	34 (34)
Leasehold improvements	14 (14)	-	-	14 (14)	-	-	-	-
Buildings	1,658 (1,654)	-	-	362 (271)	88 (91)	(3)	1,205 (1,296)	1,296 (1,383)
Plant and equipment	532 (345)	96 (187)	5	272 (220)	78 (52)	6	279 (260)	260 (125)
Computer equipment	2,377 (1,728)	96 (661)	-	1,465 (1,065)	440 (409)	(2)	566 (912)	912 (663)
Vehicles	451 (327)	20 (124)	128	208 (137)	77 (71)	89	147 (243)	243 (190)
Furniture and fixtures	187 (186)	18 (1)	-	86 (51)	35 (35)	4	88 (101)	101 (135)
	5,253 (4,288)	230 (977)	133 (12)	2,407 (1,758)	718 (658)	94 (9)	2,319 (2,846)	2,846 (2,530)
Intangible assets								
Software	1,014 (839)	76 (184)	-	785 (659)	180 (135)	-	125 (229)	229 (180)
Total	6,267 (5,127)	306 (1,161)	133 (21)	3,192 (2,417)	898 (793)	94 (18)	2,444 (3,075)	3,075 (2,710)
Previous year								

2.1(b) Capital work in progress

	As at 1 April 2020	Additions	Capitalisation / adjustments	As At 31 March 2021
Capital work in progress	21	89	63	47
	-	(200)	(179)	(21)

2.1(c) Intangible assets under development

	As at 1 April 2020	Additions	Capitalisation / adjustments	As At 31 March 2021
Intangible assets under development	5	1	1	5
	(2)	(47)	(44)	5

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.2 Changes in right of use assets / lease liabilities

- (a) Following are the changes in the carrying value of right of use assets for the year :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Building	Lease hold land	Total	Building	Lease hold land	Total
Opening Balance	653	528	1,181	722	536	1,258
Additions	433	-	433	383	-	383
Amortisation	452	7	459	459	8	467
Translation Difference	-	-	-	7	-	7
Closing balance	634	521	1,155	653	528	1,181

The aggregate depreciation expense on right of use assets is included under depreciation and amortization expense in the consolidated statement of Profit and Loss Account.

- (b) The following is the break-up of current and non-current lease liabilities :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	395	298
Non-current lease liabilities	235	334
Total	630	632

- (c) The following is the movement in lease liabilities :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance	632	722
Additions	404	326
Finance cost accrued during the period	65	67
Payment of lease liabilities	(463)	(488)
Rent concession	(6)	-
Translation Difference	(2)	5
Closing balance	630	632

The table below provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Not later than 1 year	443	352
Later than 1 year but not later than 5 years	247	354
More than 5 year	-	-
Total	690	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 ₹ 249 lacs for the year ended 31 March 2021 .(previous year March 2020 ₹ 309 lacs)

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 for the year ended 31 March 2021

2.3 Investment Property

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT	
	As at 1 April 2020	Transfer from Property, plant and equipment	Additions	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2021	As at 1 April 2020	As at 31 March 2021	As at 31 March, 2020
Tangible assets								
Leasehold Land	1,118	-	-	-	1,118	51	1,055	1,067
	-	(1,118)	-	-	(1,118)	-	(1,067)	-
Buildings	410	-	-	-	410	59	334	351
	-	(372)	(38)	-	(410)	-	(351)	-
Total	1,528	-	-	-	1,528	110	1,389	1,418
Previous year	-	(1,490)	(38)	-	(1,528)	-	(1,418)	-

Measurement of fair values

Particulars	Leasehold Land	Building	Total
At 31 March 2021	310,015,200	38,690,300	348,705,500
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 2021.

(i) Fair Value Hierarchy

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and 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 (**see Note 1**) to investment property, since the building was no longer used by the Company and as such it was decided that the building would be leased to a third party.

(iii) Amount recognised in the Statement of Profit and Loss :

Revenue from operation amounting to ₹ 5,302,544 (Previous year ₹ 6,880,709) is on account of rental income from investment property during the year 31 March 2021 (see note 2.27). This is after taking in to account reversal of revenue of ₹ 360,818 on account of reserve for lease equalization (Previous year This includes revenue of ₹ 1,251,446 on account of reserve for lease equalization).

(iv) Rental to be received for contracts in hand for investment property

With in 1 years	59,46,651
1 to 5 years	20,14,188
	79,60,839

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.4 A. NON-CURRENT INVESTMENTS (at cost)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
- Non trade		
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	526	371
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 16.46% Infrastructure Leasing & Financial Services Ltd. (Pref. Share - 2022)	501	501
Less: Provision for impairment of investment	(501)	(501)
b. 7.50% Tata Capital Ltd. (Pref. Shares - 2020)	-	1,500
	-	1,500
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
a. 10% Tata Motors Finance Ltd (CCPS - 2025)	-	2,100
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	1,004	991
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	540	540
c. 8.09% Power Finance Corporation Tax Free Bonds 2021	-	474
d. 7.51% Power Finance Corporation Tax Free Bonds 2021	-	518
e. 8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	-	2,101
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
i. 8.20% Power Finance Corporation Tax Free Bonds 2022	-	63
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	107	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 (PFC) Tax Free Bonds 2022	514	514
q. 7.35% Indian Railway Finance Corporation 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	532	543
t. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	538	548
u. 8.63% National Housing Bank Tax Free Bonds 2029	1,265	-
v. 8.30% Power Finance Corporation Tax Free Bonds 2027	1,230	-
	7,737	8,714
Investment in mutual funds (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
a. ICICI Prudential FMP - Series 82 - 1225 Days Plan B	-	586
b. UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	-	586
c. Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12	-	580

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
d. Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	-	585
e. ICICI Prudential FMP - Series 82 - 1203 Days Plan K	-	583
f. Nippon India Fixed Horizon Fund XXXVI - Series 6	-	581
g. UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	-	579
	-	4,080
Investment in mutual funds (unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. HDFC Corporate Bond Fund - Growth-Direct	417	382
b. DSP Banking & PSU Debt Fund - Growth- Direct	565	1,125
c. ICICI Prudential Bond Fund - Growth- Direct	-	603
d. L&T Short Term Bond Fund - Growth- Direct	-	603
e. Axis Banking and PSU Debt Fund - Growth - Direct	1,400	496
f. Nippon India Floating Rate Fund - Growth- Direct	843	-
g. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,110	1,034
h. Tata Short Term Bond Fund - Growth- Direct	2,299	711
i. SBI Corporate Bond Fund - Growth- Direct	380	351
j. Kotak Bond Short Term Fund - Growth- Direct	1,107	1,021
k. ICICI Prudential Corporate Bond Fund - Growth-Direct	1,275	-
	9,396	6,326
Aggregate amount of non current-investments	17,659	23,091
Aggregate amount of quoted investments	8,263	14,664
Aggregate market value of quoted investments	8,687	15,233
Aggregate amount of unquoted investments	9,396	8,427
Aggregate amount of impairment in value of quoted investments	501	501

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 2021	Dividend income recognised during the year ended 31 March 2021	Fair value as at 31 March 2020
Investment in Ujjivan Financial Services Limited	526	155	371

No strategic investments were disposed off during the period ended 31 March 2021 as well as in the previous year ended 31 March 2020 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.5 LOANS		
(a) Loans and advances to employees		
Loans Receivables considered good - Unsecured	2	6
	2	6
2.6 OTHER NON-CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
(a) Security deposits	324	343
(b) Long-term bank deposits	1,822	20
	2,146	363

[Long term bank deposits include ₹ Nil (31 March 2020 ₹ 20 lacs) which are under lien]

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.7 DEFERRED TAX ASSET (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Current tax	2,937	2,376
Deferred tax	649	403
Net tax expense	3,586	2,779

B. Income tax recognised in other comprehensive income

	For the year ended 31 March 2021		
	Before tax	Tax expense / (benefit)	Net of tax
Remeasurements of net defined benefit plans	(196)	49	(147)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	224	(57)	167
Income tax recognised in other comprehensive income	28	(8)	20

	For the year ended 31 March 2020		
	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	(490)	140	(350)

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 31st March 2021	Percentage	For the year ended 31st March 2020
Profit before tax		15,381		11,678
Computed tax expense	25.17%	3,871	29%	3,401
Effect of exempt non-operating income	-1.24%	(190)	-6%	(674)
Effect of non- deductible expenses	1.07%	165	2%	230
Additional deduction on research and development expenses	-	-	-4%	(450)
Taxes on income at different rates	-0.83%	(128)	-3%	(293)
Tax effect due to non taxable income for Indian tax purpose	-	-	5%	634
Tax reversals, overseas and domestic	-0.77%	(118)	2%	204
Tax pertaining to Branch tax	-	-	0%	4
Tax on undistributed reserves of subsidiaries	-	-	-1%	(175)
Effect of subsidiaries different tax rates	-0.09%	(14)	-1%	(102)
Effective tax	23.31%	3,586	24%	2,779

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.7 DEFERRED TAX ASSET (NET) (CONT'D)

(Amount in ₹ Lacs unless otherwise stated)

	Particular	Opening As at 1 April 2020	Recognised [(Credited)/ Charge] in profit or loss during the year	Recognised [(Credited)/ Charge] in OCI during the year	MAT created /(utilised) during the period	As at 31 March 2021
a.	Deferred tax assets					
	Provisions- compensated absences, gratuity and other employee benefits	336	(73)	49	-	312
	Provision for doubtful trade receivables / loans and service income accrued but not due and others	294	(92)	-	-	202
	Forward contracts	47	-	(57)	-	(10)
	MAT credit entitlement	132	-	-	(132)	-
	Trade receivables, security deposit and loans at amortised cost	20	(6)	-	-	14
	Lease liability	7	2	-	-	9
		836	(169)	(8)	(132)	527
b.	Deferred tax liabilities					
	Property, plant and equipment	(64)	51	-	-	(13)
	Forward contracts	-	-	-	-	-
	Investments	(249)	(397)	-	-	(646)
		(313)	(346)	-	-	(659)
	Net Deferred tax Asset/(Liability)	523	(515)	(8)	(132)	(132)
	Net Deferred tax Asset/(Liability)	-	-	-	-	-
a.	Deferred tax assets					
	Brought forward losses	-	3	-	-	3
	MAT credit entitlement	13	-	-	-	13
		13	3	-	-	16
b.	Deferred tax liabilities					
	Property, plant and equipment and Investment property	(22)	(3)	-	-	(25)
	Rent Equalization reserve	-	(2)	-	-	(2)
		(22)	(5)	-	-	(27)
	Net Deferred tax Asset/(Liability)	(9)	(2)	-	-	(11)
	Total Deferred tax Asset/(Liability)	514	(517)	(8)	(132)	(143)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
-------------	------------------------	------------------------

2.8 INCOME TAX ASSETS (NET)

Balances with government authorities

a. Advance tax	2,064	1,545
	2,064	1,545

2.9 OTHER NON CURRENT ASSETS

(Unsecured, considered good)

a. Capital advances	4	31
b. Employee advances	38	38
c. Reserve for lease equalization	3	10
d. Prepaid expenses	5	8
e. Advance payment to gratuity trust (see note 2.39)	-	119
f. Balances with Government authorities - Corporate Dividend tax*	-	326
	50	532

* relates to corporate dividend tax paid in respect of interim dividend which was declared by the Company on 16 March 2020 and subsequently revoked. This amount has been subsequently claimed by the Company as advance tax in the Income Tax return filed for AY 20-21 and is included in the balance of advance income tax disclosed in Note 2.8.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.10 Current investments - Non trade (At the lower of cost and fair value)

Name	As at 31 March 2021	As at 31 March 2020
- Investment in Mutual Funds (Unquoted)		
Mutual funds at Fair value through profit or loss (FVTPL)		
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Growth	1,404	1,348
HDFC Arbitrage Fund - Direct Plan - Growth	1,928	1,859
HDFC Ultra Short term Fund - Direct Plan - Growth	1,600	-
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Growth	332	319
Kotak Equity Arbitrage Fund- Direct Plan - Growth	3,626	3,480
L&T Ultra Short Term Fund Direct Plan- Growth	648	526
Nippon India Arbitrage Fund-Direct Plan - Growth	1,293	1,239
SBI Ultra Short Term Debt Fund - Direct Plan - Daily Dividend Reinvestment	-	800
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	-
SBI Liquid Fund - Direct Plan - Growth	1,635	-
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	-	1,000
Tata Liquid Fund - Direct Plan - Growth	1,252	-
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	-	575
DSP Ultra Short term Fund - Growth - Direct	679	-
DSP Low Duration Fund - Growth- Direct	2,068	-
ICICI Prudential Money Market Fund - Direct Plan - Growth	3,289	1,588
UTI Money Market Fund - Direct Plan - Growth	2,162	1,081
UTI Arbitrage Fund - Direct Plan - Growth	1,176	563
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	2,392	1,605
SBI Arbitrage Opportunities Fund - Direct Plan - Growth	1,500	1,136
Kotak Money Market Scheme - Direct Plan - Growth	1,382	63
HDFC Money Market Fund - Direct Plan - Growth	2,161	1,449
SBI Savings Fund - Growth - Direct Plan	2,379	-
Axis Treasury Advantage Fund - Direct Plan - Growth	1,616	1,514
Axis Money Market Fund - Growth - Direct	81	-
Tata Treasury Advantage Fund - Growth -Direct	593	-
	35,196	20,145
- 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
Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	-	599
ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	-	1,198
ICICI Prudential FMP - Series 82 - 1225 Days Plan B	628	-
UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	628	-
Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12	622	-
Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	628	-
ICICI Prudential FMP - Series 82 - 1203 Days Plan K	627	-
Nippon India Fixed Horizon Fund XXXVI - Series 6	624	-
UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	622	-
	4,379	2,789
Investment in bonds (quoted)		
8.09% Power Finance Corporation Tax Free Bonds 2021	471	-
7.51% Power Finance Corporation Tax Free Bonds 2021	517	-
7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	306	-
8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	2,087	-
8.20% Power Finance Corporation Tax Free Bonds 2022	63	-
	3,444	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Name	As at 31 March 2021	As at 31 March 2020
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	100
Less: Provision for impairment of investment	(100)	(100)
7.50% Tata Capital Ltd. (Pref. Shares - 2020)	500	-
	500	891
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
10% Tata Motors Finance Ltd (CCPS - 2025) (see note 2.31)	2,273	-
8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.31)	-	559
	2,273	559
Aggregate amount of investments	45,792	24,384
Aggregate amount of quoted investments	8,323	3,680
Aggregate market value of quoted investments	8,402	3,656
Aggregate amount of unquoted investments	37,469	20,704
Aggregate amount of impairment in value of quoted investments	100	100

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.11 CURRENT TRADE RECEIVABLES		
a. Trade receivables considered good - Unsecured	8,571	9,024
b. Trade receivables - credit impaired	151	473
	8,722	9,497
Less: Provision for doubtful trade receivables	(151)	(473)
	8,571	9,024
	8,571	9,024

2.12 CASH AND CASH EQUIVALENTS

A. Cash and cash equivalents		
a. Cash on hand	1	3
b. Remittance in transit	-	43
c. Balances with scheduled banks:		
- in current accounts	71	2,776
- in EEFC accounts	859	1,155
- in Escrow accounts	52	82
d. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	18	13
- Citibank, U.A.E	22	20
- Citibank,USA	12	17
- Citibank, Singapore	833	244
- PNC Bank, USA	31	34
- Citibank,USA	307	310
- Bank of Tokyo Mitsubishi, Japan	31	18
- Citibank, Japan	406	275
- Citibank, Australia	184	30
- Nedbank, South Africa	42	36
- Citibank, Netherlands	12	16
e. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	346	605
	3,227	5,677
Total - Cash and cash equivalents	3,227	5,677

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2021	As at 31 March 2020
2.13 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	36	38
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	1,227	3,119
Total - Other bank balances	1,263	3,157
[Balance with scheduled banks in deposit accounts include ₹ 89 lacs (31 March 2020 ₹ 51 lacs) which are under lien and restricted from being settled with in 12 months from the balance sheet date.]		
2.14 LOANS		
(Unsecured)		
a. Loans Receivables considered good - Unsecured	11	21
	11	21
2.15 OTHER CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposit	36	45
b. Mark-to-market gain on forward contracts	37	-
c. Expenses recoverable from customers	-	17
d. Unbilled revenue		
- Considered good	351	131
-Credit impaired	30	22
	381	153
Less : Allwance for unbilled revenue	(30)	(22)
	351	131
	424	193
2.16 OTHER CURRENT ASSETS		
(Unsecured)		
a. Service income accrued but not due		
Unsecured		
Considered good	1,328	1,077
Credit impaired	408	476
	1,736	1,553
Less : Provision for service income accrued but not due	(408)	(476)
	1,328	1,077
b. Employee advances	29	48
c. Prepaid expenses (considered good)	361	398
d. Contract cost	3	-
e. Balances with Government authorities (considered good)		
- GST/ VAT credit receivable	50	115
f. Others		
- Supplier advances		
Considered good	439	450
Credit impaired	3	3
	442	453
Less : Provision for doubtful advances	(3)	(3)
	439	450
g. Deferred payroll	1	4
h. Reserve for lease equalization	6	4
	2,217	2,096

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.17 SHARE CAPITAL

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
a. Authorised		
Equity shares		
41,100,000 (As at 31 March 2020 - 40,000,000) equity shares of ₹ 10 each	4,110	4,000
Preference shares	400	-
4,000,000 (As at 31 March 2020 - NIL) 11% redeemable non cumulative (see note 2.18 preference shares of ₹ 10 each)		
	4,510	4,000
b. Issued, Subscribed and Paid-Up		
Issued		
29,043,524 (29,043,524) equity shares of ₹ 10 each		
Subscribed and Paid-Up		
29,040,724 (29,040,724) equity shares of ₹ 10 each, fully paid up	2,904	2,904
	<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	Allotted under Employee Stock Option Plans / Extinguishment of shares under buy back (see note 2.18)	Closing balance
a. For the year ended 31 March 2021			
- Number of shares	29,040,724	-	29,040,724
- Amount (In ₹)	290,407,240	-	290,407,240
b. For the year ended 31 March, 2020			
- Number of shares	29,040,724	-	29,040,724
- Amount (In ₹)	290,407,240	-	290,407,240

(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 proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) **Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

Particulars	As at 31 March 2021		As at 31 March 2020	
	(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) **Details of forfeited shares**

Particulars	As at 31 March 2021		As at 31 March 2020	
	(Number)	(₹)	(Number)	(₹)
Equity shares with voting rights	2,800	15,000	2,800	15,000

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(v) EMPLOYEES STOCK OPTION PLAN ("ESOP")

- a. Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- b. The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, the majority of whom are independent directors.
- c. There are no options granted, forfeited and exercised during the year under ESOP Scheme 2015.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.18 OTHER EQUITY		
a. Capital reserve	89	89
b. Securities premium account	100	100
c. Capital Redemption reserve	334	334
d. General reserve	661	661
e. Retained Earnings	62,428	51,651
f. Other comprehensive Income	686	349
Total	64,298	53,184

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Securities premium account		
Opening balance	100	100
Closing balance	100	100
b. Capital Redemption reserve		
Opening balance	334	334
Closing balance	334	334
c. General reserve		
Opening balance	661	661
Closing balance	661	661
d. Retained Earnings		
Opening balance	51,651	45,762
Add: Profit for the year	11,795	8,899
Less : Appropriations		
- Final dividend on equity shares [see note (i) below]	-	(2,614)
- Interim dividend / Final dividend paid [see note 2.33]	(871)	-
- Corporate dividend tax	-	(305)
- Remeasurement of the defined benefit plans, net	(147)	(91)
Closing balance	62,428	51,651
e. Other comprehensive Income		
Equity instrument through other comprehensive income	346	845
Add: Income for the year	155	(499)
	501	346

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Foreign currency translation reserve		
Opening balance	143	41
Add: Addition during the year	15	102
Closing balance	158	143
Hedging reserve, net [see note 2.31]		
Opening balance	(140)	119
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	167	(259)
Closing balance	27	(140)
	686	349
Closing balance	64,298	53,184

(i) **Dividend**

The Board of Directors of the Holding Company on 3 June 2021 have recommended a payment of Final Dividend of ₹ 6 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2021. The payment is subject to approval of shareholders at the ensuing AGM.

On 30 July 2020 the Board of Directors of Holding Company declared an interim dividend of ₹ 3 per share (on equity share of par value of ₹ 10 each) for FY 2020-21. This interim dividend has been paid to the equity shareholders of the Company, whose names were appearing in the Register of Members of the Company or in the records of the Depositories as beneficial owners of the shares, on 12 August 2020 which is the Record Date that was fixed for this purpose.

The Board of Directors of the Holding 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 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 out of Covid-19, the Board of Directors of the Holding Company in their meeting held on 28 March 2020 revoked this interim dividend.

(ii) **Scheme of Amalgamation:**

The Honourable National Company Law Tribunal (NCLT) of New Delhi vide its Order dated 18 March 2020 approved the Scheme of Amalgamation (referred to as "the Scheme") of Virstra –I Technology Services Limited (referred to as "Virstra") and Avon Mobility Solutions Private Limited (referred to as "Avon") with the Company, the certified copy of which was received by the Company in the quarter ended 30 June 2020. Consequent to the above Order and subsequent filing of the said certified copy with the Registrar of Companies, NCT of Delhi, the Scheme has become effective.

As per directions of the Honourable NCLT and applicable provisions of the Companies Act, 2013, the Company, Avon and Virstra filed the requisite E-forms along with certified copy of the above NCLT Order and the Scheme with the Registrar of Companies, NCT of Delhi/ Ministry of Corporate Affairs (MCA) on 30 June 2020. These E-forms have been approved during the quarter ended 31 December 2020.

Upon coming into effect of the Scheme, the business undertakings of Virstra and Avon have been transferred to and vested in the Company w.e.f 1 April 2019 which is the appointed date and these consolidated financial statements have been prepared accordingly giving effect to the Scheme. Accordingly, the comparative statements have been restated for all periods presented as per guidance under Appendix C of Ind AS 103 "Business Combinations".

The Company has applied the pooling of interest method under which:

- The assets and liabilities of the business acquired have been carried at the carrying values at which these were included in the financial statements of Virstra and Avon and no adjustments have been made to reflect fair values, or to recognize any new assets or liabilities except to harmonize the accounting policies.
- The identity of the reserves acquired under the business combination has been preserved as they appeared in the financial statements of Virstra and Avon.
- The figures of the previous period have been recast as if the amalgamation had occurred from the beginning of the preceding period i.e. 1 April 2019 to harmonize the accounting as per the requirements of Appendix C of Ind AS 103 on Business Combinations.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Based on the above, the opening balance as at 1 April 2019 includes the following assets and liabilities which have been acquired under the Scheme :

Particulars	VIRSTRA	AVON	Total
Total assets	1,381	67	1,448
Total liabilities	162	328	490
Net assets	1,219	(261)	958
Other equity balance	1,119	(262)	857
Less: Inter company elimination	-	(138)	(138)
Net adjustment to other equity	1,119	(400)	719

Consequent to the Scheme coming into effect, Goodwill of ₹ 67 lakhs (net of existing impairment of ₹ 250 lakhs) in relation to acquisition of Avon in earlier years, was also recorded by the Company on 1 April 2019. This Goodwill was fully impaired and an impairment expense of ₹ 67 lakhs was recorded during the year ended 31 March 2020.

Further, pursuant to the Scheme coming into the effect, the authorized share capital of Virstra and Avon mentioned below has been added to the existing authorised share capital of the Company-

Authorised Share Capital	Virstra	Avon	Total
Equity Shares (of ₹ 10 each)	100	10	110
11% redeemable non cumulative preference share (of ₹ 10 each)	-	400	400

(iii) Nature and purpose of other reserves

Capital reserve

The Group 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 is used to record the premium on issue of shares and shall be 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

This reserve was created on account of a buy back of shares by the Company during the year ended 31 March 2017. A sum equal to the nominal value of the shares so purchased was transferred to capital redemption reserve. The reserve shall be utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

Foreign currency translation reserve

These comprise of all exchange difference arising from translation of financial statements of foreign operations.

Equity instrument through other comprehensive income

The Group has designated its investments in certain equity instruments at fair value through other comprehensive income. These changes are accumulated within the FVOCI equity investments within the equity. The group transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

Remeasurement of net defined benefit plans

Remeasurement of net defined benefit plans (asset) comprises actuarial gain and losses and return on plan assets (excluding interest income)

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
2.19 OTHER FINANCIAL LIABILITIES-NON CURRENT		
Employee payable	-	117
Security Deposit	26	24
	<u>26</u>	<u>141</u>
2.20 OTHER NON-CURRENT LIABILITIES		
Deferred lease income on Security deposit received	6	8
	<u>6</u>	<u>8</u>

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at '31 March 2021	As at 31 March 2020
2.21 NON CURRENT - PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	898	837
- Provision for gratuity	151	-
- Provision for asset retirement obligations	3	-
	<u>1,052</u>	<u>837</u>
2.22 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	1,303	1,503
	<u>1,303</u>	<u>1,503</u>

The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

	As at 31 March 2021		As at 31 March 2020	
	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>

2.23 OTHER CURRENT FINANCIAL LIABILITIES		
a. Unpaid dividends	36	38
b. Payable for purchase of fixed assets	19	11
c. Mark-to-market gain on forward contracts	-	187
d. Employee payable	3,402	3,320
	<u>3,457</u>	<u>3,556</u>
2.24 CURRENT PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	323	292
- Provision for asset retirement obligations	15	22
	<u>338</u>	<u>314</u>

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at '31 March 2021	As at 31 March 2020
2.25 CURRENT TAX LIABILITIES (NET)		
Provision for tax [net of advance tax of ₹ 2,236 lacs (previous year ₹ Nil)]	449	313
	449	313
2.26 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	6,936	6,662
b. Deferred revenue	5,928	5,297
c. Other payables - statutory liabilities	994	949
d. Deferred lease income on Security deposit received	2	3
	13,860	12,911
(Amount in ₹ Lacs unless otherwise stated)		
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
2.27 REVENUE FROM OPERATIONS		
Software products and services (see note 2.38)		
- Sale of products	43,016	41,433
- Sale of services	8,284	10,581
Other revenue	53	69
	51,353	52,083

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.

Remaining performance obligation disclosure and contract balances

The remaining performance obligation disclosure provides the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues. The Company has applied the practical expedient in Ind AS 115 and accordingly the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised meets the criteria as per the practical expedients and typically relate to time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, changes in currency rate etc).

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations as at 31 March, 2021, other than those meeting the exclusion criteria is ₹ 6,223 Lacs out of which 60% is expected to be recognised as revenue in the next year and the balance thereafter.

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations as at 31 March 2020, other than those meeting the exclusion criteria is ₹ 5,614 Lacs out of which 44% is expected to be recognised as revenue in the next year and the balance thereafter.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Changes in contract assets (income accrued but not due) are as follows:

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	1,553	1,434
Revenue recognised during the period	7,322	6,040
Invoices raised during the period	(7,370)	(6,055)
Translation exchange difference	(50)	(12)
Movement of contract assets	317	162
Impairment of a contract asset	(36)	(16)
Balance at the end	1,736	1,553

Changes in contract liabilities (unearned and deferred revenue) are as follows:

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	(11,959)	(10,116)
Revenue recognised during the period	39,105	41,158
Invoices raised during the year	(39,960)	(42,648)
Translation exchange difference	261	(156)
Other movement liability	(310)	(153)
Impairment of liability	-	(44)
Balance at the end	(12,863)	(11,959)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
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2.28 OTHER INCOME

a.	Interest income on		
	- Deposits with banks	190	323
	- Tax free bonds	713	630
	- Non- current trade receivable	-	19
	- Fixed maturity plan	361	463
	- preference shares	80	190
	- others	23	24
b.	Interest income on Income tax refund	-	1
c.	Dividend income from		
	- Current, non trade investments	24	761
	- Non-current, non trade investment	2	259
d.	Net gain on sale of investments		
	- Non-current, non trade investment	(5)	(1)
	- Profit on Sale of Mutual Funds	131	-
e.	MTM gain or (loss) on mutual funds		
	- Current, non trade investments	1,137	576
	- Non-current, non trade investment	798	(26)
f.	- Gain / (Loss) on exchange fluctuation	66	271
g.	Other non-operating income		
	- Net profit on sale of property, plant and equipment	-	6
	- Premium on Forward Contracts	153	215
	- Deferred lease income on Security deposit received	2	2
	- Miscellaneous income	281	10
		3,956	3,723

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
2.29 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	30,443	29,441
b. Contribution to provident and other funds	1,608	1,583
c. Gratuity expense (see note 2.41)	399	349
d. Staff welfare expenses	605	856
	33,055	32,229

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
2.30 OPERATING AND OTHER EXPENSES		
a. Outsourced technical service expense	413	651
b. Cost of software purchased for delivery to clients	62	163
c. Power and fuel	278	452
d. Rent (see note 2.2)	249	309
e. Repair and maintenance		-
- Buildings	128	126
- Others	369	522
f. Insurance	49	54
g. Rates and taxes	37	20
h. Travel expenses	129	2,260
i. Advertisement, business development and promotion	117	217
j. Legal and professional (see note 2.35)	1,547	1,911
k. Directors remuneration	171	148
l. Conveyance	38	175
m. Communication	157	229
n. Training and recruitment	100	456
o. Net loss on sale /discarded of property, plant and equipment	11	-
p. Conference, exhibition and seminar	17	315
q. Information technology expenses	1,204	1,122
r. Written off and allowance/Provision for doubtful trade receivables/advances/other current assets	(338)	671
s. Withholding tax charged off	350	-
t. Commission to channel partners	(23)	202
u. Expenditure on Corporate Social Responsibility (see note 2.45)	165	145
v. Miscellaneous expenses	134	284
	5,364	10,432

Note :

Directors Remuneration includes :

Non Executive Directors

a. Commission	117	107
b. Sitting fees	54	41
	171	148

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
2.31 FINANCE COST		
a. Bank charges	41	44
b. Unwinding of discount (discounting)-security deposit (received)	2	1
c. Interest expense on lease liability	66	67
b. Interest others	13	-
	122	112

2.32 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 Consolidated 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. The Group had held back annual increments, variable pay at senior levels, confirmations of employees and new recruitments and cut down travelling expenses, marketing events and advertisement costs for the year 2020-21, because of the uncertainty unfolding due to COVID 19. The Company is keeping a close eye on the situation and is reviewing its decisions every quarter as per emerging situation. The Management has taken measures to compensate its employees through a special bonus which it has started distributing to its employees from the quarter ended 31 December 2020.

2.33 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2021 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 (2.11)	3,227	-	-	3,227	3,227	-	-	-
Other bank balances (2.12)	1,263	-	-	1,263	1,263	-	-	-
Investments (2.2 and 2.9)								
Equity Instruments	-	-	526	526	526	-	-	-
Tax free bonds	11,181	-	-	11,181	11,647	11,647	-	-
Mutual funds (other than FMPs)	-	44,592	-	44,592	44,592	44,592	-	-
Fixed maturity plans (FMPs)	4,379	-	-	4,379	4,416	4,416	-	-
Debentures	-	-	-	-	-	-	-	-
Preference shares	500	2,273	-	2,773	2,773	544	-	2,229
Trade receivables (2.3 and 2.10)	8,571	-	-	8,571	8,571	-	-	-
Loans (2.4 and 2.13)	13	-	-	13	13	-	-	-
Other financial assets (2.5 and 2.14)	2,533	-	37	2,570	2,570	-	-	-
	31,667	46,865	563	79,095	79,598	61,199	-	2,229
Liabilities:								
Trade payables (2.22)	1,303	-	-	1,303	1,303			
Lease liabilities	630	-	-	630	630			
Other financial liabilities (2.19 and 2.23)	3,483	-	-	3,483	3,483			
	5,416	-	-	5,416	5,416			

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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 (2.11)	5,677	-	-	5,677	5,677			
Other bank balances (2.12)	3,157	-	-	3,157	3,157			
Investments (2.2 and 2.9)								
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 (2.3 and 2.10)	9,024	-	-	9,024	9,024			
Loans (2.4 and 2.13)	27	-	-	27	27			
Other financial assets (2.5 and 2.14)	553	-	-	553	553			
	36,412	29,131	371	65,914	66,459	45,362	-	2,659
Liabilities:								
Trade payables (2.22)	1,503	-	-	1,503	1,503			
Lease liabilities	631	-	-	631	631			
Other financial liabilities (2.19 and 2.23)	3,510	-	187	3,697	3,697			
	5,644	-	187	5,831	5,831			

The carrying amount of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities, other bank balances and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of non-current trade receivables, long term loan, non-current security deposit and non-current financial liabilities were calculated based on cashflows discounted using a transition date lending rate as there is no material change in the lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusions of unobservable inputs including counterparty credit risk.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices or dealer quotes for similar instruments.
- for forward exchange contracts, the fair value is determined using quoted forward exchange rates at the reporting date.
- the fair value of remaining financial instruments is determined using discounted cash flows method.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Reconciliation table : Level 3 Investments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening balance	2,659	2,685
Purchases	-	-
Reclassification from amortised cost to FVTPL	-	-
Net change in Fair Value (recognized in profit or loss)	(430)	(26)
	<u>2,229</u>	<u>2,659</u>

b) Financial risk management

The Group's activities expose it to a variety of financial risks arising from financial instruments

- **Market risk,**
- **Credit risk and**
- **Liquidity risk**

Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the Company to identify risks and rate them appropriately. Top risks are identified and remaining are categorized as other risks. The RMC then places updates to the Board on a quarterly basis, on key risks facing the Company, along with their mitigation plans.

i) Market risk

a) Currency risk

The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. . The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The Group's risk management policy is to hedge 40% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

The year end foreign currency exposures are given below :

Currency	As at 31 March 2021		As at 31 March 2020	
	Amount in foreign currency in lacs	Amount in ₹ in lacs	Amount in foreign currency in lacs	Amount in ₹ in lacs
Receivable				
USD	57	4,167	41	3,105
EUR	2	159	1	104
MYR	2	44	29	506
SGD	-	-	-	23
JPY	1	1	-	-
ZAR	-	-	-	2
AED	7	136	8	159
CHF	-	4	-	6
GBP	2	174	2	189
AUD	6	314	4	188
QAR	-	-	1	15
PHP	2	3	2	3
IDR	120	1	120	1
Payable				
USD	2	145	4	295
EUR	-	1	-	-
MYR	1	10	-	4
GBP	-	14	1	68
AED	-	7	3	62
AUD	-	-	-	1
PHP	1	2	-	-
IDR	604	3	-	-

For the year ended 31 March 2021 and 31 March 2020, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Group's total comprehensive income by ₹ 482 lacs and ₹ 385 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.

(b) Sensitivity

The sensitivity of profit or loss in respect of investments in mutual funds and equity instruments (other than subsidiaries) at the end of the reporting period for +/- 2% change in price and net asset value is presented below:

	Impact on profit before tax		Impact on other components of equity	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Increase 2%				
Mutual funds	892	529		-
Equity instruments (other than subsidiaries)			11	17
Decrease 2%				
Mutual funds	(892)	(529)		-
Equity instruments (other than subsidiaries)			(11)	(17)

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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 2021	Equivalent amount in ₹ 31 March 2021	As at 31 March 2020	Equivalent amount in ₹ 31 March 2020
In USD (Amount in USD lacs)	Sell	48	3,473	67	5,032

The foreign exchange forward contracts mature within six months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance sheet date

Particulars	As at 31 March 2021	Equivalent amount in ₹ 31 March 2021	As at 31 March 2020	Equivalent amount in ₹ 31 March 2020
Not later than one month	7.50	548	10	757
Later than one month and not later than three months	12.50	914	19	1,438
Later than three months and not later than one year	27.50	2,011	38	2,838

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, 2021:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the period	(140)	119
Gain / (Loss) recognised in other comprehensive income during the period	167	(259)
Balance at the end of the period	27	(140)

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

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow hedge- Foreign exchange risk		
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss),net	224	(369)
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	7	246

The following table provides quantitative information about offsetting of derivative financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Gross amount of recognized financial asset/ (financial liabilities)	37	(187)
Net amount presented in balance sheet	37	(187)

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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 ₹ 8,571 lacs and ₹ 9,024 lacs as of 31 March 2021 and 31 March 2020 respectively and unbilled revenue/ income accrued but not due amounting to ₹ 1,328 lacs and ₹ 1,077 lacs as of 31 March 2021 and 31 March 2020 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 2021	Year ended 31 March 2020
	(in %)	(in %)
Revenue from top customer	7.35%	9.33%
Revenue from top five customers	27.53%	32.85%

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the period ended 31 March 2021 is ₹ (322) lacs and for the year ended 31 March 2020 was ₹ 329 lacs.

	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning	473	258
Impairment loss recognised/ reversed	(322)	329
Amounts written off	-	(114)
Balance at the end	151	473

- b) The lifetime expected credit loss on income accrued but not due / unbilled revenue for the period ended 31 March 2021 is ₹ 52 lacs and for the year ended 31 March 2020 was ₹ 344 lacs.

	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning	498	218
Impairment loss recognised/ reversed	(52)	344
Amounts written off	(8)	(64)
Balance at the end	438	498

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

a) Expected credit loss for loans, security deposits and Investments

As at 31 March 2021

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	7,737	0%	-	7,737
		Loans to employee	2	0%	-	2
		Security deposits	324	0%	-	324
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 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	0%	-	14,293
		Loans to employee	6	0%	-	6
		Security deposits	343	0%	-	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	1	(601)	-

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2021

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	4,597	3,018	285	466	1	355	8,722
Expected credit losses (Loss allowance provision)	-	-	-	-	1	150	151
Carrying amount of trade receivables (net of impairment)	4,597	3,018	285	466	-	205	8,571

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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

c) Expected credit loss for Service income accrued but not due under simplified approach

As at 31 March 2021

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,376	193	28	22	498	2,117
Expected credit losses (Loss allowance provision)	-	-	-	-	438	438
Carrying amount of trade receivables (net of impairment)	1,376	193	28	22	60	1,679

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 of trade receivables (net of impairment)	1,009	98	31	14	56	1,208

iii) Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March, 2021 the Group had a working capital of ₹ 41,703 lacs including cash and cash equivalent of ₹ 3,227 lacs and current investment of ₹ 45,792 lacs (31 March 2019 ₹ 25,657 lacs including cash and cash equivalents of ₹ 5,677 lacs and current investments of ₹ 24,384 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 Group has assessed the counterparty credit risk.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2021:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,303	-	1,303
Lease Liability	395	-	395
Other financial liabilities	3,457	26	3,483

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

c) Capital Management

The Group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- Maintain an appropriate capital structure

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Group monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Group is not subject to externally imposed capital requirements.

The Group monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 March 2021	As at 31 March 2020
Total Liabilities	21,264	20,224
Less: Cash and cash equivalents	3,227	5,677
Adjusted debt	18,037	14,547
Total equity	67,202	56,088
Less: Effective portion of cash flow hedges	27	(140)
Adjusted equity	67,175	56,228
Adjusted net debt to equity ratio	27%	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.

(ii) Dividends

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Equity Shares		
(i) Final dividend of ₹ 9 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2019. (see note 2.18 (i))	-	2,614
(ii) Interim dividend of ₹ 3 per share (On equity share of ₹ 10 each) for financial year 2020-21. (see note 2.18 (i))	871	-
(iii) Dividends not recognised at the end of reporting period (see note 2.18 (i))	1,742	-

2.34 Contingent liabilities & commitments (to the extent not provided for)

Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
a. Contingent liabilities	Refer note below	Refer note below
1 In relation with AY 14-15, a tax demand of INR 2 lacs (previous year March 2020 ₹ 2 lacs) on account of MAT credit is outstanding. Management is of the view that this demand is not tenable and is unlikely to be retained		
2 In relation with AY 15-16, a tax demand of INR 2 lacs (previous year March 2020 ₹ 2 lacs) on account of MAT credit and custom duty is outstanding. Management is of the view that this demand is not tenable and is unlikely to be retained		
b. Capital Commitments	131	196

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).

c. Other Commitments

- i The Company is committed to provide financial support to its subsidiary companies, as and when required.
- ii The Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

2.35 Auditors Remuneration (excluding tax) (Refer note below)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
a. As auditors - statutory audit and quarterly audits (refer note below)	86	86
b. For other services	6	7
c. Reimbursement of expenses	3	9
	95	102

Note:

Includes payment to other auditors ₹ 21 lacs (previous year ended 31 March 2020 ₹ 21 lacs)

2.36 Earnings per share

a. Profit after taxation available to equity shareholders (₹ in lacs)	11,795	8,899
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	2,90,40,724	2,90,40,724
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share	2,90,40,724	2,90,40,724
e. Basic earnings per share (₹)	40.62	30.64
f. Diluted earnings per share (₹)	40.62	30.64

2.37 RELATED PARTY TRANSACTIONS

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director), (CEO up to 31 March 2021)
- Ashish Nanda (Chief Financial officer) (up to 24 June 2020)
- Anurag Mantri (Additional Executive Director w.e.f 19 December 2020 and CFO w.e.f 11 December 2020)
- Poonam Bhasin (Company Secretary)
- Parag Bhise (Whole time Director) (w.e.f 16 March 2020) and CEO w.e.f 1 April 2021
- Ms Ritika Dusad (Non executive Director up to 6 August 2020) (Additional Whole time Director w.e.f 7 August 2020)
- Prithvi Pal Singh Haldea (Non Executive Director)
- Prof. Trilochan Sadhu Sastry (Non Executive Director)
- Elaine Mathias (Non Executive Director)
- Siddhartha Mahavir Acharya (Non Executive Director)
- Yasmin Javeri Krishan (Director, Subsidiary Company) (w.e.f 22 February, 2016) and (Additional Non Executive Director w.e.f 30 July 2020)
- Thomas Zachariah (Director, Subsidiary Company)
- Mark McCoy (Director, Subsidiary Company)

Others :

- Lt. Gen. (Retd.) Tej Pratap Singh (Relative of KMP)

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Enterprise over which KMP or Directors are able to exercise significant influence

- Praxis Consulting and Information services Pvt Ltd (Entity in which KMP is interested)
- Indiafarm Foods Private Limited (Entity in which Non Executive Director is interested)
- Nucleus Software Foundation (Entity in which relatives of KMPs are trustees) (see note 2.45)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Transactions with related parties		
a. Salary and other benefits to Key managerial personnel		
Short-term employee benefits	619	596
Contribution to provident and other funds	34	26
	653	622
b. Remuneration to other Non Executive Directors		
- Commission	117	107
- Sitting fees	48	36
	165	143
c. Expenditure on Corporate Social Responsibility		
- Nucleus Software Foundation	165	145
	165	145
d. Legal and professional		
- Lt. Gen. (Retd.) Tej Pratap Singh	3	9
- Praxis Consulting and Information services Pvt Ltd	5	5
	8	14
e. Miscellaneous expenses		
- Indiafarm Foods Private Limited	20	-
	20	-
Outstanding balances As at year end		
a. Remuneration to Non Executive Directors		
- Commission payable	117	107
	117	107

Terms and conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash.

2.38 Research and development expenditure

Revenue Expenditure	3,970	3,133
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The Group 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 financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the geographies of Company's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators by geographical segments.

b. Composition of reportable segments

The Group operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Company.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are categorised in relation to the associated turnover and/or man months. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between geographical segments. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under “Unallocated” head.

Information in respect of reportable segments being geographies

The profit and loss for reportable primary segment is set out below:

a. For the year ended 31 March, 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	19,518	3,870	9,824	3,017	7,300	1,714	3,329	2,781	51,353
Expenses	8,217	2,761	8,754	2,318	3,892	615	1,631	1,452	29,640
Segment result	11,301	1,109	1,070	699	3,408	1,099	1,698	1,329	21,713
Unallocated corporate expenditure									10,288
Operating profit before tax									11,425
Other income									3,956
Profit before tax									15,381
Tax Expense									
Net current tax expense									2,937
Net deferred tax credit									649
									3,586
Profit for the year									11,795

b. 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
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 for the year ended 31 March 2021

Revenue from top customers, who are contributing more than 10% of total revenue, are presented segmentwise as follows:

For the year ended 31 March, 2021

(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, 2020

No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-
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Assets and liabilities of reportable primary segment are as follows:

a. As at 31 March, 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	5,189	426	1,586	564	1,140	997	198	912	11,012
Unallocated corporate assets									77,454
Total assets									88,466
Segment liabilities	6,185	510	3,908	553	2,901	1,352	1,594	810	17,813
Unallocated corporate liabilities									3,451
Total liabilities									21,264
Capital employed									67,202

b. 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									63,554
Total assets									76,312
Segment liabilities	6,100	533	3,091	889	3,304	876	1,631	387	16,811
Unallocated corporate liabilities									3,413
Total liabilities									20,224
Capital employed									56,088

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

A listing of capital expenditure, depreciation and other non-cash expenditure of the reportable primary segment are set out below:

c. For the year ended 31 March, 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	326	125	315	-	-	-	-	-	766
Total capital expenditure									766
Depreciation and amortisation expenditure	1,174	68	145	-	-	-	-	-	1,387
Total depreciation									1,387
Segment non-cash expense other than depreciation	(86)	55	159	-	20	(137)	1	-	12
Total non cash expenditure other than depreciation	(86)	55	159	-	20	(137)	1	-	12

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	1,525	4	37	-	-	-	-	-	1,566
Total capital expenditure									1,566
Depreciation expenditure	1,152	56	147	-	-	-	-	-	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

Information in respect of secondary segment

Information for business segments

(Amount in ₹ Lacs unless otherwise stated)

Description	Products	Software projects and services	Total
a. For the year ended 31 March, 2021			
Revenue	43,016	8,337	51,353
Carrying amount of segment assets	9,224	1,788	11,012
b. 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

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

2.40 Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

(A) Revenues by geography*

a (i) For the year ended 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	19,518	3,870	9,824	3,017	7,300	1,714	3,329	2,781	51,353

a (ii) 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

* Disclosure relating to revenues by geography has been made with respect to location of customers.

(B) Revenues in products and services *

(Amount in ₹ Lacs unless otherwise stated)

Description	Products	Other services	Total
a. For the year ended 31 March 2021			
Revenue	43,016	8,337	51,353
b. For the year ended 31 March 2020			
Revenue	41,433	10,650	52,083

* Revenue from product comprises of revenue generated from company's own developed software and from third party software supplied along with own software. It also includes services such as enhancements to the product, maintenance of the product and any other related service on the product. Revenue other than the above is categorized under revenue from other services.

2.41 Employee Benefit Obligations

Defined contribution plans

An amount of ₹ 1,417 lacs for the year ended 31 March, 2021 (Year ended 31 March, 2020 ₹ 1,410 lacs), have been recognized as an expense in respect of Group's contribution towards Provident Fund and ₹ 1 lacs (Year ended 31 March, 2020 ₹ 3 lacs) has been recognised as an expense in respect of Employee State Insurance Fund & ₹ 131 lacs year ended 31 March 2021 (Year ended 31 March 2020 ₹ 128 lacs) has been recognized as an expense in respect of National Pension scheme and has been shown under Employee Benefits expense in the Consolidated statement of Profit and Loss.

In relation to the judgement of the Honourable 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 Group had, 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 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.

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March 2021 :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	3,411	2,840
Current service cost	413	363
Past service cost	-	-
Interest cost	199	183
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	422	125
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	(200)	19
Benefits paid	(260)	(119)
Obligation at year end	3,985	3,411
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	3,530	2,928
Expected return on asset plan	213	197
Contributions by employer	325	500
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	26	23
Benefits paid	(260)	(118)
Plan assets at year end, at fair value	3,834	3,530
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	3,985	3,411
Fair value of plan assets	3,834	3,530
Funded status- Surplus/ (Deficit)	(151)	119
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	(151)	119
d. Expected employer's contribution next year	200	210
e. Expense recognised in Profit or Loss		

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	413	363
Past service cost	-	-
Interest cost	(14)	(14)
Net gratuity cost	399	349
f. Remeasurements income recognised in other comprehensive income:		

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Actuarial (gain) loss on defined benefit obligation	222	144
Return on plan assets excluding interest income	(26)	(23)
	196	121

Actuarial assumptions for gratuity and long-term compensated absences

g. Economic assumptions :

	As at 31 March 2021	As at 31 March 2020
Discount rate	6.25%	6.35%
Salary escalation rate	18% until year 1 inclusive, then 9%	8.00%

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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	3,834	3,530
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The Group does not invest directly in any property occupied by the Group nor in financial security issued by the Group.

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	Cash flow hedge- Foreign exchange risk		Year ended 31 March 2020	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(113)	127	(94)	105
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	84	(81)	76	(72)

2.42 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

The Group has provided following function wise results of operations on a voluntary basis.

The Management has presented below function wise results because it also monitor its performance and it believe that this information is relevant to understanding Group financial performance.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Income from software product and services	51,353	52,083
Software development expenses *	33,274	34,379
Gross Profit	18,079	17,704
Selling and marketing expenses	1,554	3,486
General and administration expenses	3,713	4,908
Operating profit before depreciation	12,812	9,310
Depreciation and amortisation expense	1,387	1,355
Operating profit after depreciation	11,425	7,955
Other income	3,956	3,723
Profit before tax	15,381	11,678
Tax expense:		
Net current tax expense	2,937	2,376
Net deferred tax credit	649	403
	3,586	2,779
Profit for the year	11,795	8,899

* Includes indirect expenses which have been allocated on a reasonable basis.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

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	
	Amount in INR Lacs	As % of consolidated net assets	Amount in INR Lacs	As % of consolidated profit or loss
Holding Company				
Nucleus Software Exports Limited	64,694	96%	11,204	95%
Domestic Subsidiary				
1. Nucleus Software Ltd.	983	1%	(17)	-
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	357	1%	9	-
2. Nucleus Software Australia Pty. Limited	336	-	122	1%
3. Nucleus Software Netherlands B.V.	11	-	(5)	-
4. Nucleus Software Japan K.K	527	1%	112	1%
5. Nucleus Software Solutions Pte. Ltd, Singapore	1439	3%	372	3%
6. Nucleus Software South Africa Pty. Ltd.	41	-	(2)	-
Adjustment arising out of consolidation	(1186)	-2%	-	-
Nucleus Software Exports Limited (Consolidated)	67,202		11,795	

Name of the entity in the	Share in Other comprehensive Income (net of taxes)		Share in Total comprehensive Income	
	Amount in INR Lacs	As % of consolidated other comprehensive Income	Amount in INR Lacs	As % of consolidated Total comprehensive Income
Holding Company				
Nucleus Software Exports Limited	175	92%	11,379	95%
Domestic Subsidiary				
1. Nucleus Software Ltd.	-	-	(17)	-
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	-	-	9	-
2. Nucleus Software Australia Pty. Limited	-	-	122	1%
3. Nucleus Software Netherlands B.V.	-	-	(5)	-
4. Nucleus Software Japan K.K	-	-	112	1%
5. Nucleus Software Solutions Pte. Ltd, Singapore	-	-	372	3%
6. Nucleus Software South Africa Pty. Ltd.	-	-	(2)	-
Non-controlling Interests in all subsidiaries	15	8%	15	-
Nucleus Software Exports Limited (Consolidated)	190		11,985	

- 2.44** On 30 May 2021 (after the end of the period of 31 March 2021 to which these consolidated financial statement pertain) the Group experienced an information security incident involving a ransomware attack and consequent isolation of impacted IT services. In response to this, Management has immediately initiated comprehensive containment and remediation efforts to address the incident. Recovery and restoration of all impacted application and data is underway. The Group has also started the process to investigate and ascertain the nature, extent and causes of data breach. The impact of this cyber security incident including any possible litigations and claims is presently uncertain.

Notes forming part of the consolidated financial statements for the year ended 31 March 2021

2.45 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gross amount required to be spent by Group during the year ended 31 March, 2021 / 31 March, 2020 :	165	150
Amount approved by the Board to be spent during the year	165	139
Amount spent during the year on purposes other than Construction/acquisition of any asset	165	145
Details of related party transactions:		
Nucleus Software Foundation	165	145

2.46 ADDITIONAL DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

(i) Goodwill on consolidation

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance	-	67
Less : Impairment expense during the year	-	67
Closing balance	-	-

2.47 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its consolidated financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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/-
GIRISH ARORA
Partner
Membership number : 098652

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
PARAG BHISE
CEO & Whole-time
Director

Sd/-
ANURAG MANTRI
Additional Executive Director & CFO

Sd/-
POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 3 June 2021

Place: Noida
Date: 3 June 2021

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, 2020 to 31 March, 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	AUD = INR 55.70

	AUD	INR
4	Share capital	100,000
5	Reserves & surplus	5,570,000
6	Total assets	503,228
7	Total Liabilities	868,537
8	Investments	265,309
9	Turnover	14,777,711
10	Profit/(Loss) before taxation	-
11	Provision for taxation	1,893,279
12	Profit/(Loss) after taxation	105,455,640
13	Proposed Dividend	250,832
14	% of shareholding	58,164
		3,239,735
		10,731,608
		-
		100%

1	Name of the subsidiary	NUCLEUS SOFTWARE NETHERLANDS B.V.
2	Reporting period for the subsidiary :	1 April, 2020 to 31 March, 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	Euro = INR 85.75

	Euro	INR
4	Share capital	750,000
5	Reserves & surplus	64,312,500
6	Total assets	(737,311)
7	Total Liabilities	14,663
8	Investments	1,974
9	Turnover	-
10	Profit/(Loss) before taxation	-
11	Provision for taxation	-
12	Profit/(Loss) after taxation	(6,043)
13	Proposed Dividend	-
14	% of shareholding	(518,187)
		-
		(518,187)
		-
		100%

1	Name of the subsidiary	NUCLEUS SOFTWARE INC.
2	Reporting period for the subsidiary :	1 April, 2020 to 31 March, 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	USD = INR 73.11

		USD	INR
4	Share capital	350,000	25,588,500
5	Reserves & surplus	138,568	10,130,706
6	Total assets	498,208	36,423,987
7	Total Liabilities	9,640	704,781
8	Investments	-	-
9	Turnover	148,945	10,889,369
10	Profit/(Loss) before taxation	15,989	1,168,956
11	Provision for taxation	4,041	295,438
12	Profit/(Loss) after taxation	11,948	873,518
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, 2020 to 31 March, 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	SGD = INR 54.35

		SGD	INR
4	Share capital	625,000	33,968,750
5	Reserves & surplus	2,023,009	109,950,539
6	Total assets	4,728,766	257,008,432
7	Total Liabilities	2,080,757	113,089,143
8	Investments	-	-
9	Turnover	11,654,899	633,443,761
10	Profit/(Loss) before taxation	777,372	42,250,168
11	Provision for taxation	92,488	5,026,723
12	Profit/(Loss) after taxation	684,884	37,223,445
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, 2020 to 31 March, 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	JPY = INR 0.6612

		JPY	INR
4	Share capital	10,000,000	6,612,000
5	Reserves & surplus	69,649,822	46,052,462
6	Total assets	121,420,893	80,283,494
7	Total Liabilities	41,771,071	27,619,032
8	Investments	-	-
9	Turnover	261,953,383	173,203,577
10	Profit/(Loss) before taxation	23,385,688	15,462,617
11	Provision for taxation	7,487,326	4,950,620
12	Profit/(Loss) after taxation	15,898,362	10,511,997
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOUTH AFRICA PTY. LTD.
2	Reporting period for the subsidiary :	1 April, 2020 to 31 March, 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	ZAR = INR 4.94

		ZAR	INR
4	Share capital	612,000	3,023,280
5	Reserves & surplus	212,085	1,047,700
6	Total assets	855,483	4,226,086
7	Total Liabilities	31,398	155,106
8	Investments	-	-
9	Turnover	-	-
10	Profit/(Loss) before taxation	(32,073)	(158,441)
11	Provision for taxation	-	-
12	Profit/(Loss) after taxation	(32,073)	(158,441)
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE LIMITED
2	Reporting period for the subsidiary :	1 April, 2020 to 31 March, 2021

	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

For and on behalf of the Board of Directors

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
PARAG BHISE
CEO & Whole-time Director

Place : Noida
Date : 3 June, 2021

Sd/-
ANURAG MANTRI
Additional Executive Director & CFO

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 3,343,000 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 the BSE Ltd.
- International Securities Identification Number (ISIN code- NSDL and CDSL) is INE096B01018.
- Face value of the Company's equity shares is ₹ 10.
- Shares of the Company are compulsorily traded in demat form.
- 99.80% of the Company's equity shares are in demat form.
- The Company had 28,170 shareholders as on March 31, 2021.
- 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, 2021.

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 21

During FY 2020-21, the Board of Directors on July 30, 2020 declared an interim dividend of ₹ 3.00/- per share (on equity share of par value of ₹ 10 each).

Further the Board of Directors at their meeting held on June 3, 2021 has recommended a Final Dividend of ₹ 6.00/- per share (on equity share of par value of ₹ 10 each), taking the total dividend to ₹ 9.00 per equity share for FY 2020-21. The Proposed Final Dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

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)
2020-2021 (Interim)	30%	3.00	8.71
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.

Note: For FY 2019-20 there was no dividend declared by the Company.

Shareholders' Referencer

The Board had not recommended any Dividend prior to FY 2000-2001.

iv. Investor Education & Protection Fund (IEPF)

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

Also all shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the members 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.

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, 2011-12 and 2012-13 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
2013-14 (Final)	July 08, 2014	July 07, 2021	August 06, 2021
2014-15 (Final)	July 08, 2015	July 07, 2022	August 06, 2022
2015-16 (Interim)	March 16, 2016	March 15, 2023	April 14, 2023
2016-17(Final)	July 08,2017	July 07, 2024	August 06, 2024
2017-18(Final)	July 02, 2018	July 01, 2025	June 30, 2025
2018-19(Final)	July 08, 2019	July 07, 2026	August 06, 2026
2020-21(Interim)	July 30, 2020	July 29, 2027	August 28, 2027

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:

Kfintechologies 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 2020-21

Month	BSE				
	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume
Apr-20	181.50	244.50	172.90	225.05	89,594
May-20	215.50	250.70	208.65	241.20	80,427
Jun-20	245.05	290.00	232.05	262.25	237,271
Jul-20	260.80	326.50	257.55	299.80	288,001
Aug-20	294.00	597.05	294.00	487.90	938,151
Sep-20	500.00	716.65	478.20	670.30	734,108
Oct-20	699.00	754.40	562.00	606.60	412,325
Nov-20	607.50	612.00	520.15	555.80	203,296
Dec-20	555.00	650.00	540.00	631.85	325,957
Jan-21	611.65	648.95	554.10	554.10	158,327
Feb-21	526.65	583.00	500.10	525.90	248,222
Mar-21	526.00	548.00	476.00	481.60	136,064

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 2020-21

Month	NSE				
	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume
Apr-20	189.00	246.00	175.15	223.95	1,489,533
May-20	215.00	254.00	209.00	241.60	1,590,842
Jun-20	245.00	289.10	231.65	263.15	3,524,352
Jul-20	264.00	327.00	257.20	299.15	4,024,883
Aug-20	305.00	578.45	302.05	489.35	9,929,397
Sep-20	489.80	718.00	478.00	670.35	7,026,243
Oct-20	676.00	755.00	565.25	606.85	3,161,568
Nov-20	595.00	616.95	520.40	555.55	1,445,599
Dec-20	558.00	650.00	540.00	631.30	1,736,002
Jan-21	631.30	639.70	555.05	555.05	1,347,054
Feb-21	527.30	584.00	503.05	525.35	1,912,769
Mar-21	529.90	548.80	476.90	481.15	1,077,660

Notes:

1. The highest share price of the Nucleus scrip at BSE was ₹ 754.40 in Oct 2020 and the lowest share price was ₹ 172.90 in April 2020.
2. The highest share price of the Nucleus scrip at National Stock Exchange was ₹ 755.00 in Oct 2020 and the lowest share price was ₹ 175.15 in April 2020.

Shareholders' Referencer

iii. Quarterly high-low price history of the Company's share for the year 2020-21

Month	NSE					BSE				
	Open(₹)	High (₹)	Low (₹)	Close(₹)	Total Volume	Open(₹)	High (₹)	Low (₹)	Close(₹)	Total Volume
Apr 20	189.00	246.00	175.15	223.65	1,489,533	181.50	244.50	172.90	225.55	89,594
May 20	215.00	254.00	209.00	241.60	1,590,842	215.50	250.70	208.65	241.20	80,427
Jun 20	245.00	289.10	231.65	263.15	3,524,352	245.05	290.00	232.05	262.25	237,271
Jul 20	264.00	327.00	257.20	299.15	4,024,883	260.80	326.50	257.55	299.80	288,001
Aug 20	305.00	578.45	302.05	489.35	9,929,397	294.00	597.05	294.00	487.90	938,151
Sep 20	489.80	718.00	478.00	670.35	7,026,243	500.00	716.65	478.20	670.30	734,018
Oct 20	676.00	755.00	565.25	606.85	3,161,568	699.00	754.40	562.00	606.60	412,325
Nov 20	595.00	616.95	520.40	555.55	1,445,599	607.50	612.00	520.15	555.80	203,296
Dec 20	558.00	650.00	540.00	631.30	1,736,002	555.00	650.00	540.00	631.85	325,957
Jan 21	631.30	639.70	555.05	555.05	1,347,054	611.65	648.95	554.10	554.10	158,327
Feb 21	527.30	584.00	503.05	525.35	1,912,769	526.65	583.00	500.10	525.90	248,222
Mar 21	529.90	548.80	476.90	481.15	1,077,660	526.00	548.00	476.00	481.60	136,064
Total Shares traded during the year					38,265,902	3,851,743				

G. Financial Reporting to the Shareholders

i Quarterly/Annual Results

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

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

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

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

H. Investors' Services

i. Details of request/complaints received during the year 2020-21:

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	26	26	Nil
Duplicate/ Revalidation of Dividend warrants	07	07	Nil
Issue of duplicate share certificates	-	-	Nil
Non receipt of share certificate	01	01	Nil
Non-Receipt of Annual Report	01	01	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 2020-21

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.

Shareholders' Referencer

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 De-materialized 28,981,774 shares (99.80%) of the paid up share capital) as at March 31, 2021.

To enable us to serve our investors better, we request our shareholders whose shares are in physical mode to dematerialize 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 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 and the Compliance Office of the Company.

vi. Designated e-mail Address for Investor Services

In terms of Regulations 13 and 46 of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is investorrelations@nucleussoftware.com

vii. Reconciliation of Share Capital

A qualified 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

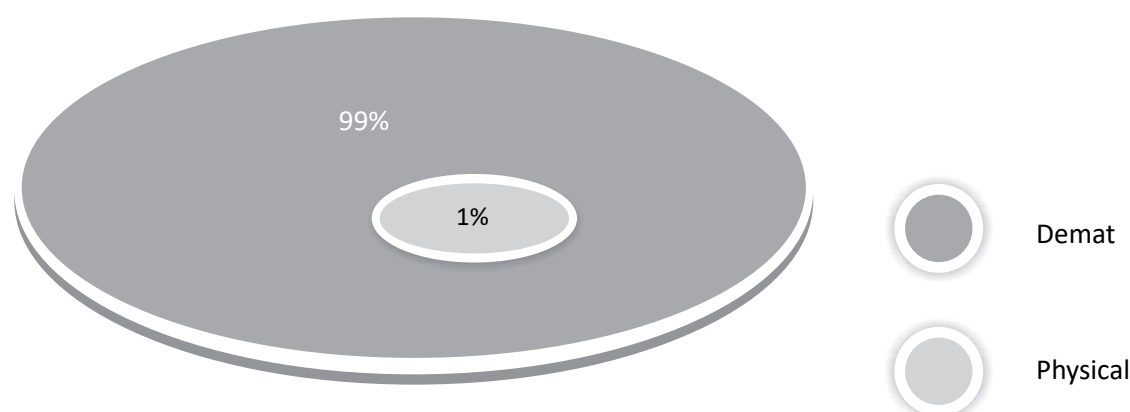
There is one legal proceeding pending against the Company in Court.

I. Shareholding Data

i. Distribution of Shareholding

No. of Equity Shares Held		As on March 31, 2021				As on March 31, 2020			
		Share Holders		Shares		Share Holders		Shares	
From	To	(Nos.)	%	(Nos.)	%	(Nos.)	%	(Nos.)	%
1	100	21,145	75.06	703,703	2.42	10,682	65.79	406,937	1.40
101	200	2,702	9.59	440,243	1.52	1,747	10.76	290,496	1.00
201	500	2,323	8.25	795,082	2.74	1,885	11.61	651,237	2.24
501	1,000	1,043	3.70	777,357	2.68	999	6.15	737,161	2.54
1,001	5,000	779	2.77	1,567,361	5.40	739	4.55	1,530,295	5.27
5,001	10,000	81	0.29	562,264	1.94	83	0.51	575,866	1.98
10,001	and above	97	0.34	24,194,714	83.30	101	0.63	24,848,732	85.57
Total		28,170	100.00	29,040,724	100.00	16,236	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, 2021			As on March 31, 2020		
	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/HUF	27,121	22.22	6,454,216	15,414	19.44	5,645,382
Bodies Corporate/NBFC Registered with RBI/IEPF	181	1.05	306,674	179	2.32	674,356
NRI's and Foreign Nationals	802	1.24	359,494	589	1.78	518,171
FII's	49	6.95	2,018,283	39	6.81	1,979,643
Mutual Funds	4	0.76	219,403	2	1.39	403,152
Banks and Financial Institutions	2	0.19	54,788	2	0.67	192,154
Total	28,170	100.00	29,040,724	16,236	100.00	29,040,724

iii. Shares under Lock-in

There are no shares under Lock in as on March 31, 2021

iv. Share Transfers, Demat and Remat:

The details of shares transferred in physical form, dematerialized and rematerialized during the year ended March 31, 2021 are given below:

No. of Shares	
Transferred in physical form	Nil
Dematerialized	Nil
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 are as follows:

i. Management Structure

Name	Position
S. M. Acharya	Chairman, Independent Director
Vishnu R Dusad	Managing Director
Parag Bhise	Executive Director & CEO
Anurag Mantri	Additional Executive Director & CFO
Ritika Dusad	Additional Executive Director
R.P Singh	Executive Director
Prithvi Haldea	Independent Director
Yasmin Javeri Krishna	Additional Independent Director
Elaine Mathias	Independent Director
Prof. Trilochan Sastry	Independent Director
Pradeep Kapoor	Global Head – Corporate Affairs
Debyani Sinha	Global Head- HR
Ashwani Arora	Senior Vice President
Anurag Bhatia	Senior Vice President

Name	Position
Harshit Harish Jain	Senior Vice President
Sanjeev Kulshreshtha	Senior Vice President
Anil Kumar	Vice President
Ashish Nayyar	Vice President
Brajesh Khandelwal	Vice President
Dinesh Kumar Verma	Vice President
K D Singh	Vice President
Lokesh Chandra Pathak	Vice President
Pankaj Jain	Vice President
Prathap Reddy	Vice President
Prema Rajaraman	Vice President
Rajagopalan Venkatraman	Vice President
Rajeev Sharma	Vice President
Ramesh Gopal	Vice President
Sarbpreet Singh Anand	Vice President
Vijay Kumar Sharma	Vice President
Sudeep Garg	Principal Consultant

ii. Employee Structure

a) Employee strength globally including employees of subsidiaries

As at March, 31	2021		2020	
	No	%	No	%
Technical Staff	1,729	89%	1,905	89%
Non-Technical Staff including Business Development Group	203	11%	229	11%
Grand Total	1,932	100%	2,134	100%

Gender classification of employees is:-

As at March, 31	2021		2020	
	No	%	No	%
Male	1,420	73%	1,576	74%
Female	512	27%	558	26%
Grand Total	1932	100%	2,134	100

Shareholders' Referencer

K. Financial Calendar for the year 2020-21

(Tentative and subject to change)

i. Financial Reporting

First quarter ending June 30, 2021	between 15th to 31 st of July 2021
Second quarter ending September 30, 2021	between 15th to 31 st of October 2021
Third quarter ending December 31, 2021	between 15th to 31 st of January 2022
Year ending March 31, 2022	between 20th to 30 th of April 2022

ii. Annual General Meeting

Year ending March 31, 2021	July 23, 2021
Year ending March 31, 2022	July, 2022

iii. Book Closure

Date of Book Closure for AGM	July 17 to July 23, 2021
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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:

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

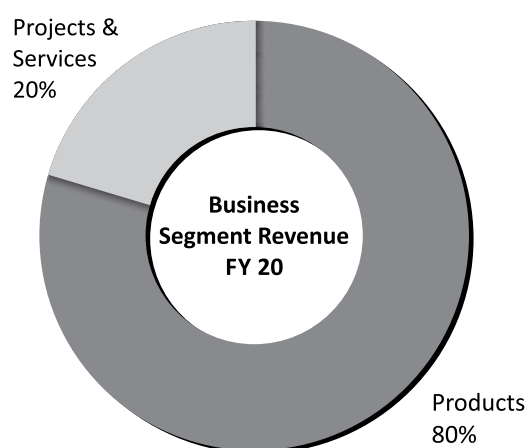
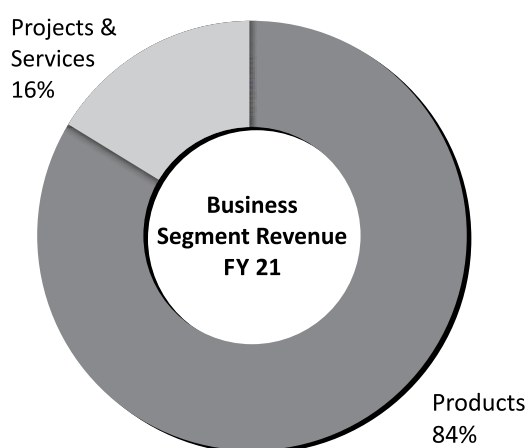
SEGMENT INFORMATION AND RATIO ANALYSIS

Consolidated Segment Information

OF NUCLEUS SOFTWARE GROUP

(₹ in crore)

REVENUE BY	For the Year Ended March 31,			
	2021	% of Revenue	2020	% of Revenue
GEOGRAPHICAL SEGMENTS				
India	195.18	38.01	180.57	34.67
Far East	38.70	7.54	53.61	10.29
South East Asia	98.24	19.13	104.17	20.00
Europe/ U.K.	30.17	5.88	37.88	7.27
Middle East	73.00	14.22	77.63	14.91
Africa	17.14	3.34	17.19	3.30
Australia	33.29	6.48	27.38	5.26
Rest of the World	27.81	5.40	22.40	4.30
TOTAL	513.53	100.00	520.83	100.00
CURRENCY SEGMENT				
Indian Rupee	195.18	38.01	180.57	34.67
US \$	177.13	34.49	178.55	34.28
Japanese Yen	15.51	3.02	17.16	3.29
Singapore \$	41.48	8.08	55.50	10.66
Malaysian Ringgit	6.27	1.22	5.27	1.01
Euro	9.48	1.85	7.63	1.47
British Pound	17.99	3.50	29.84	5.73
Swiss Franc	0.42	0.08	0.42	0.08
Australian \$	33.29	6.48	27.38	5.26
AED	12.86	2.50	14.68	2.82
QAR	0.60	0.12	0.12	0.02
ZAR	3.32	0.65	3.72	0.71
TOTAL	513.53	100.00	520.83	100.00
Products	430.16	83.77	414.33	79.55
Own	429.09	83.56	411.93	79.09
Traded	1.07	0.21	2.40	0.46
Projects & Services	83.37	16.23	106.50	20.45
TOTAL	513.53	100.00	520.83	100.00



Ratio Analysis

CONSOLIDATED PERFORMANCE

Particulars	2021	2020	2019	2018	2017
Ratios- Financial Performance					
Export Revenue/ Revenue (%)	61.99	65.33	69.22	69.24	72.93
Domestic Revenue/ Revenue (%)	38.01	34.67	30.78	30.76	27.07
Total Operating Expenses/ Revenue (%)	75.05	82.12	83.73	85.87	85.68
Operating Profit/ Revenue (%)	24.95	17.88	16.27	14.13	14.32
Depreciation/ Revenue (%)	2.70	2.60	2.05	1.71	3.01
Other Income/ Revenue (%)	7.70	7.15	5.68	6.97	8.63
Tax/ Revenue (%)	6.98	5.34	4.49	4.20	2.17
Effective Tax Rate - Tax/ PBT (%)	23.31	23.80	22.59	21.68	10.90
PAT from Ordinary Activities/ Revenue(%)	15.27	9.94	9.72	8.21	9.14
PAT from Ordinary Activities/Net Worth(%)	11.67	9.23	9.25	7.33	6.36
Ratios- Return					
ROCE (PBIT/ Average Capital Employed) (%)	24.95	21.84	19.86	16.03	14.87
ROANW (PAT/Average Net Worth) (%)	19.13	16.64	15.37	12.56	13.25
Ratios - Balance Sheet					
Debt-Equity Ratio	-	-	-	-	-
Debtors Turnover (Days)	61	63	54	72	65
Asset Turnover Ratio	0.58	0.68	0.71	0.64	0.56
Current Ratio	3.11	2.36	2.13	1.79	3.07
Cash and Equivalents/Shareholders' funds (%)	74.82	59.22	50.93	46.60	56.15
Cash and Equivalents/ Revenue (%)	97.91	63.78	53.51	52.20	80.66
Depreciation/Gross Carrying Amount(%)	21.53	19.84	13.83	11.14	20.03
Technology Investment/ Revenue (%)	1.35	2.19	1.26	1.28	0.68
Ratios - Growth (YoY)					
Growth in Total Revenue (%)	(1.40)	7.60	17.54	10.59	6.79
Growth in Export Revenue (%)	(6.44)	1.55	17.50	4.99	(3.27)
Operating Expenses Growth (%)	(9.89)	5.54	14.61	10.84	0.17
Operating Profit Growth (%)	37.61	18.24	35.33	9.09	76.66
PAT Growth (%)	32.54	19.39	19.17	(5.47)	103.77
EPS Growth (%)	32.57	19.37	25.41	0.18	103.78
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (₹)	26.99	17.82	16.20	11.65	10.51
Earning Per Share (Including Other Income) (₹)	40.62	30.64	25.67	20.47	20.43
Cash Earning Per Share from Ordinary Activities (₹)	31.77	22.49	19.62	14.07	13.97
Cash Earning Per Share (Including Other Income)(₹)	45.39	35.31	29.09	23.96	23.90
Book Value Per Share (₹)	231.41	193.14	175.12	158.85	165.19
Price/Earning (Annualized)	11.85	5.86	13.24	19.59	12.05
Price/ Cash Earning (Annualized)	10.60	5.09	11.69	16.73	10.30
Price/Book Value	2.08	0.93	1.94	2.52	1.49
Dividend Per Share (DPS)	9.00	-	9.00	8.00	5.00
Dividend (%)	90	-	90	80	50
Dividend Payout (In ₹ Crore)	26.04	-	26.14	23.23	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 Second Annual General Meeting (AGM) of the Members of Nucleus Software Exports Limited will be held on July 23 2021, 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 2021 including Audited Balance Sheet and Profit and Loss account as on March 31, 2021 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, 2021.

2. Declaration of Dividend

- (a) To take note of Interim Dividend declared during the Year.
- (b) To declare a final dividend of ₹ 6.00/- per Equity Share for the financial year ended March 31, 2021.

3. To re-appoint

- (i) Mr. R P Singh (DIN 00008350), as a Director of the Company who retires by rotation and being eligible offer himself for re-appointment.
- (ii) Mr. Parag Bhise (DIN 8719754), as a Director of the Company who retires by rotation and being eligible offer himself for re-appointment.

4. Appointment of Statutory Auditors.

To appoint Retiring Auditors M/s BSR & Associates LLP, Chartered Accountants as Statutory auditors, to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s BSR & Associates LLP, Chartered Accountants be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

Special Business:

5. To consider and approve Re-appointment of Mr. S M Acharya (DIN: 00545141) as an Independent Director, and if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration/Compensation Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of

the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the approval of the Members of the Company be and is hereby accorded for reappointment of Mr. S M Acharya (DIN 00545141), Non-Executive and Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years, w.e.f. March 19, 2021 upto March 18, 2026.

"RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution."

6. To consider and approve appointment of Ms. Yasmin Javeri Krishan (DIN: 08801422) as an Independent Director and if thought fit, pass the following resolution as an Ordinary Resolution, with or without modification(s):

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration/Compensation Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the approval of the Members of the Company be and is hereby accorded for appointment of Ms. Yasmin Javeri Krishan (DIN: 08801422), Non-Executive and Independent Director of the Company, who was appointed as Additional Director on July 30, 2020 in accordance with the provisions of Section 161 of the Companies Act, 2013 and who hold office up to the date of this Annual General Meeting and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for appointment for a term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations, and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non-Executive Director of the Company, whose term shall not

be subject to retirement by rotation, to hold office for 5 (five) consecutive years w.e.f. July 30, 2020 upto July 29, 2025."

RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised 'Committee' thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution."

7. **To consider and approve the appointment of Dr. Ritika Dusad (DIN 07022867), 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 recommendation of the Nomination and Remuneration/Compensation Committee and approval of the Board of Directors and 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 and subject to the approval of Central Government, the approval of the members is hereby accorded to appointment of Dr. Ritika Dusad (DIN 07022867), as a whole time Director of the Company for a period of 5 (five) years, commencing from August 7, 2020 to August 06, 2025 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, 2013, 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 her appointment, as it may deem fit.

RESOLVED FURTHER THAT In the event of inadequacy or absence of profits in any financial year during her tenure, Dr. Ritika Dusad 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."

8. **To consider and approve Re-Appointment of Mr. Vishnu R Dusad (DIN: 00008412) as Managing Director of the Company and if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):**

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013 and subject to the Articles of Association of the Company, the approval of members of the Company be and is

hereby accorded to the re-appointment of Mr. Vishnu R Dusad as Managing Director whose office shall be liable to retirement by rotation under the Companies Act, for a period of five years with effect from January 1, 2022 to December 31, 2026, on the remuneration by way of salary, perquisites and allowances, 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, Dr. Vishnu R Dusad 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."

9. **To consider and approve the appointment of Mr. Anurag Mantri, as a Whole Time Director and 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), and subject to the approval of the Central Government, the approval of the members be and is hereby accorded for appointment of Mr. Anurag Mantri (DIN: 09002894), who was appointed as an Additional Director of the Company, by the Board of Directors w.e.f. December 19, 2020 to December 18, 2025 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 December 19, 2020 without remuneration, and whose office will be liable to retire by rotation under the Companies Act, 2013.

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 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 will be 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 nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", circular no. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the COVID-19 pandemic" (collectively referred to as "SEBI 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 MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. 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.
6. 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").
7. 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.
8. 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.
9. 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 ten days before AGM through email on investorrelations@nucleussoftware.com. The same will be replied by the Company suitably.
10. The Register of Members and Share Transfer Books of the Company will be closed on July 17, 2021 to July 23, 2021 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for 2020-21, if declared by the members.
11. 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.
12. 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, telephone/mobile numbers, Permanent Account Number (PAN), to their respective Depository participants.
13. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member, at the earliest once possible.
14. 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.
15. SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.
16. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2013-14 onwards for the Company, are requested to lodge their claims. It may be noted that the unclaimed Final Dividend for the financial year 2013-14 declared by the Company on July 8, 2014 could be claimed by the Members by July 07, 2021. Member's attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.
17. 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.

18. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 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.
19. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
20. Members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on Friday July 16, 2021, may cast their votes electronically. The e-voting period commences on July 20, 2021 (9:00 a.m. IST) and ends on July 22, 2021 (5:00 p.m. IST). A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on July 16, 2021. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.
21. The Members who have casted 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.
22. 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.
23. Members are requested to register/update their e-mail addresses by sending a hard copy of duly signed letter to the RTA of the Company for receiving all the future communications including Annual Reports, Notices, Circulars, etc. from the Company electronically.
24. Pursuant to Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof. The shareholders are requested to update their PAN with the DP (if shares held in electronic form) and Company (if shares held in physical form).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by e-mail to einward.ris@kfintech.com in by Wednesday July 14, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose the shareholder may submit the above documents (PDF / JPG Format) by e-mail to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the

shareholders by Wednesday July 14, 2021.

25. 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.
26. If address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report and all other communication sent by the Company, from time to time, can get their email address registered with the RTA at einward.ris@kfintech.com.
27. 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.
28. 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.
29. 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.
- 30. Instructions For Members For Attending the AGM through VC/OAVM are as under:**

PROCEDURE FOR REMOTE E-VOTING

- i. 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, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFintech, on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.
- ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the **individual demat account holders**, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
- iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.

- iv. The remote e-Voting period commences on Tuesday, July 20, 2021 (9:00 a.m. IST) and ends on Thursday, July 22, 2021 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, July 16, 2021 i.e. cut-off date, may cast their vote electronically. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- v. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@Kfintech.com. However, if he / she is already registered with Kfintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- vi. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."
- vii The details of the process and manner for remote e-Voting and e-AGM are explained herein below:

Step 1 : Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access to Kfintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Step 3 : Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

- I) **Login method for remote e-Voting for Individual shareholders holding securities in demat mode.**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1. User already registered for IDeAS facility:</p> <p>I. Visit URL: https://eservices.nsdl.com</p> <p>II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</p> <p>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting."</p> <p>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p>

2. User not registered for IDeAS e-Services

- To register click on link : <https://eservices.nsdl.com>
- Select "Register Online for IDeAS" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- Proceed with completing the required fields.
- Follow steps given in points 1

3. Alternatively by directly accessing the e-Voting website of NSDL

- Open URL: <https://www.evoting.nsdl.com/>
- Click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.
- Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e. Kfintech.
- On successful selection, you will be redirected to Kfintech e-Voting page for casting your vote during the remote e-Voting period.

Individual Shareholders holding securities in demat mode with CDSL

1. Existing user who have opted for Easi / Easiest

- Visit URL: <https://web.cdslindia.com/myeasi/home/login> or URL: www.cdslindia.com
- Click on New System Myeasi
- Login with your registered user id and password.
- The user will see the e-Voting Menu. The Menu will have links of ESP i.e. Kfintech e-Voting portal.
- Click on e-Voting service provider name to cast your vote.

2. User not registered for Easi/ Easiest

- Option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>
- Proceed with completing the required fields.
- Follow the steps given in point 1

	<p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <p>I. Visit URL: www.cdslindia.com</p> <p>II. Provide your demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP, i.e. KFintech where the e- Voting is in progress.</p>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<p>I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</p> <p>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>III. Click on options available against company name or e-Voting service provider–Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.</p>

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

II) Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>

- 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 the vote.
- After entering these details appropriately, click on "LOGIN".
- You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (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.
- You need to login again with the new credentials.
- On successful login, the system will prompt you to select the "EVEN" i.e., Nucleus Software Exports Limited-AGM" and click on "Submit"
- On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- You may then cast your vote by selecting an appropriate option and click on "Submit".
- A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), 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).
- Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id contact@cssanjaygrover.in with

a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Nucleus Software Exports Ltd."

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with Kfintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.
- ii. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by Kfintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/Kfintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the 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 remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM through VC/ OAVM shall open at least 15 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop 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 kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are

encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at investorrelations@nucleussoftware.com. Questions /queries received by the Company till July 20, 2021 shall only be considered and responded during the AGM.

- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for at least 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will opened from 18 July to 20 July 2021. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will opened from July 18, 2021 to July 20, 2021.
- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact at evoting@kfintech.com or call Mr. Suresh Babu at Kfintech's toll free No. 1-800-3454-001 for any further clarifications.
- IV. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
 1. Example for NSDL:
 2. MYEPWD <SPACE> IN12345612345678
 3. Example for CDSL:
 4. MYEPWD <SPACE> 1402345612345678
 5. Example for Physical:
 6. MYEPWD <SPACE> XXXX1234567890

- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFinTech at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.

EXPLANATORY STATEMENT

Resolution No. 4

M/s. BSR & Associates LLP, Chartered Accountants were appointed as the 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 Board at the recommendation of Audit Committee has approved re-appointment of M/s BSR & Associates LLP, taking into account their credentials as below :

Credentials:

BSR & Associates. ('the firm') was constituted on 01 December 1996 having firm registration no. as 116231W. It was converted into limited liability partnership i.e. BSR & Associates LLP on 14 October 2013 thereby having a new firm registration no. 116231W/ W-100024.

The registered office of the firm is at 14th Floor, Central Wing, Tower 4, Nesco Centre, Western Express Highway, Goregaon (East) Mumbai-400063.

BSR & Associates LLP is a member entity of BSR & Affiliates, a network registered with the Institute of Chartered Accountants of India. The other entities which are part of the BSR & Affiliates include BSR & Co. LLP, BSR & Company, BSR and Co, BSR and Associates, BSR and Company, BBSR & Co and BBSR & Co.

B S R & Associates LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Ahmedabad, Vadodara, and Kochi.

Terms and Conditions

The terms and conditions of re-appointment of the statutory auditors and the proposed fees are as follows:

- The Board of Directors at their meeting held on June 3, 2021 at the recommendation of Audit Committee members approved re-appointment of M/s BSR & Associates, LLP, Chartered Accountants as statutory auditors of the Company for a term of one year i.e. from the conclusion of forthcoming Annual General meeting until the conclusion of Annual General Meeting of the Company to be held in Calendar year 2022, subject to the approval of the Members at such remuneration plus out of pocket expenses and applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the Auditors. The Board, based on the recommendation of the Audit Committee, unanimously, recommends the ordinary resolution as set out in item no. 4 of this notice.
- The Company has received the consent letter and eligibility certificate from M/s BSR & Associates LLP, Chartered Accountants, to act as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Act. The proposed fee payable to M/s BSR & Associates LLP shall be fixed by the Board of Directors of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in way, concerned or interested, in the Ordinary Resolution set out at item No. 4 of the notice.

Resolution No. 5

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Mr. S. M. Acharya as an Independent Director, for a second term of five years from March 19, 2021, not liable to retire by rotation. He was appointed as an Independent Directors on March 19, 2016 for the first tenure.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee and his background, experience and contribution, consider that the continued association of aforesaid Independent Director, would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

The Company has received declarations from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, he fulfills the conditions specified in the Act and SEBI Listing Regulations for appointment as Independent Director and is independent of the management of the Company.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment as an Independent Director is now being placed before the Members for their approval by way of a Special Resolution.

A copy of the draft letter for the re-appointment of Mr. S M Acharya, as an independent director setting out the terms and conditions is available for electronic inspection without any fee by the members. In compliance with the general circular no. 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives, except Mr. S M Acharya, are in any way, concerned or interested, in the Special Resolution set out at item No 6 of the Notice.

The Board recommends the Special Resolution at Item No.5 of this Notice for approval of the Members.

Resolution No. 6

During the year, the Board of Directors on the recommendation of Nomination and Remuneration Committee, appointed Ms. Yasmin Javeri Krishan as an Additional Independent Director of the Company on July 30, 2020.

Ms. Yasmin has a multi-faceted global experience of more than 20 years in Financial Control, MIS, Treasury, Process rationalization, Business Intelligence & Executive Search. She is a rank-holding Chartered Accountant from the Institute of Chartered Accountants of India and an MBA (Finance and International Business) from the Stern School of Business, New York University. Her work experience spans several industries: Retail Banking & Credit Cards, HR Consultancy & Search, Education, Accounting and Information Consultancy/Decision Management.

As a Director of Nucleus Software's wholly owned Singapore subsidiary since February 2016, she has played an important role in guiding and providing support to Anurag Mantri, Senior Vice President and our Singapore subsidiary operations.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, proposing the candidature of Ms. Yasmin Javeri Krishan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received declarations from her to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties.

The resolution seeks the approval of members for the appointment of Ms. Yasmin Javeri Krishan as an Independent Director of the Company w.e.f. July 30, 2020 to July 29, 2025 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She will not be liable to retire by rotation.

A copy of the draft letter for the appointment of Ms. Yasmin Javeri Krishan, as an independent director setting out the terms and conditions is available for electronic inspection without any fee by the members. In compliance with the general circular no. 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives, except Ms. Yasmin Javeri Krishan, are in any way, concerned or interested, in the Ordinary Resolution set out at item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out in item no. 6 of the notice for the approval by the members.

Resolution No. 7

Dr. Ritika Dusad, joined Nucleus Board as a Non-Executive Director in July 2016 and since then 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.

The Board of Directors on the recommendation of Nomination and Remuneration/Compensation Committee, in its meeting held on August 7, 2020, approved the appointment of Dr. Ritika Dusad as a Whole Time Director at the terms and conditions including her remuneration as below :

1. Fixed Salary: ₹ 50,00,000/ 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.
6. Periodic increment: The components of Dr. Ritika Dusad compensation as set above may be revised from time to time, by the Board or Committee at its sole discretion.

All the above mentioned components of the Compensation shall be paid, in accordance with the Company's normal payroll practices and subject to withholding tax and shall always be subject to the overall ceiling laid down in Section 196 and 197 and other applicable provisions of the Companies Act 2013.

Minimum Remuneration : In the event of absence or inadequacy of profits in any financial year during the tenure of her directorship, the remuneration as stated above, by way of salary and perquisites shall be paid as minimum remuneration subject to the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) or such other limits as prescribed by the Government from time to time as minimum remuneration.

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.

As Dr. Ritika Dusad has not satisfied the clause (e) of Part-1 of Schedule V to the Companies Act, 2013 for appointment as a Whole Time Director, therefore Company has applied to Central Government for the approval of her appointment. The application has been filed by the Company with the Central Government and the same is under process.

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 is given at the end of this Notice.

In compliance with the general circular no. 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives, except Mr. Vishnu R Dusad and Dr. Ritika Dusad, are in any way, concerned or interested, in the Special Resolution set out at item No. 7 of the Notice.

The Board of Directors recommends the Resolution No. 7 for Shareholders consideration and approval as a Special Resolution.

Resolution No. 8

Mr. Vishnu R Dusad, Managing Director of the Company was reappointed by the Board as Managing Director w.e.f. Jan 1, 2017 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 June 3, 2021, has accorded its consent for reappointment of Mr. Vishnu R Dusad as Managing Director", for a period of five years w.e.f. January 1, 2022 to December 31, 2026, subject to the approval of members of the Company, on the remuneration by way of salary, perquisites and allowances, as below:

Salary: ₹ 500,000/- p.m.

Special Allowance: ₹ 200,000/- p.m.

Perquisites

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.

Leave Travel Concession: For self and family every year incurred in accordance with the Rules of the Company.

Refreshment allowance/reimbursement: As per the rules of the Company

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.

Leave with full pay and allowances shall be allowed per the Rules of the Company.

Provision for fuel and driver/ salary allowance : As 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 aggregate remuneration inclusive of salary, special allowance, perquisites and commission payable to Mr. Vishnu R Dusad shall always be subject to the overall ceiling laid down in Section 196 and 197 and other applicable provisions of the Companies Act 2013.

Minimum Remuneration : In the event of absence or inadequacy of profits in any financial year during the tenure of his directorship, the remuneration as stated above, by way of salary and perquisites shall be paid as minimum remuneration subject to the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) or such other limits as prescribed by the Government from time to time as minimum remuneration.

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 is given at the end of this Notice.

In compliance with the general circular no. 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives, except Mr. Vishnu R Dusad and Dr. Ritika Dusad, are in any way, concerned or interested, in the Special Resolution set out at item No. 8 of the Notice.

The Board of Directors recommends the Resolution No. 8 for Shareholders consideration and approval as a Special Resolution.

Resolution No. 9:

The Board based on the recommendation of the Nomination and Remuneration committee, appointed Mr. Anurag Mantri as an Additional Whole time Director of the Company with effect from December 19, 2020.

The Company has received from Mr. Anurag Mantri (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

Mr. Anurag Mantri heads the Services Business at Nucleus Software and is responsible for strategizing the Services Business, shaping Digital Transformation Services, expanding services to new Geographies and providing executive oversight to Customer Engagements. He also heads the Enterprise QA Management at Nucleus Software for Nucleus's Flagship Products as well as Services. Mr. Mantri has been with Nucleus Software for more than 26 years. Mr. Anurag Mantri is drawing total remuneration SGD 500,700 P.A. from its wholly owned subsidiary Company based in Singapore.

In the opinion of the Board of Directors, Mr. Anurag Mantri, fulfils the conditions specified in the Act and the Rules made thereunder. The Board considers that his association would be of immense benefit to the Company.

As Mr. Anurag Mantri has not satisfied the clause (e) of Part-1 of Schedule V to the Companies Act, 2013 for appointment as a Whole Time Director, therefore Company has applied to Central Government for the approval of his appointment. The application has been filed by the Company with the Central Government and the same is under process.

In compliance with the general circular no. 20/2020 issued by the MCA, this item is considered unavoidable and forms part of this Notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives, except Mr. Anurag Mantri, are in any way, concerned or interested, in the Special Resolution set out at item No. 9 of the Notice.

The Board of Directors recommends the Resolution No. 9 for Shareholders consideration and approval as a Special Resolution.

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 2020-21” of this Annual Report
5	Export Performance and foreign exchange earned for the financial year ended 31st March 2021	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. S. M. Acharya	Ms. Yasmin Javeri Krishan	Dr. Ritika Dusad	Mr. Anurag Mantri	Mr. Parag Bhise	Mr. R.P. Singh
Age	64 Years	72 Years	61 Years	31 Years	51 Years	55 Years	58 years
Qualifications	Bachelor's Degree in Technology from the Indian Institute of Technology (IIT), Delhi	Graduated from the universities of Madras. Bachelor of Arts degrees obtained from Hong Kong. Masters Degree in Economics from the Victoria University of Manchester, UK	Chartered Accountant from the Institute of Chartered Accountants of India and an BA (Finance and International Business) from the Stern School of Business, New York University	Graduated from University of California, Los Angeles and PhD in Physics at Ivy League- Cornell University, USA	Master's Degree in Statistics and Computer Science from Banaras Hindu University	Master's Degree in Computer Applications from BIT Mesra and MBA from the Management Development Institute – Gurgaon	Graduation in Economics And Post-Graduation in Computer Applications, An Alumni of Harvard business School, completing the General Management Programme (GMP) from the School
Experience	As mentioned in profile in Corporate Governance Report	As mentioned in profile in Corporate Governance Report	As mentioned in profile in Corporate Governance Report	As mentioned in profile in Corporate Governance Report	As mentioned in profile in Corporate Governance Report	As mentioned in profile in Corporate Governance Report	As mentioned in profile in Corporate Governance Report
Terms and Conditions of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment
Details of Remuneration Sought To be Paid	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment	As per Letter of Appointment
Date of first appointment On the Board	Jan 01,1989	March 19, 2016	July 30,2020	July 20, 2016	December 19,2020	March 16, 2020	July 26, 2014
The Remuneration Last Drawn	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report	Details provided in Annexure H to the Directors' Report	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	Nil	Nil	1,000,000	Nil	28,959	151,977
Directorship held in other Companies	<ul style="list-style-type: none"> Nucleus Software Limited 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. 	NA	<ul style="list-style-type: none"> Nucleus Software Solutions Pte. Ltd. 	Karmayogi Holdings Private Limited	NA	NA	<ul style="list-style-type: none"> Nucleus Software Limited 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)	NA	NA	Mr. Vishnu R Dusad(Father)	NA	NA	NA
Number of Meetings of the Board attended during the Year	11	11	8	11	2	11	11
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. 	NA	NA	NA	NA	NA	NA
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:	NA	NA	NA	NA	NA	NA	NA



300,000 users log
in to our systems
each day



10 time winner
World's best-selling
lending solution



3 decades of
expertise in **banking and**
financial services



Winner of Celent
Model Bank Vendor
2016 Award



SALES@NUCLEUSSOFTWARE.COM
WWW.NUCLEUSSOFTWARE.COM

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