

Pioneering Disruptive Fintech Solutions Globally



What's inside

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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.

Chairman's Message



The financial year 2021-2022 has been one of those years in which multiple storms test the strength of the ship. Nucleus software has weathered many challenging storms- from losing some of our dear associates to the second wave of Covid, a cyber-attack from which we emerged stronger, and last but not the least "The Great Resignation". We overcame these ordeals by continuing to focus on fundamentals and provide value to our customers and to our society at large. The Board took significant decisions to retain our talent and provided substantial raises as their resilience during the tough times made all the difference. Our decades-long relationships with our customers are testaments to their understanding and appreciating this value.

While we continue to relentlessly chase profitable growth, we look to the new year with a renewed focus on customer centricity, and expanding our presence in the local and global markets.

SM Acharya

CHAIRMAN

MD's Message

Over the course of our journey, we have seen and mastered many challenging moments. This would not have been possible without the commitment, humility, integrity and result orientation of our leaders and team members.

Going forward, in our pursuit to deliver value to our customers in a speedy manner, we are experimenting with novel and proactive ways of approaching product development. Our customers continue to support us in our long journey of IP development on Indian soil by recognizing the value we provide. Another focus this year would be to substantially increase our focus on Gender Diversity and Inclusion initiatives.

Vishnu R Dusad

MANAGING DIRECTOR



CEO's Message

I am happy to share that our bold commitment to continue investing into our future is paying results. We came out with Product GA releases for FinnOne Neo and FinnAxia while Nucleites were working in purely offline mode encountering no interruptions, security or connectivity issues. We also managed multiple product activations, upgrades and data migrations in a remote mode to provide continuity; despite the Work From Home and restricted travel situation.

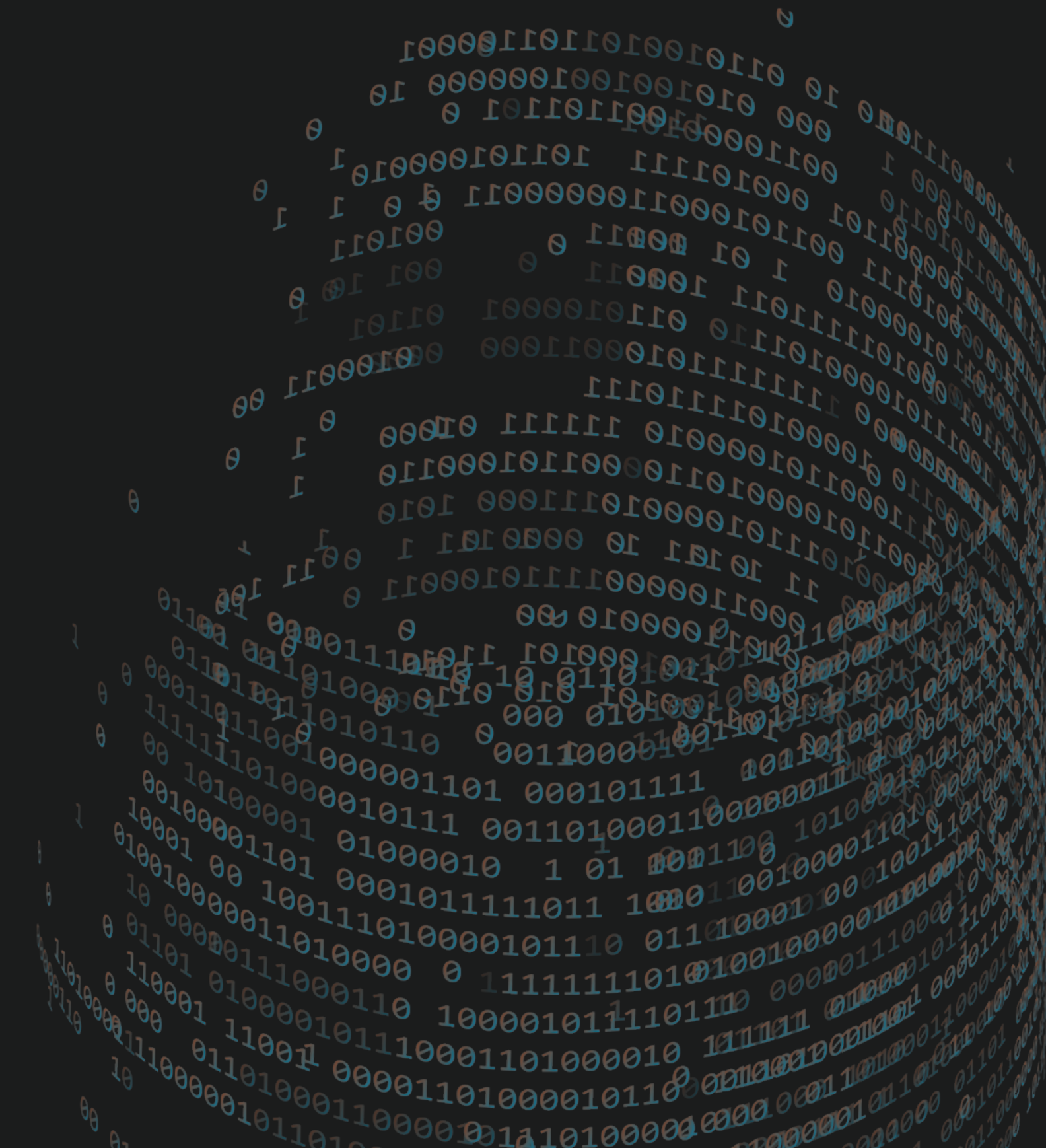
Aligned to our growth plan and our ESG commitment we recruited 400 freshers across 45 cities in India with a commitment to mentoring and training them. We continue to focus on operational excellence with a sharp focus on productivity gains in various areas in order to absorb the increase in manpower costs. We have seen success in our Digital Services Space with our Cloud solutions, RPA, Portal & Microservices. We will strive to take this success forward as I look to unleash the potential of each one of us and build innovatively as we ride along our next growth phase.

Parag Bhise

CHIEF EXECUTIVE OFFICER



Our Offerings



Nucleus Lending Solutions

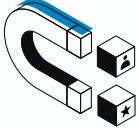
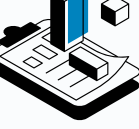
FINNONE NEO™

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, Repayment, Special Transaction, Non-Performing Asset Management and Self-Service through channels. The Collections module takes over in managing defaulters and possible defaulters. The Collaterals Management system takes care of the entire collateral life cycle management. The Sales Assist is a specialized loan sourcing channel for sales staff (what does this do, explain in a line. The Enterprise Content Management (ECM) provides image-based processing capabilities to store and retrieve various contents like document images, letters, communications etc. The FinnOne Neo™ Mobility suite is a portfolio of mobile solutions aimed at creating end customer empowerment while digitalizing various lending business processes

In its half-yearly releases, i.e. GA version 6.0 & 6.5, FinnOne Neo™ has introduced Corporate Lending Lines of Business like Business Term Loans, Working Capital, Bill Discounting & Letter of Credit / Bank Guarantee. In addition, a Payout Management System, which specialises in calculating payout of commission & incentive for collection agents, has been added to FinnOne Neo™. Today, the FinnOne Neo™ lending platform covers a vast expanse of solutions for Retail, SME & Corporate Lending.

In the increasingly digitised world, integrability and compatibility of a software solution with other software providers become more and more critical. Nucleus's FinnOne Neo™ has been a leader on this front and by carrying a large number of APIs: 463 in its API stack that facilitate robust, secure, quick and agile integration. FinnOne Neo™ supports both cloud and on-premise deployments. It can be deployed quickly in partnership with leading cloud providers.

FINNONE NEO™ PRODUCT SUITE

 Customer Acquisition System (CAS)	 Loan Management System (LMS)	 Collections	 Collateral Management System	 Enterprise Content Management (ECM)
 Mobility Apps: mCAS, mApply, mCollect, mServe & mFin	 Portal: eApply & eServe	 Sales Assist	 Payout	 API Center

Nucleus Payments Solutions

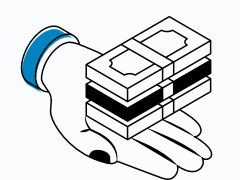
FINNAXIA™

The FinnAxia™ suite offers an enterprise solution for Transaction Banking Operations of Corporate Banks. It offers a wide range of 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. The Product modules, including the Financial Supply Chain platform, can be used as independent product systems or together to form a single integrated platform.

FinnAxia™ 8.5 enables corporates to make informed decisions on their cash position by through an integrated solution. It enables cash forecasting capabilities for the banks’ corporate customers and provides enriched MIS.

Our Global payments solution enables banks to leverage our API’s to serve their corporate customers with a single stop solution platform, that complies with central bank regulations on LEI (Legal Identity Identifier) to regulate high value payments. Our Global Receivables solution enables banks to help corporates collect FCY inward payments and comply with NPCI DDI PGP encryption guidelines. Centralized control using virtual accounts enriched with faster reconciliation provides an enhanced view of cash positions, hence eliminating trapped liquidity.

FINNAXIA™ PRODUCT SUITE



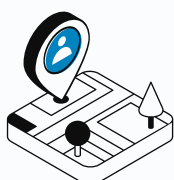
Global Receivables



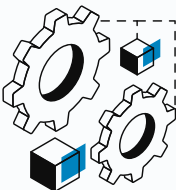
Global Payments



Global Liquidity Management



Virtual Account Management (VAM)



Financial Supply Chain Management (FSCM) and Electronic Invoice Presentment and Payment (EIPP)



e-Trade Finance



Electronic Bill Presentment and Payment (EBPP)



Digital Compass – Corporate Front End Channel

Nucleus Software

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 digital services like Cloud Services, Application Modernization, Data Engineering / Virtualization & Analytics, Robotic Process Automation (RPA), Infra Services and more. The Services wing of Nucleus has operations in India, South East Asia, Japan, Middle East and Europe.

Nucleus Software recently migrated the lending suite of a top Indian NBFC onto the cloud which unlocked considerable cost savings for the NBFC.

Nucleus automated cloud operations of one of the top Banks in the Middle East, helping them to achieve scalability & compliancy to the regulatory requirements.

For a top bank in South East Asia, Nucleus designed & implemented a customer onboarding solution to enhance the customer experience of the users.

1. Data Engineering & Analytics

2. Cloud Services

3. Application Modernization

4. Robotic Process Automation

5. Infra Services



ESG

Environment, Social and Governance at Nucleus Software

Sustainability has been a top priority for Nucleus Software as it impacts our environment, our health and our economic growth. Achieving sustainability requires us to advance towards a “circular economy”, that designs out waste and pollution. It demands a change in how we plan not only product development, but the very work models that drive our organisation. Measuring or pursuing sustainability continues to be challenging, however Nucleus Software has taken up many measures to lead the Indian Fintech industry into going beyond the traditional measures of profit, return on investment and shareholder value to include environmental and social dimensions.



**NUCLEUS
SOFTWARE
FOUNDATION**

Meeting Environmental, Social and Governance criteria has been an important goal for Nucleus Software. With this belief in mind Nucleus Software Foundation (NSF) was founded.



Our ESG efforts include Social Measures Involving People related to Quality of life, Unemployment rate, Gender equality, Income, Relative poverty and Higher education.



Education can play a vital role in breaking the cycle of poverty & inequality among the marginalized. Nucleus Software Foundation (NSF) is dedicated to meticulously train school teachers to adopt innovative teaching methods, & to transform the lives of various disadvantaged and marginalised sections of the community and the society at large. We design & manage a remedial education program for children in Dehradun & teachers training in the states of Uttar Pradesh & Madhya Pradesh to name a few.



NSF helps empower rural women with vocational training aimed towards employability, entrepreneurship and direct livelihood opportunities through . We run vocational training on sewing and provided sewing machines for sustainability.



NSF helps equip the less privileged and disabled to generate a sustainable livelihood. Post the flooding season in south India, we donate fishing equipment and boats for the maintenance of fishermen's livelihoods.



Assisted the nation by providing disaster relief during calamities. We contribute to the PMO relief fund.



To encourage employee volunteering and support non-profit organizations in their endeavour of Service to Society. A volunteer batch of Nucleites are involved in various programs and initiatives.

Our Initiatives also include Environmental Measures Involving our Planet related to energy consumption, natural resources, solid and toxic waste, land use and land cover. We have focused on maintaining a green campus, minimising plastic waste, creating solar energy from solar panels installed on site and introducing organic gifting initiatives across the organisation.

The Report on **Corporate Governance** is placed in the Financial Statements section of the Annual Report.

Roadmap for year 2022-2023



Teachers Training at Bhilai in Chattisgarh for Saraswati Mandir group of schools - We trained 56 teachers from 25 schools and are aiming to expand the reach of our program through creating master trainers.



Our biggest current project aligned with NGO Parivaar. Assisting them at 661 kutirs in 14 districts with initial focus on 5 districts: Dewas, Betul, Chindwara, Mandla and Khandwa. This would cater to the educational needs of around 15000+ students

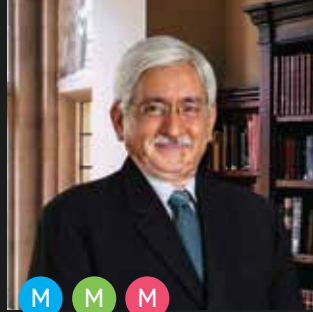
Leadership that guides our Social Initiatives

Mrs. Madhu Dusad, Mrs. Swati Bhise and Mrs. Nita Kulshreshtha are the trustees of Nucleus Software Foundation. The trust works along with the CSR Committee comprising of Nucleus' Board of Directors - Mrs. Yasmin Javeri Krishan (Committee Chairperson) and Committee members - Mr. S M Acharya, Prof. Trilochan Sastry, Mr. Parag Bhise and Dr. Ritika Dusad.

Board of Directors



MR. S.M. ACHARYA
Chairman & Non-Executive,
Independent Director



MR. VISHNU R. DUSAD
Managing Director



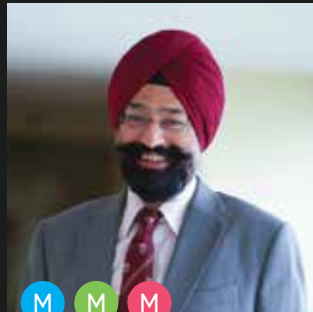
MR. PRITHVI HALDEA
Non-Executive,
Independent Director



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



MRS. YASMIN J. KRISHAN
Non-Executive,
Independent Director



MR. ANURAG MANTRI
Executive Director &
Chief Financial Officer

BOARD COMMITTEES

M Member **C** Chairperson

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

Board Independence %

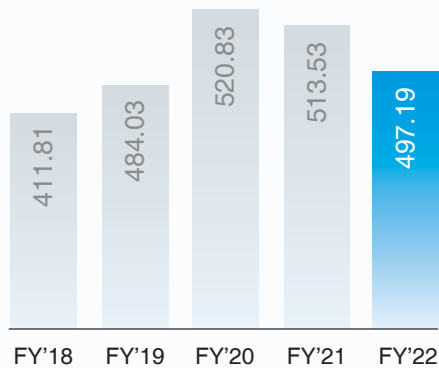
50%
Independent

50%
Non-Independent

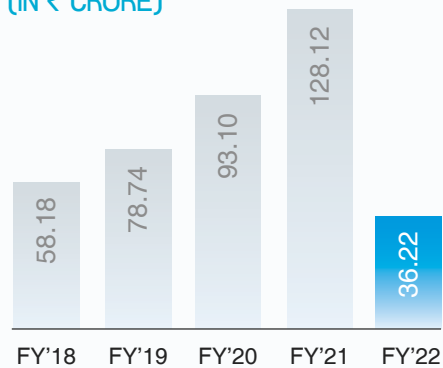
Mr. Janki Ballabh Khandelwal, ex-chairman SBI, ex-chairman Nucleus Software is a mentor of the Culture Committee.

Performance at a glance

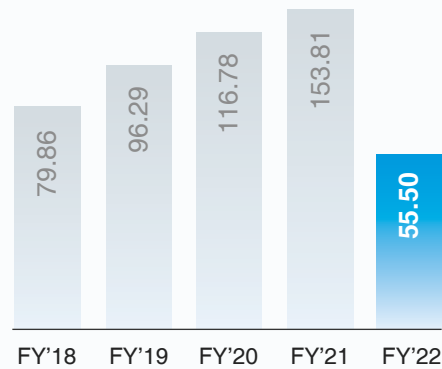
REVENUE (IN ₹ CRORE)



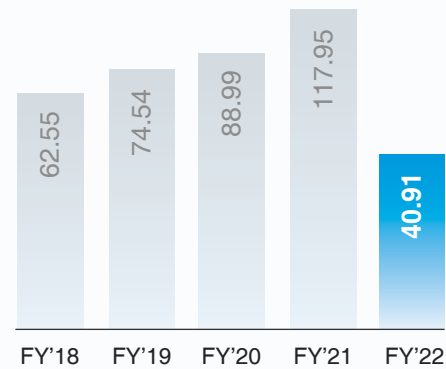
OPERATING PROFIT (EBITDA) (IN ₹ CRORE)



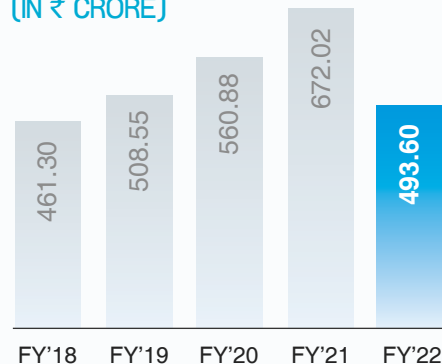
PROFIT BEFORE TAX (PBT) (IN ₹ CRORE)



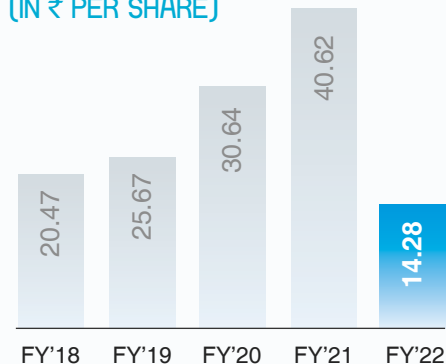
PROFIT AFTER TAX (PAT) (IN ₹ CRORE)



NET WORTH (IN ₹ CRORE)



EARNING PER SHARE (IN ₹ PER SHARE)



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

Consolidated Performance

For the Year Ended March 31,	2022	2021	2020	2019	2018
Revenue from Operations	497.19	513.53	520.83	484.03	411.81
Operating Profit (EBITDA)	36.22	128.12	93.10	78.74	58.18
Depreciation	15.38	13.87	13.55	9.93	7.04
Other Income (inclusive of foreign exchange gain/loss)	34.66	39.56	37.23	27.48	28.72
Tax expense	14.59	35.86	27.79	21.75	17.31
Profit After Tax (PAT)	40.91	117.95	88.99	74.54	62.55
EBITDA as a % of Revenue from Operations	7.29	24.95	17.88	16.27	14.13
PAT as a % of Revenue from Operations	8.23	22.97	17.09	15.40	15.19
As at March 31,	2022	2021	2020	2019	2018
Share Capital	26.77	29.04	29.04	29.04	29.04
Reserves and Surplus	466.83	642.98	531.84	479.51	432.26
Net Worth	493.60	672.02	560.88	508.55	461.30
Property, Plant and equipment and Other intangible assets	38.92	24.97	31.01	46.53	45.17
Cash & Cash Equivalents including Current Investments and Other Bank Balances	341.94	502.82	332.18	259.00	214.97
Working Capital	237.71	417.03	256.57	190.73	140.25
No. of Shares (Face Value of ₹10.00)	26,773,324	29,040,724	29,040,724	29,040,724	29,040,724
Market Capitalisation	1,109.01	1,397.29	521.72	987.09	1,164.10
No. of Shareholders	38,713	28,170	16,236	14,856	14,856
Per Share data					
Earning Per Share (in ₹)	14.28	40.62	30.64	25.67	20.47
Dividend Per Share (in ₹)	7.00	9.00	-	9.00	8.00
Book Value Per Share (In ₹)	184.35	231.41	193.14	175.12	158.85

All figures in USD'000 except per share data

Consolidated Performance

For the Year Ended March 31,	2022	2021	2020	2019	2018
Revenue from Operations	65,601	69,593	73,751	70,015	63,424
Operating Profit (EBITDA)	4,779	17,363	13,183	11,390	8,960
Depreciation	2,029	1,880	1,919	1,436	1,084
Other Income (inclusive of foreign exchange gain/loss)	4,573	5,361	5,272	3,975	4,423
Tax Expense	1,926	4,860	3,935	3,146	2,666
Profit After Tax (PAT)	5,398	15,985	12,601	10,782	9,633
EBITDA as a % of Revenue from Operations	7.29	24.95	17.88	16.27	14.13
PAT as a % of Revenue from Operations	8.23	22.97	17.09	15.40	15.19
US\$ Exchange Rate (In ₹)	75.79	73.79	70.62	69.13	64.93
As at March 31,	2022	2021	2020	2019	2018
Share Capital	3,599	3,972	3,838	4,199	4,456
Reserves and Surplus	62,746	87,947	70,284	69,333	66,318
Net Worth	66,345	91,919	74,122	73,532	70,774
Property, Plant and equipment and Other intangible assets	5,231	3,415	4,098	6,728	6,930
Cash Equivalents & Current Investments	45,960	68,776	43,899	37,450	32,981
Working Capital	31,950	57,041	33,906	27,578	21,518
No. of Shares (Face Value of ₹10.00)	26,773,324	29,040,724	29,040,724	29,040,724	29,040,724
Market Capitalisation	149,060	191,122	68,947	142,726	178,597
US\$ Exchange Rate (In ₹)	74.40	73.11	75.67	69.16	65.18
Ratios - per share					
Earning Per Share	0.19	0.58	0.43	0.37	0.32
Dividend Per Share	0.09	0.13	-	0.13	0.12
Book Value Per Share	2.43	3.14	2.73	2.53	2.44



DIRECTORS' REPORT

Dear Members,

We are pleased to present your Company's Thirty Third Annual Report, together with the Audited Statement of Accounts, for the year ended March 31, 2022.

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.

a) Consolidated Operations

Revenue from consolidated operations for the year was ₹497.19 crore, as compared to ₹513.53 crore in the previous year, a nominal decrease of 3%, despite worldwide disruptions caused by COVID. 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 ₹460.97 crore, against ₹385.41 crore in the previous year. The Operating Profit (EBITDA) was significantly lower at ₹36.22 crore, 7% of revenue, against ₹128.12 crore, 25% of revenue in the previous year. Profit after Tax for the year was at ₹40.91 crore, 8% of revenue, against ₹117.95 crore, 23% of revenue in the previous year.

Consolidated financial results are as below:

(₹ In crore)

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth (%)
Revenue From Operations	497.19	100.00	513.53	100.00	(3.18)
Expenses					
a) Employee benefit expense	394.09	79.26	330.55	64.37	19.22
b) Operating and other expenses	66.07	13.29	53.64	10.45	23.17
c) Finance costs (Bank charges)	0.81	0.16	1.22	0.24	(33.20)
Total Expenses	460.97	92.71	385.41	75.05	19.60
Operating Profit (EBITDA)	36.22	7.29	128.12	24.95	(71.73)
Depreciation	15.38	3.09	13.87	2.70	10.90
Operating Profit after Interest and Depreciation	20.84	4.19	114.25	22.25	(81.75)
Other Income	34.66	6.97	39.56	7.70	(12.38)
Profit Before Tax	55.50	11.16	153.81	29.95	(63.91)
Taxation	14.59	2.94	35.86	6.98	(59.30)
Profit After Tax	40.91	8.23	117.95	22.97	(65.32)
Other Comprehensive Income	(10.79)	(2.17)	1.90	0.37	(667.92)
Total Comprehensive Income for the year	30.12	6.06	119.85	23.34	(74.87)

b) Standalone Operations

Revenue from the standalone operations for the year was ₹448.06 crore against ₹454.36 crore in the previous year, a decrease of 1.39%. Total Operational Expense for the year was ₹412.04 crore against ₹333.04 crore in the previous year, an increase of 23.72%. Operating Profit (EBITDA) for the year was at ₹36.02 crore, 8% of revenue, against ₹121.32 crore, 26% of revenue, in the previous year. Profit after Tax for the year was at ₹42.10 crore, 9% of revenue, against ₹112.04 crore, 25% of revenue in the previous year.

Directors' Report

Standalone financial results are as below:

(₹ In crore)

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth %
Revenue from Operations	448.06	100.00	454.36	100.00	(1.39)
Expenses					
a) Employee benefit expense	335.88	74.96	277.47	61.07	21.05
b) Operating and other expenses	75.77	16.91	54.80	12.06	38.26
c) Finance costs (Bank Charges)	0.39	0.09	0.77	0.17	(49.44)
Total Expenses	412.04	91.96	333.04	73.30	23.72
Operating Profit (EBITDA)	36.02	8.04	121.32	26.70	(70.31)
Depreciation	13.23	2.95	11.43	2.52	15.73
Operating Profit after Interest and Depreciation	22.79	5.09	109.89	24.18	(79.26)
Other Income	34.07	7.60	36.63	8.06	(6.98)
Profit Before Tax	56.86	12.69	146.52	32.25	(61.19)
Taxation	14.76	3.29	34.48	7.59	(57.18)
Profit After Tax	42.10	9.40	112.04	24.66	(62.42)
Other Comprehensive Income	(11.18)	(2.50)	1.75	0.39	(738.86)
Total Comprehensive Income for the year	30.92	6.90	113.79	25.04	(72.83)

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 continued to be a global challenge, creating disruption across the world. The unexpected second wave hit India in April 2021. Significant number of Nucleites were also adversely affected in the second wave, including demise of some of our young colleagues despite significant efforts to save them. Your Company 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".

The team continued to work tirelessly through 2021-22 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 a list of doctors, Do's and Don'ts, Training videos, Early detection and monitoring guidelines, Work from home guidelines, Presentations and a monitoring tracker.
- The Task Force worked with several doctors extensively to get the necessary guidance for the creation of training material on the prevention and management of the disease. 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.
- Your Company also launched a free vaccination drive to ensure the safety and well-being of the associates and their families.

To keep up the true Nucleus spirit, Nucleus Day (Nuc-Day), Diwali 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. The social and economic challenges posed by COVID-19 have strengthened our resolve to safeguard our employees and their families.

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, 2022, as per financial statements are as under:

(₹ in crore)

Particulars	2022	2021
Opening balance	600.78	498.92
Add: Profit for the year	42.11	112.04
Less : Appropriations		
Interim dividend / Final dividend paid	(17.42)	(8.71)
Buyback of Equity shares 2021	(151.11)	-
Transaction tax on Buyback of Equity shares 2021	(32.40)	-
Remeasurement of the defined benefit plans, net	(8.27)	(1.47)
Closing balance	433.67	600.78

Directors' Report

4. SHARE CAPITAL

Issued and Paid-up Share Capital

During the year, the Company extinguished 2,267,400 equity shares in January 2022 consequent to Buyback of shares. Consequently, the Paid-Up Share Capital of the Company, as on March 31, 2022, is 26,773,324 equity shares of ₹10 each, as compared to 29,040,724 equity shares of ₹10 each as on March 31, 2021.

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, 26,720,482 shares (99.80%) are in dematerialized form as of March 31, 2022. 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 your Company 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/ Arbitrage schemes of mutual funds, preference shares and tax-free bonds of Public Sector Enterprises.

Cash and cash equivalents along with other bank balances including current investments at a consolidated level of ₹341.94 crore, constitute 69% of the shareholders' funds at the year end, against ₹502.82 crore, 75% of the shareholders' funds at the close of the previous year.

7. DIVIDEND

The Board of Directors at their meeting held on May 17, 2022 has recommended a Final Dividend for its shareholders. The Proposed Dividend is 70% (₹7 per equity share of ₹10 each), for FY 2021-22. The Proposed Final Dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting. If approved, the dividend pay-out for FY 2021-22 will be ₹18.74 crore.

The Register of Members and Share Transfer Books of the Company will be closed on July 2, 2022, to July 8, 2022 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for FY 2021-22, if approved by the members at the forthcoming Annual General Meeting.

8. BUY BACK OF EQUITY SHARES

The Board of Directors at their meeting held on September 24, 2021, approved, subject to the approval of regulatory authorities, shareholders, Companies Act 2013, the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended (the "Buyback Regulations") and such applicable acts or rules including amendments if any, a Buyback of up to an aggregate amount not exceeding ₹158.72 crore (representing 24.90% of the paid-up share capital and free reserves as on March 31, 2021) ("Maximum Offer Size") at a price not exceeding ₹700/- per equity share ("Maximum Buyback Price"), from the existing equity shareholders of the Company.

The Company bought back 2,267,400 equity shares, aggregating to 7.81% of the paid-up equity through the Tender Offer route at a price of ₹700 per equity share for an aggregate consideration of ₹158.72 crore.

The Buyback size was 24.90% of the aggregate Paid-up equity share capital and Free Reserves of the Company as per the audited standalone accounts for the financial year ended March 31, 2021. The Buyback process was completed, and the shares were extinguished on January 27, 2022. Further details/ documents relating to the Buyback are available on our website at <http://nucleussoftware.com/investors/>

9. 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.

10. 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.

Directors' Report

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

12. 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.

13. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR 2022 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.

14. CHANGE IN THE NATURE OF BUSINESS

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

15. 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.

16. REVIEW OF BUSINESS & OUTLOOK

The landscape of banking is fast evolving and with the COVID pandemic, the pace of this evolution has got accelerated. Adopting agile and right technologies at a quick pace has become the cornerstone for financial institutions (FIs) to meet demands of the increasing number of digitally savvy customers. Senior citizens, who used to insist on the non-digital banking methods a few years ago, are comfortable today with e-shopping and are better poised to make the progress to digital banking. FIs are facing challenges from new age companies that are blurring the space between finance and technology. Over the past year, your Company has helped more and more FIs meet their growing digitisation needs by providing products and services that are tailor-made to suit the new environment.

Your Company continues its journey to be a preferred partner for FIs worldwide, by empowering them with innovative services, pioneering products and above all, digital solutions that match their business needs. During the last fiscal year, your Company has grown across geographies driven by our market leading value proposition that is resonating with financial institutions across the globe. With more of our customers embarking on a digital journey, your Company is confident in its ability to deliver

value to all its customers.

Nucleus Software - Worldwide Presence



In addition to new orders, many of our customers choose to upgrade our installed products to our latest GA versions. This strengthens our product philosophy to serve our customers with latest technology and functional capabilities with each release. 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. Your Company, with its talent focussed on innovation, is aptly poised to seize opportunities that come up in the near future.

17. 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, your Company released FinnOne Neo 6.0 in July 2021 and FinnOne Neo 6.5 in January 2022. These releases now also support Bill Discounting, Cash Credit, Business Term Loan and Letter of Credit/Bank Guarantee.

Your Company also launched Payout Management System specialized in calculating payout of commission and incentive for collection agents.

As a part of the ongoing development program this year, your Company has launched the latest version of our Transaction Banking solution, FinnAxia 8.5, which enabled corporate to make informed decisions on their cash positions and banks to seamlessly provide integrated one stop secured solution to their corporate.

Supporting the increasing need for real-time operations, FinnAxia 8.5 enabled cash forecasting capabilities for banks' corporate clients and provides enriched MIS. Global payments solution enabled bank to leverage API to serve corporate with single stop solution platform, comply with central bank regulations on LEI (legal entity identifier) to regulate high value payments. Global receivables solution enabled bank to help corporate collect FCY inward payments, comply with NPCI DDI

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PGP encryption guidelines. The centralized control using virtual accounts enriched with faster reconciliation and provides an enhanced view of cash positions, hence eliminating trapped liquidity.

Dockerization capability of this launch provides capability to deploy FinnAxia application using Docker images. It will enable FinnAxia to be at par with technological advancement in application deployment.

PaySe™, our digital transformation solution, is the first product in India that has successfully completed the RBI Sandbox testing on retail payments. During the year, PaySe™ signed an agreement with Manipur State Rural Livelihood Mission (MSRLM) to digitize the entire SHG (Self Help Group) ecosystem. The SHG members, groups, village organizations and cluster level federations will be able to do micro-savings, repayments and other transactions digitally using PaySe. This eventually saves a lot of time and cost for these people, who earlier used to travel all the way to the bank located far away in order to do

a basic financial transaction.

18. NOTABLE ACCOLADES RECEIVED DURING THE YEAR

- Annual Report for the Year Ended March 31, 2021, won the Platinum Award for Excellence within the Technology-Software industry and Technical Achievement Award from League of American Communication Professionals (LACP). The Annual Report was also ranked 35th amongst the World's Top 100 Annual Reports within the Technology-Software industry by LACP.

19. 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, 2022:

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 A 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 Southeast 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 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.

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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.

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, 2022, is detailed below:

	Office Location	Area in sq. ft.	Seating Capacity
			No. of Persons
India	Noida	208,122	1,677
	Jaipur	22,312	250
	Pune	9,573	114
	Chennai	12,286	134
	New Delhi	4,200	40
	Mumbai	3,250	31
Overseas	Singapore	4,807	61
	Dubai, UAE	1,290	17
	Tokyo, Japan	735	15
	Manila, Philippines	102	3
	Jakarta, Indonesia	97	3
	London, UK	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 improve delivery quality through various analytical dashboards, process improvement initiatives and enabling business groups plan and perform causal analysis along with preventive and corrective actions.

Quality Processes and Frameworks were further aligned and institutionalised as per the PMBoK Knowledge Areas.

Transformation program for Project Management Development across organization is initiated along with global market leader with broader yet focused approach.

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

In FY 2021-22, your Company continued to grow and build its brand and presence through multiple marketing channels. We achieved brand visibility through thought leadership and product hegemony messages across various industry platforms. Your Company initiated and executed interactions with worldwide media like television, print, wires, online portals and exclusively sourced media opportunities in various geographies including Australia and our home country- India. Our product brands are well recognized as high-quality offerings with exceptional customer service. We are getting high quality leads from our target segments across the globe. This year, the focus and effort continue.

Industry Interactions

Communicating business benefits that our solutions offer, and decades of industry focus is vitally important. Keeping this in mind, during the year, our teams demonstrated our expertise and product offerings at key industry events, roundtables and briefings. We showcased our USPs and capabilities, virtually as well as physically in many parts of the world including UK, India, South-East Asia and the United States.

Some of the key industry connects of your Company during the year are furnished below:

- Was the Platinum Sponsor to BFSI, and FinTech Summit 2022 hosted by Dun & Bradstreet. This event brought together delegates at CXO levels from BFSI industry, senior officials from government ministries and policy makers.
- Presented topics like innovation in lending, data delivery architecture for BFSI, regulatory landscape and role of RegTech, accelerating digital lending with data & automation, at the "Fintech Festival Event of India" that was conducted in multiple cities across India. This event presented opportunities for global investors and global FinTech fraternity to venture into the Indian market. At this event we established our thought leadership & innovation principles.
- Participated in "FinTech Talents Lending 3.0", held in London, UK. The event hosted multiple talks related to future trends in lending and we observed that our view of future trends was aligned with all topics that were discussed among the industry experts.
- Participated in "Women in AI". This event recognizes the contribution of women in our industry. It provides wide range of opportunities to reach and support tech-savvy women and make a positive impact in India and globally.
- Participated in the "IBS Intelligence Payment and Lending

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Conference". It comprised of diverse topics like digitization, real-time payment services, cross-border lending, unconventional models on AI & big data analytic and emergence of BNPL model.

- Presented at the "DnB Virtual Boardroom Session" on the topic - Leverage Technology to Fuel Productivity. This webinar had CTOs, CIOs & IT heads as participants.
- Presented at the webinar co-hosted with our partner Denodo on the topic of "Redefining Banking Digital Transformation with Data Virtualization". We shared our thoughts on how BFSI sector can reap benefits such as achieving digital transformation, managed risks & costs, creating tangible business value through effective data virtualization approach.
- Participated in "DnB Virtual Round Table" to discuss the best data practices that drive business decisions.

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

None of the above would have been achieved without the Nucleite family's unending support and we look forward to surging ahead together.

23. HUMAN RESOURCE MANAGEMENT

In the ever-dynamic IT industry, we are certainly witnessing a much higher rate of change – both in terms of technological advancements as well as in people's needs. The pandemic has reshaped the way we work. Being an employee-centric organization, flexible work models have been extended to our people, keeping in view the business needs and employee preferences.

The industry has been in the middle of the great resignation wave and your Company was not an exception. However, we made many advancements to make both customers and employees secure and satisfied. To continue providing the best of services to our customers, we strengthened our workforce by on-boarding over 500 people. Specific focus was set on campus hiring through our NSBT (Nucleus School of Banking Technology) unit, to invigorate the workplace with high energy and fresh perspectives. Launched in 2010, NSBT continues to focus on providing world-class training, with offerings targeted at developing professionals in the area of Banking Technology. Talent is handpicked through a rigorous selection process, targeting tier 2/3 cities as well as some top institutes to create a diverse workforce. Since its inception, more than 2,500 young minds have seamlessly blended into the Nucleus culture and have been nurtured to perform at their best. The global permanent employees of the Company, at the end of FY 2022, was 1,508.

Learning and Development.

"Lifelong learning" has been the mantra of your Company that gives us the strength to adapt to rapid changes. Your Company

encourages people to focus on their development, enhance their skills, and take charge of their growth by continued learning. Your Company offers a comprehensive package of learning and development opportunities like programs in technology, processes, functional domain, our products, and leadership training. Additionally, programs from premier institutes in India as well as those of international repute can be chosen.

Our online learning platform iLearn, powered by Skillsoft, was enriched with 10,000+ courses to help people hone their business skills, technology, and leadership skills. It encourages people to make progress through "Career Aspire" journeys and key industry certifications. The leadership courses in this platform are curated by MIT Sloan Management Review. This platform provides various topics ranging from Leading Organizational Vision and Leading a culture of execution to think strategically. In addition, a leadership assessment and development program was initiated last year. The assessment design is based on Nucleus Values and Competency Framework.

Focus on leadership development for young leaders and mid-level managers continued through our flagship programs – LEAD (Leadership Engagement Action & Development) and YLP (Young Leaders Program). These programs have contributed immensely towards building the organizational culture, individual effectiveness, and leadership competencies.

For strengthening the 3 P's: Project, Program, and Portfolio Management capabilities, your Company launched a program for our leaders in association with QAI Global, which comes with 35 years of Thought Leadership in these areas globally.

Your Company is proud of its performance-based culture, driven by focused goal setting, clear job description and career development opportunities for all. As we move ahead, the HR roadmap will also focus on refining the goal setting process aligned to the OKR model of setting objectives and key results.

24. CORPORATE GOVERNANCE

Your Company believes that good and effective Corporate Governance is critical to achieve corporate vision and mission of the organization on a sustainable basis; 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" which 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,

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confirming compliance of the conditions of Corporate Governance, is provided as Annexure C to this Directors' Report. The auditors' certificate for fiscal year 2022 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 Mrs. 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.

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.

Mrs. Yasmin Javeri Krishan was appointed as Independent Director w.e.f. July 30, 2020, for a period of 5 years. Her present term expires on July 29, 2025.

Mr. S. M. Acharya was reappointed as Independent Director of the Company w.e.f. March 19, 2021, for a term of 5 years which will expire March 18, 2026.

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.

Dr. Ritika Dusad was appointed as Whole Time Director w.e.f. August 7, 2020, for a period of 5 years. Her present term will expire on August 6, 2025.

Mr. Anurag Mantri was appointed as Whole Time Director w.e.f. December 19, 2020, for a period of 5 years. His present term expires on December 18, 2025.

Mr. Vishnu R. Dusad was reappointed as Managing Director w.e.f. January 1, 2022, for a period of 5 years. His present term expires on December 31, 2026.

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

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr. Vishnu R. Dusad, Managing Director, Mr. 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. Anurag Mantri, Executive Director and Dr. Ritika Dusad, Executive Director, whose office are 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.

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,

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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.

The Composition of Board Committees as on March 31, 2022, is as follows:

	Audit Committee	Nomination & Remuneration / Compensation Committee	Stakeholder Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee	Culture Committee	Buy Back 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				✓	✓	✓	✓
Mr. Anurag Mantri					✓		✓

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 12 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

During the year, the Board of Directors of the Company has formed a Risk Management Committee. to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness

There are seven Committees of the Board as on March 31, 2022, as follows:

- Audit Committee
- Nomination and Remuneration/Compensation Committee
- Stakeholder Relationship Committee
- Corporate Social Responsibility Committee
- Culture Committee
- Risk Management Committee
- Buy Back 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.

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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

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 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 further term of one year. This term was subsequently amended for a period of 5 years, by shareholders' resolution approved vide Postal Ballot on January 13, 2022.

As per Company Policy for Rotation of Statutory Auditors, the auditors shall have a maximum tenure of 6 years. Based on Company's Policy for Rotation of Auditors, M/s BSR & Associates, LLP, chartered accountants, vide their letter dated 12 May 2022 tendered their resignation as Statutory Auditors of the Company with effect from conclusion of the Board meeting on May 17, 2022, wherein the results for the quarter and financial statements for year ended 31 March 2022 were approved.

The Board of Directors on the recommendation of Audit

Committee, at its meeting held on May 17, 2022, has recommended the appointment of M/s ASA & Associates LLP (Firm Registration Number – 009571N/N500006) as the Statutory Auditors of the Company in place of M/s BSR & Associates LLP. The Board has recommended this appointment, for the approval of shareholders at the ensuing Annual General Meeting. The said appointment is pursuant to applicable provisions of the Companies Act 2013 and the SEBI Listing Regulations, 2015. M/s ASA & Associates LLP, Chartered Accountants (Registration no. 009571N/N500006) vide their consent letter dated May 14, 2022, have confirmed their eligibility for appointment.

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 PI 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 had set up Nucleus Software Foundation (NSF), a Trust for the purposes of undertaking CSR activities of the Company, in 2014 as a Section 25 Company with the mission: "Empowering underprivileged with essence of education and thereby better livelihood and better life".

Directors' Report

This year your Company's CSR arm continued with the strategy followed during last year. Online methodologies of teaching started last year formed the mainstay during difficult times and later direct forms of teaching was utilised when it became possible to reach out to them.

The main focus remained Education i.e., prevention of learning loss in early childhood education. The second wave of COVID was the worst part of this pandemic and lead to immense trauma to families and especially young students. Since our partners had permissions to reach out to families, they visited families and kept a check on children and assisted them in keeping a basic touch with education by motivating and mentoring them, our online quizzes and workbooks helped them in keeping some educational activities alive even in very difficult times.

NSF took initiatives to teach in village areas of Barola, Sadarpur and Navada (Noida, Uttar Pradesh). NSF facilitators searched for children who had no support to continue their education and taught them at their homes and at convenient open areas. In this manner the team was able to prevent learning losses of around 760 students.

NSF continued the support to an NGO school "Samriddhi" managed by Sandeepon music and educational trust (located in Ghaziabad, Uttar Pradesh). They continued online support to their students through online means during days when center-based teaching was not allowed, and they later started calling children at staggered timings and started assisting them through strategic handholding, online teaching and homework assignments which was checked at the center.

At Dehradun, the NSF implementing partner remained active even during the worst days of pandemics and assisted people with basic medical awareness and government helps. They reached out to children during times when center-based studies were not allowed and gave them homework and helped them use our online resources.

When operations at centres were allowed, NSF team started reaching out to these children formally and continued the educational program in a more rigorous manner. The support to a group of students from the same catchment area was continued by NSF for their polytechnic studies. This year most of their studies was online so the team kept them motivated and pushed them to go an extra mile to keep gaining the needed skills.

At Chennai, NSF partner continued with their women empowerment program of training for tailoring and embroidery. The team trained around 100 plus women in these courses and moved them towards a path of financial independence. This program has a lot of engagement with employees of Nucleus Chennai office. NSF also assisted 23 families of a tribal village by giving them boats and nets which enabled them to do fishing and move on to a path of long-term financial independence.

NSF continued the support to the college students whom it had started supporting for their college studies at Chennai. The team also assisted in the running of 4 learning centres at 4 different villages in Chennai suburbs to prevent learning losses of young students.

The remedial program of Maths and English was launched for a large number of Adivasi children at Madhya Pradesh through NSF partner organisation "Parivaar." They were on an expansion spree to reach out to the most marginalised

children of the state, and we partnered them to increase their educational quality and take our program to these children. NSF trainers trained the Kutir (Learning Center) teachers and their coordinators, through on ground trainings and online trainings. NSF distributed 660 Kits of Maths teaching aids and 280 kits of English Teaching aids to assist in their studies. The team was able to reach out to around 30,000 students of these 13,500 were within measurable focus.

Towards the last point of the year, NSF team took the educational quality improvement program to a group of affordable school at Bhilai. The team trained 56 teachers from 25 schools there.

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 is also 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, 2022	—
(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, 2022	—

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)

Directors' Report

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:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors had prepared the annual accounts on a going concern basis.
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by the management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2021-22.

43. EXTRACT OF ANNUAL RETURN

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

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

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

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

48. 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

Sd/-
Vishnu R Dusat
Managing Director

Sd/-
Elaine Mathias
Independent Director

Date: May 17, 2022
Place: Noida

Date: May 17, 2022
Place: Bengaluru

ANNEXURES TO THE DIRECTORS' REPORT

- | | |
|-------------------|--|
| Annexure A | Salient features of the financial statement of subsidiaries in Form AOC-1 |
| Annexure B | Particulars of contracts or arrangements with related parties in Form AOC-2 |
| Annexure C | Certificate by Statutory Auditors confirming compliance of the conditions of Corporate Governance |
| Annexure D | Policy for Constituion 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 -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.

Annexure B

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 2021-22 which were not at arm's length.

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

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

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

For and on behalf of the Board of Directors

**Sd/-
Vishnu R Dusad
Managing Director**

**Date: May 17, 2022
Place: Noida**

**Sd/-
Elaine Mathias
Independent Director**

**Date: May 17, 2022
Place: Bengaluru**

Annexure C

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI

(Listing obligations and disclosure requirements) regulations, 2015 to the members of Nucleus Software Exports Limited)

TO THE MEMBERS OF NUCLEUS SOFTWARE EXPORTS LIMITED

This certificate is issued in accordance with the terms of our engagement letter dated 25 April 2022.

We have examined the compliance of conditions of Corporate Governance by Nucleus Software Exports Limited ("the Company"), for the year ended 31 March 2022, 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 Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2022.

We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

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

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

Place: New Delhi
Date : 17 May 2022

Sd/-
Girish Arora
Partner
Membership Number: 098652
UDIN: 22098652AJCIKG2000

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 Listing Regulations 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 Regulations 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:
 - Qualifications, experience and skills;
 - Potential contribution the candidate can bring to the Board;
 - The time the candidate can give for Board work;
 - The extent of independence that can be exercised by the candidate being considered to act as an Independent Director; and
 - 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;

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.

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.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For and on behalf of the Board of Directors

Sd/-
Vishnu R Dusad
Managing Director

Date: May 17, 2022
Place: Noida

Sd/-
Elaine Mathias
Independent Director

Date: May 17, 2022
Place: Bengaluru

Annexure E

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

A. OBJECTIVE

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

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

B. DEFINITIONS

1. **"The Policy"** means Remuneration Policy for Board Members, Key Managerial Personnel and other Employees.
2. **"The Board"** means Board of Directors of the Company.
3. **"The Act"** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
4. **"The Committee"** means the Nomination and Remuneration / Compensation Committee of the Company as constituted by the Board, in accordance with the Act and applicable listing 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 the Listing Regulations, 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.

In case of any amendment(s), clarification(s), circular(s)etc. issued by the relevant authorities not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For and on behalf of the Board of Directors

Sd/-
Vishnu R Dusad
Managing Director

Date: May 17, 2022
Place: Noida

Sd/-
Elaine Mathias
Independent Director

Date: May 17, 2022
Place: Bengaluru

Annexure F

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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
(L74899DL1989PLC034594)

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"**). 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.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, 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 March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and as applicable to the Company, 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 made available to us and maintained by the Company for the financial year ended on March 31, 2022 as mentioned 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;
- (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, 2018; *(Not applicable to Company during the Audit period)*
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; *(No event took place under these Regulations during the period under review)*
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; *(Not applicable to the Company during the audit period)*
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; *(Not applicable to the Company during the audit period)*
 - h. The Securities and Exchange Board of India (Buy - back of Securities) Regulations, 2018;
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

- I. 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 Companies Act, 2013.
- II. Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, if any and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- III. Majority decision were carried through and there were no instances where any director expressing any dissenting views.

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.

Matter of Emphasis

We noted that during the period under review, the Company has re-appointed its Statutory Auditor, M/s BSR & Associates LLP, in its 32nd Annual General Meeting held on July 23, 2021 for a period of 1 (one) year which ought to be re-appointed for a period of 5 (five) years in terms of section 139 of the Companies Act, 2013. Consequently, the Company extended the tenure of the Statutory Auditor to 5 (five) years with the approval of shareholders through postal ballot which was passed on January 13, 2022.

We further report that during the audit period, the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

- i. The Company bought back 22,67,400 (Twenty-Two Lakh Sixty-Seven Thousand Four Hundred) fully paid-up equity shares of face value of ₹10/- (₹ Ten only) each ("Equity Shares"), on a proportionate basis, through the tender offer route as prescribed under the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

**For PI & Associates,
Company Secretaries**

**Sd/-
Partner
(Nitesh Latwal)
ACS No.: A32109
C P No.: 16276
UDIN: A032109D000305118
Peer Review No.: 1498/2021**

Date: May 17, 2022

Place: New Delhi

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

“Annexure A”

**To,
The Members,
Nucleus Software Exports Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. 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.
2. 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Compliance Certificate/Management Representation Letter about the compliance of laws, rules and regulation and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For PI & Associates,
Company Secretaries**

**Sd/-
Partner
(Nitesh Latwal)
ACS No.: A32109
C P No.: 16276
UDIN: A032109D000305118
Peer Review No.: 1498/2021**

Date: May 17, 2022

Place: New Delhi

Annexure G

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	Mrs. Yasmin Javeri Krishan	Chairperson, Independent Director	2	2
2	Prof Trilochan Sastry	Independent Director	2	2
3	Mr. S. M. Acharya	Independent Director	2	2
4	Mr. Parag Bhise	CEO & Executive Director	2	2
5	Dr. Ritika Dusad	Executive Director	2	2

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.

Web-link of Composition of CSR committee, CSR Policy and CSR projects is : <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).

Not Applicable to the Company, however the Company along with Nucleus Software Foundation has been conducting on voluntary basis internal 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) : ₹101.51 crore

7. (a) Two percent of average net profit of the company as per section 135(5): ₹2.03 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) : ₹2.03 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.	Date of transfer.	Name of the Fund	Amount (₹ in crore)	Date of transfer.
2.03	-	-	NA	Nil	NA

(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 Noida (Yes)/ Other (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	Teacher's trainings for remediation	2	No	MP, Uttarakhand, UP	Noida, Dehradun, Dewas, Sehore, Mandla, Chhindwara, Sheopur	2 years	0.52	0.52	-	Yes	Nucleus Software Foundation	CSR00013556
							0.52	0.52				

(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).	State.	District.	Amount spent for the project (₹ in crore).	Mode of implementation Direct (Yes/No).	Name.	Mode of implementation – Through implementing agency. CSR registration number.
1	Education of Underprivileged	2	No	Maharashtra	Mumbai	0.10	No	Save the children Inda (Viplaa Trust)	CSR00000158
2	Assistance in Medical care of underprivileged	2	No	Maharashtra	Ahmednagar	0.14	No	Snehalaya trust	CSR00001248
3	Assistance in Medical care of underprivileged	2	No	Chhattisgarh	Bhilai	0.04	No	Sewa Bharti	CSR00025284
4	Education of underprivileged	2	No	MP	Bhopal	0.02	Yes	Nucleus Software Foundation	CSR00013556
5	Remedial studies	2	Yes	UP	Noida	0.14	No	Sandeepon music and educational trust	CSR00025187
6	Education of underprivileged	2	Yes	UP	Ghaziabad	0.23	No	Sandeepon music and educational trust	CSR00025187
7	Remedial studies	2	No	Uttarakhand	Dehradun	0.15	No	Mountains children foundation	CSR00002578
8	Scholarships for underprivileged and kids of Martyrs	2	No	UP	Ghaziabad, Moradabad, Lucknow, Unnao, Meerut	0.11	Yes	Nucleus Software Foundation	CSR00013556
9	Women empowerment	2	No	Tamil Nadu	Chennai	0.29	No	Sevai Karangal	CSR00020375
10	Education of underprivileged	2	No	Madhya Pradesh	Sehore and Dewas	0.29	No	Paarivar	CSR00000052
	Total					1.51			

(d) Amount spent in Administrative Overheads : ₹ 0.004 crore

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 2.03 crore

(g) 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)	2.03
(ii)	Total amount spent for the Financial Year	2.03
(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 crore)	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	
1.	2020-21	0.06	0.06	Nil	Nil	Nil	Nil

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

(1) Sl. No.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (in crore)	(7) Amount spent on the project in the for the preceding Financial Year (in crore)	(8) Cumulative amount spent at the end of reporting Financial Year. (in crore)	(9) Status of the project -Completed / Ongoing.
1.	Teacher's trainings for remediation	2020-21	2 Years	1.00	0.06	1.00	Completed

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) : NA

Sd/-
 Vishnu R Dusad
 Managing Director

Date: 17 May, 2022
 Place: Noida

Sd/-
 Yasmin Javeri Krishan
 Chairperson CSR Committee

Date: 17 May, 2022
 Place: Singapore

Annexure H

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

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

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

Independent directors	Ratio to median remuneration (FY22)
Mr. S.M. Acharya	2.79
Mr. Prithvi Haldea	3.16
Mrs. Elaine Mathias	3.14
Prof. Trilochan Sastry	2.03
Mrs. Yasmin Javeri Krishan	2.98

Executive directors	Ratio to median remuneration (FY22)
Mr. Vishnu R. Dusad	6.88
Mr. Ravi Pratap Singh	10.09
Mr. Parag Bhise	19.97
Dr. Ritika Dusad	4.21
Mr. Anurag Mantri	12.33

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

Name	Designation	Remuneration in fiscal 2022 (in ₹)	Remuneration in fiscal 2021 (in ₹)	No. of stock options / RSUs granted in fiscal 2022	% increase of remuneration in 2022 as compared to 2021	Excl. WTD Ratio of remuneration to MRE	Incl. WTD		Ratio of remuneration to	
							Ratio of remuneration to MRE and WTD	Revenues (fiscal 2022)	Revenues (fiscal 2021)	Net Profit (fiscal 2022)
Mr. Vishnu R. Dusad	Managing Director	7,978,800	6,319,300	Nil	26.26	6.90	6.88	0.18	0.14	1.90
Mr. Ravi Pratap Singh	Whole-time Director	11,707,073	26,021,554	Nil	(55.01)	10.12	10.09	0.26	0.57	2.78
Mr. Parag Bhise	Whole-time Director & CEO	23,165,304	18,809,652	Nil	23.16	20.02	19.97	0.52	0.41	5.50
Dr. Ritika Dusad	Whole-time Director	4,882,572	2,963,168	Nil	64.78	4.22	4.21	0.11	0.07	1.16
Ms. Poonam Bhasin	Company Secretary	5,232,469	4,325,269	Nil	20.97	4.52	4.51	0.12	0.10	1.24
Mr. Anurag Mantri	Whole-time Director & CFO	14,306,822	-	Nil	-	12.36	12.33	0.32	-	3.40

RSU - Restricted Stock Units

WTD - Whole-time Director

MRE - Median Remuneration of Employees

(2) Remuneration paid to Independent Directors

(Amount in ₹)

Name of the Director	Remuneration in fiscal 2022	Remuneration in fiscal 2021	Number of Stock Options/ RSU's granted in fiscal 2022	% increase of remuneration (2022 over 2021)
Mr. S.M. Acharya	3,240,000	3,291,060	-	(2%)
Mr. Prithvi Haldea	3,660,000	3,371,060	-	9%
Mrs. Elaine Mathias	3,640,000	3,451,060	-	5%
Prof. Trilochan Sastry	2,360,000	3,291,060	-	(28%)
Mrs. Yasmin Javeri Krishan	3,460,000	2,118,300	-	63%

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 ₹ 1,157,173/- and ₹839,889/- in fiscal 2022 and fiscal 2021 respectively. The increase in MRE (excluding WTDs) in fiscal 2022, as compared to fiscal 2021 is 37.78%.

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹1,160,062 /- and ₹842,044/- in fiscal 2022 and fiscal 2021 respectively. The increase in MRE (including WTDs) in fiscal 2022, as compared to fiscal 2021 is 37.77%.

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

The number of permanent employees (Global) on the rolls of the Company as of March 31, 2022 and March 31, 2021 was 1,508 and 1,850 respectively.

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

The average annual increase was in the range of 26.27 percent in India. The increase in remuneration is in line with the market trends . Increase in the managerial remuneration for the year is under consideration as on date.

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

Sd/-
Vishnu R Dusad
Managing Director

Date: May 17, 2022
Place: Noida

Sd/-
Elaine Mathias
Independent Director

Date: May 17, 2022
Place: Bengaluru

Annexure I

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. As part of our 6 monthly release plan, we released FinnOne Neo 6.0 in July 2021 and FinnOne Neo 6.5 in January 2022.

Release Highlights
Bill Discounting
Cash Credit
Business Term Loan
Letter of Credit/Bank Guarantee
Skip Tracing Workflow
VAP addition during loan servicing
Covenant Management
OCR for KYC Document
Credit Card Limit Enhancements
Share Sale
Auto Closure of Bills at maturity
Map Based Delinquent case allocation
Weekly/Bi-weekly support for paylater loans

FinnAxia™

The FinnAxia™ suite offers an enterprise solution for the Transaction Banking operations of corporate banks. During the year we released FinnAxia 8.5 in September, 2021

Release Highlights
Global Payments v8.5
– 27 APIs on Payment Initiation (STP & NSTP), Authorization – LEI - Legal entity identifier to control high value payments
Global Receivables v8.5
• e-Mandate regulatory updates • NACH PGP Encryption • FCY ITT
E-FSCM v6.0
• Invoice cancellation API (STP /NSTP) • Interest posting enhanced to include Quarterly frequency
Virtual Account Management v2.5
• API – VA modification • Invoice reconciliation enhanced to support VA • VA enabled in bill collection / fund segregation
Digital Compass v7.5
• Cash board enhanced for ease of reference to preferred information • Cash Forecasting – Payables & Receivables

With real time being the order of the day, it's equally important that the technology solutions provide secured experience to corporate and enable banks to comply to central bank's guidelines. To provide real time visibility of transactions, one stop solution through real time integration is necessary. APIs provides the framework for bank to support in this area. Our release this year built on these business needs.

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 on standalone basis

The Company has in house R&D unit located in the corporate office in Noida, The R&D expenditure for FY 2022 and FY 2021 is as follows:

(₹ in crore)

For the Year ended March 31,	2022	2021
Revenue expenditure	35.56	39.70
R&D expenditure/Total revenue	7.94%	8.74%

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 2022 foreign exchange earnings from software products and services were at ₹233.09 crore, 52% of revenue against ₹259.71 crore, 57% of revenue in FY 2021

2. Foreign Exchange Earned and Used

(₹ in crore)

For the Year ended March 31,	2022	2021
Foreign Exchange earnings		
from software development of products and services	233.09	259.71
from dividend and interest income	-	-
Foreign Exchange outgo (Including capital goods)	41.73	28.33

**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

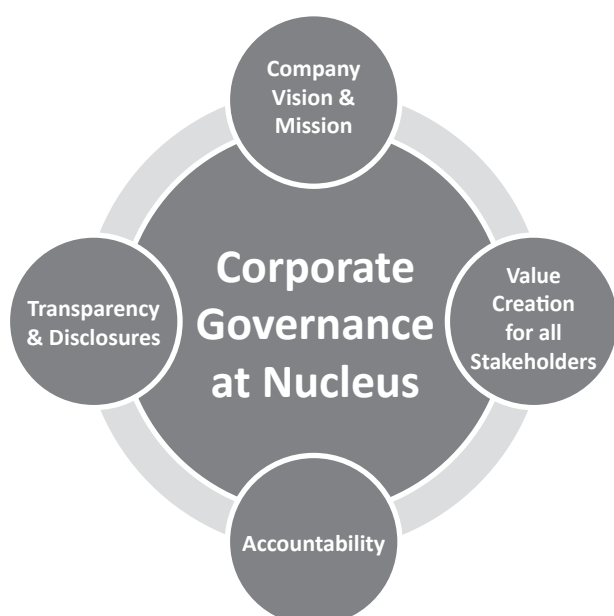
Nucleus has a strong legacy of fair, transparent and ethical governance practices. We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation.

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, 2022, 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. There are no inter-se relationships between our Board members. The Company does not have any pecuniary relationship with any of the non-executive directors

Composition of the Board as on March 31, 2022:

Name of Director	Position	Age in years
Mr. S.M. Acharya (DIN 00545141)	Non-Executive, Chairman, Independent Director	73
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	65
Dr. Ritika Dusad (DIN: 07022867)	Executive Director	32
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	71
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	68
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	62
Mr. R. P. Singh (DIN 00008350)	Executive Director	59
Mr. Parag Bhise (DIN 08719754)	Executive Director & CEO	56
Mr. Anurag Mantri (DIN 09002894)	Executive Director & CFO	52
Mrs. Yasmin Javeri Krishan (DIN 08801422)	Non-Executive, Independent Director	62

Table 1

Report on Corporate Governance

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

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

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

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

Mr. Vishnu R. Dusad, Managing Director

Mr. Vishnu R Dusad is 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 was also 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, he 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. Prithvi Haldea, Independent Director

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

In 1989, Mr. Haldea founded PRIME Database, the country's first and still the only database on the primary capital market. PRIME has a large subscriber base and is widely reported by the media. Spreading over more than 3 decades, 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 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 Member of SEBI Primary Market Advisory Committee, 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,

Report on Corporate Governance

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. Mr. Haldea was also on the boards 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 was also the founder-advisor of Invest India Foundation, Superbrands and Manupatra.

Mr. Haldea has been a visiting faculty at several institutions, including Masscom 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 7,10,000 entities, 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.msmentor.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 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.

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 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,

Report on Corporate Governance

Social Entrepreneurship and Operations Research. Prof. Trilochan Sastry joined the Board 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 or 'RP' started his career with Nucleus Software as a summer trainee in 1986 and grew with the company to become the Chief Executive Officer in 2018. He saw Nucleus Software transform from a 10 member startup to becoming a pioneer in software products in India with its leading Lending platform, FinnOne, having over 200 customers across 50 countries. He retired as CEO in 2021 and continues on the Board.

He held multiple key roles during the period.

As Global Delivery Head, he drove the operation with an intense focus on customer delight ensuring business value gets delivered to each customer. His areas of expertise include Global Business, Technology, Strategy and Planning, Technology, Governance and Sales and marketing.

Being a natural mentor and a technocrat of high caliber himself, he 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. Today, NSBT is key to campus onboarding and talent development at Nucleus.

As Product head, he led the strategic initiative to re-build and re-architect the 15 year old Nucleus products. The renewed Cloud-ready FinnOne NEO is already a leader in India with over 50 Financial Institutions deriving value. He feels this was his most challenging responsibility.

As CEO, his key focus was to strengthen the core values at Nucleus as it expanded and to build a learning organization.

RP did his graduation in Economics from Shri Ram College of Commerce before doing his Post Graduation in Computer Applications. He is an alumni of Harvard Business School, completing the General Management Program (GMP) in 2014.

He is an outdoors man, into adventure activities, photography and an ardent golfer.

He joined the Board of Nucleus Software Export Ltd. in July 2014. He is also on the Board of Nucleus Software Ltd.

Mr. Parag Bhise, Executive Director & CEO

Mr. Parag Bhise, CEO, has been a transformational leader and has successfully led Nucleus Software through one of its toughest years. His grounding of three decades of experience in leveraging technology to solve business problems has been instrumental in our growth journey. His vision for taking the company forward is to focus on Operational Excellence in all domains, to continue providing greater and greater value to our customers and expand our market reach.

Throughout his career, he has been responsible for a range of areas – including software development, delivery and quality assurance. As a result he has brought a unique perspective to ensuring that our products are high quality, resilient and future proofed. He has spent considerable time in global markets like Japan, Indonesia and Saudi Arabia, and has thus brought in best practices from different countries to build our products. Incidentally, Nucleus's first initiative of creating, selling and implementing a lending product was led by Mr. Bhise in Indonesia in the early 90s.

A strong advocate of life-long learning and continuous improvement he has completed MIT's Professional courses in Digital Transformation and 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. During his most recent role in the company as EVP Product Engineering, he has been responsible for ensuring that our flagship products – FinnOne Neo and FinnAxia – are developed using the latest technologies and techniques. He joined the Nucleus Board on March 16, 2020.

Dr. Ritika Dusad, Chief Innovative Officer & 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 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. In her role as Chief Innovation Officer at Nucleus, she has been driving initiatives in marketing, recruitment, women empowerment as well as strategy.

She joined the Nucleus Board in July 2016 as a Non-Executive Director and was appointed as an Executive Director in August 2020.

Mrs. Yasmin Javeri Krishan, 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

Report on Corporate Governance

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. For the past 2 years, she served 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, Executive Director & CFO

Mr. Anurag Mantri started his career with Nucleus Software in 1994 and today leads the Company's Services Business as well as Cloud Technology Business. In addition to providing executive oversight to Customer Engagements and expanding the business to cover new geographies, he is also responsible for the championing the strategy of both Services and Cloud Businesses. Anurag also leads the SEPG & SQA functions at Nucleus Software.

While working with Nucleus, Anurag has managed complex global and regional business transformation programs and Cutting Edge Digital Transformation Initiatives. Anurag has also managed the Global Customer care Centre of Excellence for Transaction Banking and also led sales for Nucleus's flagship products FinnOne Neo and FinnAxia in South East Asia. Anurag is a post graduate in Statistics from prestigious Banaras Hindu University (BHU) and holds his second post-graduate degree in Computer Science, again from BHU.

Anurag strongly believes in continuously delivering certainty and delight to his customers. Anurag has joined the Board in December 2020. His areas of expertise include Business Transformation and Spawning Business Leaders.

He joined the Board of Nucleus Software Export Ltd. in December 2020 as an Executive Director and also appointed as Chief Financial Officer of The Company.

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 PI & 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 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.

Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

d) Familiarization Programmes for Board members

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

Report on Corporate Governance

- 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, Quality Assurance, Cyber Security Update 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.

g) 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

Report on Corporate Governance

h) 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 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 conducted the evaluation process of 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 year 2022 has been completed.

i) 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 2021 to March 2022

(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	-	-	-	800,000	2,440,000	3,240,000
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	7,500,000	450,000	28,800	-	-	7,978,800
Mr. Prithvi Haldea	Non-Executive, Independent Director	-	-	-	800,000	2,860,000	3,660,000
Mrs. Elaine Mathias	Non-Executive, Independent Director	-	-	-	800,000	2,840,000	3,640,000
Prof. Trilochan Sastry	Non-Executive, Independent Director	-	-	-	800,000	1,560,000	2,360,000
Mr. R. P. Singh	Executive Director	11,247,473	420,000	39,600	-	-	11,707,073
Dr. Ritika Dusad	Executive, Director	4,589,616	292,956	-	-	-	4,882,572
Mr. Parag Bhise	Executive Director & CEO	22,173,601	952,103	39,600	-	-	23,165,304
Mrs. Yasmin Javeri Krishan	Non-Executive, Independent Director	-	-	-	800,000	2,660,000	3,460,000
Mr. Anurag Mantri	Executive Director & CFO	14,306,822	-	-	-	-	14,306,822
Total		59,817,512	2,115,059	108,000	4,000,000	12,360,000	78,400,571

Table 2

Report on Corporate Governance

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, 2022.

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, 2026.
2. Mr. R. P. Singh, Executive Director - for a period of 5 years that will expire on July 25, 2024.
3. Mr. Anurag Mantri, Executive Director - for a period of 5 years that will expire on December 18, 2025.
4. Dr. Ritika Dusad, Executive Director - for a period of 5 years that will expire on August 06, 2025.
5. Mr. Parag Bhise, Executive 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, 2022. 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 year 2022.

Details of Equity Shares held by Non- Executive Directors as on March 31, 2022

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	-
Mrs. Yasmin Javeri Krishan	Non-Executive, Independent Director	-

Table 3

j) Memberships of other Boards

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

The number of other Directorships and Chairmanship/ Memberships of Committees held by each of the Director as on March 31, 2022 is mentioned in the table below:

Report on Corporate Governance

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	1	7	1	1	1	-
Dr. Ritika Dusad	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	2	-	-	1	-
Mr. Parag Bhise	Executive Director	None	-	1	-	-	-	-
Mrs. Yasmin Javeri Krishan	Independent Director	None	-	1	-	-	1	-
Mr. Anurag Mantri	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.

k) 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

(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.

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(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 2021-22

- 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 2021-22, Twelve Board meetings were held by your Company and the maximum gap between two Board meetings during the year was less than 120 days.
- The dates on which the Board meetings were held during FY 2021-22, and the attendance record of the members in these meetings is provided in a table.

Name of Directors	Board Meetings held on 2021-22											
	01 May 2021	03 June 2021	17 June 2021	28 June 2021	23 July 2021	12 August 2021	14 September 2021	24 September 2021	12 November 2021	04 December 2021	12 January 2022	07 February 2022
Mr. S. M. Acharya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x
Mr. Vishnu R Dusad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Ritika Dusad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof Trilochan Sastry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. R. P. Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Parag Bhise	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Yasmin Javeri Krishan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Anurag Mantri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Table 5

- Four 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 of the meeting are circulated for their comments.

- The final minutes are entered in the Minutes Book

and signed by the Chairman within 30 days from the conclusion of each meeting.

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

- the names of the Directors present at the meeting; and
- in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring with the resolution.

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

(viii) Compliance

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

(ix) Action Taken Report

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

Report on Corporate Governance

I) 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, Risk management 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, 2022 had seven committees. Out of seven, one Buyback Committee formed during the year dissolved in May 2022. The Composition of the Board Committees is as follows:

	Audit Committee	Nomination & Remuneration / Compensation Committee	Stakeholder Relationship Committee	Corporate Social Responsibility Committee	Culture Committee	Risk Management Committee	Buyback 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				✓	✓	✓	✓
Mrs. Yasmin Javeri Krishan	✓			✓		✓	
Mr. Anurag Mantri						✓	✓

Table 5

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.

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

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

Report on Corporate Governance

- 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 ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments

Following information is required to be mandatory reviewed by Audit Committee

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

Additional responsibility of the Chairman of the Audit committee

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

Report on Corporate Governance

Powers of the Audit committee

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

(iii) Composition of the Audit Committee and Meetings Held during FY 2021-22

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 14 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 less than 120 days).

The Composition of the Audit Committee as on March 31, 2022 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	14	14
Mr. S.M Acharya	Non-Executive, Independent Director	14	13
Mr. Prithvi Haldea	Non-Executive, Independent Director	14	14
Mrs. Yasmin Javeri Krishan	Non-Executive, Independent Director	14	14

Table 7

The Chairperson of the Audit Committee was present at the previous year Annual General Meeting held on July 23, 2021 to answer shareholders' queries.

In addition to the members of the Audit Committee, the Chief Financial Officer, Internal Auditor, Statutory Auditors and other executives attend the meetings of the Committee upon invitation. Necessary information such as Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions submitted by the management, management letters, internal audit reports relating to internal control weaknesses as per the requirement of law, are reviewed by the Committee. This ensures that we make timely disclosures and share accurate information regarding our financials and performance with the audit Committee

The Audit Committee provides periodic feedback and reports to the Board

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

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

b) Nomination and Remuneration/Compensation Committee

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

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

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

This Committee is responsible for:

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

Report on Corporate Governance

- 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 certain Key positions and regularly reviewing the plan
- o Reviewing succession plans for the senior management
- o Reviewing and Formulate Employee Stock Option Plan (ESOP)
 - Determine terms and conditions of ESOP plan, eligibility criteria, grant of options, vesting and exercise of options and such other adjustments in case of Corporate actions
 - Review the design of and approve the Company's other benefit plans (including retirement, medical and other employee benefit and perquisite plans)
 - Perform such functions as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('ESOP Regulations') and its amendments, if any
- o Carrying out any other function as is mandated by the Board from time to time and / or is enforced by any statutory notification, amendment or modification, as may be applicable.

(ii) Composition of the Nomination and Remuneration/ Compensation Committee and Meetings Held during FY 2021-22

Prof. Trilochan Sastry is the Chairman of the Nomination and Remuneration / Compensation Committee. As of March 31, 2022, 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.

(iii) The Composition of the Nomination and Remuneration/ Compensation Committee (NRC) as on March 31, 2022 and details of attendance of the members in the meetings are as follows:

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

Table 8

The Chairman of the Nomination and Remuneration/ Compensation Committee attended the previous year Annual General Meeting held on July 23, 2021.

(iv) Remuneration Policy

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

- The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission to its Managing Director (an Executive Director).
- The Nomination and Remuneration/Compensation Committee decides the commission payable to the 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.

Report on Corporate Governance

(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 2021-22

Mr. Prithvi Haldea is the Chairman of the Stakeholder Relationship Committee. The composition of the 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, 2022 and details of attendance of the members in the meetings are as follows:

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

Table 9

The Chairman of the Stakeholder Relationship Committee attended the previous year Annual General Meeting held on July 23, 2021.

(iii) Details of investor complaints/requests received and resolved during FY 2021-22 are as follows:

Nature of complaints /requests	No. of complaints/requests			
	Received during the year	Resolved during the year	Pending at the year end	Number of complaints not solved to the satisfaction of shareholders)
Non- Receipt of Dividend Warrant	17	17	Nil	Nil
Duplicate/Revalidation of Dividend warrants	04	04	Nil	Nil
Issue of duplicate share certificates	Nil	Nil	Nil	Nil
Non receipt of share certificate	01	01	Nil	Nil
Non-Receipt of Annual Report	01	01	Nil	Nil

Table 10

Report on Corporate Governance

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, 2022 and details of attendance of the members in the meetings are as follows:

Ms. Yasmin Javeri Krishan is the Chairperson of the Committee as on March 31, 2022. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company acts as the Secretary to the Committee.

The Composition of the Corporate Social Responsibility Committee as on March 31, 2022 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mrs. Yasmin Javeri Krishan	Committee Chairperson, Independent Director	2	2
Mr. S. M. Acharya	Independent Director	2	2
Dr. Ritika Dusad	Executive Director	2	2
Mr. Parag Bhise	Executive Director	2	2
Prof. Trilochan Sastry	Independent Director	2	2

Table 11

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, 2022 and details of attendance of the members in the meetings are as follows:

Director	Position
Mr. S. M. Acharya	Committee Chairman, Independent Director
Prof. Trilochan Sastry	Independent Director
Mr. R P Singh	Executive Director
Mr. Vishnu R Dusad	Managing Director
Mr. Parag Bhise	CEO and Executive Director

Table 12

No meeting of the Committee was held during FY 2021-22.

Report on Corporate Governance

f) Risk Management Committee

The Board of Directors during FY 21-22 constituted a Risk Management Committee, in compliance with the Regulation 21(2) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and other applicable statutory provisions.

(i) Terms of Reference/Charter of the Risk Management Committee

The Key Objective of the Committee is to identify and assess significant risk exposures of the Company as well as plan and assess management's actions to manage and mitigate the risks and the related exposures in a timely manner.

This Committee is responsible for:

- Providing executive oversight to Company's Enterprise risk management framework (ERMF), process, procedures and controls.
- Formulating a detailed risk management policy

including the framework for identification of risks with a special focus to compliance, regulatory, cyber and info security, financial, operational, business continuity, and reputational risk; measures for risk mitigation; systems of internal control and business contingency plans.

- Oversee Company's process and policies for determining risk threshold / tolerance and review management's measurement and comparison of overall risk tolerance to established levels.
- Reviewing the Risk Management at the required frequency, considering the changing dynamics.
- Coordinate its activities with the Audit Committee in the instances of overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice)
- Keeping the Board informed about nature and content of discussions, recommendations and actions to be taken.

(ii) Composition of the Risk Management Committee and Meetings Held during FY 2021-22 and details of attendance of the members in the meetings are as follows

Director	Position	No. of Meetings	
		Held	Attended
Mr. S. M. Acharya	Committee Chairman, Independent Director	2	1
Mrs. Elaine Mathias	Independent Director	2	2
Prof. Trilochan Sastry	Independent Director	2	2
Mr. Prithvi Haldea	Independent Director	2	2
Mrs. Yasmin Javeri Krishan	Independent Director	2	2
Mr. Vishnu R Dusad	Managing Director	2	2
Dr. Ritika Dusad	Executive Director	2	2
Mr. R P Singh	Executive Director	2	2
Mr. Parag Bhise	CEO & Executive Director	2	2
Mr. Anurag Mantri	CFO & Executive Director	2	2

Table 13

g) Buy Back Committee

The Board of Directors of the Company, in its meeting held on September 24, 2021, had constituted a Buyback Committee to administer the operational activities involved in the Buyback of Shares. The Composition of the Buyback Committee and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. Prithvi Haldea	Committee Chairman, Independent Director	1	1
Mr. Vishnu R Dusad	Managing Director	1	-
Mr. Parag Bhise	Executive Director & CEO	1	1
Mr. Anurag Mantri	Executive Director & CFO	1	1

Table 14

The Company Secretary of the Company acted as Secretary to the Committee. Post successful completion of the Buyback Offer, the Buyback Committee was dissolved by the Board of Directors at its meeting held on May 17, 2022.

Report on Corporate Governance

C. Shareholder Information

a) Means of Communication

(i) Quarterly/Annual Results

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

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

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

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

(ii) Newspapers for publication of financial results

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

(iii) Investor Section at Company's website

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

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

The Company also issues press releases from time to time. Financial Results, Statutory Notices.

(iv) Presentation made to 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

Report on Corporate Governance

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) 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-20-21, July 23 2021, 11.00 a.m.	VIA VIDEO CONFRENCING/ AUDIO VISUAL MEANS	Adoption of Annual Accounts for the year ended March 31, 2021 To take note of Interim Dividend Declared To Declare Final Dividend for the Year. To re-appoint Mr. R P Singh (DIN 00008350), as Director of the Company who retires by rotation and being eligible offers himself for re-appointment To re-appoint Mr. Parag Bhise (DIN 8719754), as Director of the Company who retires by rotation and being eligible offers himself for re-appointment. To appoint Retiring Auditors M/s BSR & Associates LLP, Chartered Accountants as Statutory auditors.	To consider and approve Re-appointment of Mr. S. M. Acharya (DIN: 00545141) as an Independent Director To consider and approve appointment of Mrs. Yasmin Javeri Krishan (DIN: 08801422) as an Independent Director To consider and approve the appointment of Dr. Ritika Dusad (DIN 07022867), as a Whole Time Director To consider and approve Re-Appointment of Mr. Vishnu R Dusad (DIN: 00008412) as Managing Director of the Company To consider and approve the appointment of Mr. Anurag Mantri, as a Whole Time Director.
FY-19-20, July 31 2020, 11.00 a.m.	VIA VIDEO CONFRENCING/ AUDIO VISUAL 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 himself 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 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 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

Report on Corporate Governance

Financial Year, Date, Time	Venue	Ordinary Resolution	Special Resolution*
FY 18-19, July 8 2019, 04:00 p.m.	PHD Chamber of Commerce	Adoption of Annual Accounts for the year ended March 31, 2019. Declaration of Dividend on equity shares. Re-appointment of Dr. Ritika Dusad, Singh 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

Table 15

d) (i) Postal Ballot During the year

The Company approached shareholders twice through Postal Ballot for their approval on following :

1. Buyback of Shares through tender offer route and
2. Modification of term of appointment of Statutory Auditors.

The Company appointed Mr. Devesh Kumar Vasisht, Partner of M/s Sanjay Grover & Associates, Company Secretary in whole time practice as a Scrutinizer for conducting the above Postal Ballots and e-voting process in a fair and transparent manner. The results of these Postal Ballots conducted during the year are as follows:

Postal Ballot:-1

Date of Postal Ballot Notice: 12th Oct 2021

Date of Declaration of Results: 16th November 2021

Postal Ballot 2:

Date of Postal Ballot Notice: 08th Dec 2021

Date of Declaration of Results: 14th Jan 2022

Name of Resolution	Type of Resolution	Votes cast in favour	Votes cast against	Date of Declaration of Results
Approval of Buyback of Shares through Tender Offer Route	Special Resolution	1,425,764-98.90%	15,809-1.09%	November 16,2021
Approval for modification of term of appointment of Statutory Auditors	Ordinary Resolution	1,044,021-99.96%	366-0.03 %	January 14,2022

Table 16

Note : The above mentioned Resolutions were passed with requisite majority

Procedure for Postal Ballot In Compliance with Section 108 and Section 110 of the Companies Act, 2013 read with the related rules, the Company provides only electronic voting (e-voting) facility, to all its members.

- For this purpose, the Company has engaged the services of Kfin Technologies Pvt. Ltd. The Company sent the postal ballot notice electronically to its members whose names appeared on the register of members/ list of beneficiaries as on cut off date and to those members whose email address are registered with depository participants.
- The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.
- Voting rights are reckoned on the paid up value of the shares registered in the names of the members as on the cut-off date. The shareholders using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.
- The Scrutinizer completes his scrutiny and submits his report to Chairman or authorized Director, after scrutiny The consolidated results of the voting are announced by the Chairman/authorized Director.
- The results are also published in newspapers and also displayed on website of the Company www.nucleussoftware.com besides being communicated to stock exchanges. The date of declaration of results by the Company is deemed to be the date of passing the resolution.

Report on Corporate Governance

(ii) Detail of Attendance at the AGM held for FY 2020-21

AGM Date: July 23, 2021	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	Mr. Anurag Mantri	Mrs. Yasmin Javeri Krishan
	√	√	√	√	√	√	√	√	√	√

Table 17

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 1, 2022 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 B 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', complaint with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/her complaint to the Committee by various modes i.e. in person, through email, in writing or by calling on mobile no. as mentioned. The Committee would then make enquiries and submit its recommendation to the HR Head. He would further take a decision on the same and report to the Board. We affirm that adequate access was provided to any complainant who wished to register a complaint under the policy, during the year. The details of the complaints received, disposed and pending during the financial year is as below:

- 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

Report on Corporate Governance

(e) Code of Conduct

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

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

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

(f) Prevention of Insider Trading

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

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

A report on Risk Management and Internal Control Policies

adopted by the Company has been discussed later as a separate chapter in this Annual Report.

(h) Adherence to Accounting Standards

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

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

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

(j) Management Discussion and Analysis

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

(k) Subsidiary Companies

The Company has 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, 2022.

Date of Incorporation	Subsidiaries	Location	Percentage of Share holding
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 18

(l) Unlisted Indian Subsidiary Companies

The Company has one Indian Subsidiary Company i.e. Nucleus Software Limited as on March 31, 2022. 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.

Report on Corporate Governance

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 - 2019-20, 2020-21 and 2021-22 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 www.nucleussoftware.com.

(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 <https://www.nucleussoftware.com>.

(o) The Terms of Appointment of Independent Directors as per Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act are available on the Company's website www.nucleussoftware.com

(p) During the year under review, there was no such recommendation which the Board had not accepted of any committee of the board which is mandatorily required.

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 8, 2022 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, 2022 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 2, 2022 to July 8, 2022
Financial Calendar for the financial year 2022-23 (tentative and subject to change)	
Financial reporting for :	Tentative dates
First Quarter ending June 30, 2022	between August 1-15, 2022
Second Quarter ending September 30, 2022	between November 1-15, 2022
Third Quarter ending December 31, 2022	between February 1-15, 2023
Year ending March 31, 2023	between May 1-15, 2023
Annual General Meeting for the year ending March 31, 2023	July 2023
• Listing on Stock Exchanges	Scrip Symbol/Code
National Stock Exchange of India Limited (NSE) w.e.f. December 19, 2002 #Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai-400051	NUCLEUS
BSE Ltd. (BSE) w.e.f. November 6, 1995 Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001	531209
• International Securities Identification Number	INE096B01018
• Registrars of Company & Share Transfer Agents	Kfin Technologies Pvt. Ltd. Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-67162222/18003094001 E-mail: einward.ris@kfitech.com
• Dividend Payment Date	Within 30 days from date of Annual General meeting

The annual listing fees for 2022-23 have been paid to both the Stock Exchanges.

Report on Corporate Governance

a) Market Price Data on NSE & BSE for the financial year 2021-22

Month	NSE					BSE				
	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume
Apr-21	483.60	579.90	483.60	533.85	1,308,196	490.00	579.00	490.00	534.85	139,929
May-21	527.00	633.65	517.50	607.35	2,733,990	522.00	633.85	506.95	607.80	226,062
Jun-21	611.90	660.00	552.95	628.95	3,587,362	611.35	656.75	553.50	631.55	298,048
Jul-21	639.90	766.00	639.00	678.40	6,331,423	640.95	765.35	638.55	677.75	438,354
Aug-21	682.00	699.00	513.65	551.70	3,000,210	685.70	698.05	514.05	553.90	231,022
Sep-21	554.95	623.35	514.15	583.55	4,230,076	551.70	623.00	514.20	583.35	372,085
Oct-21	583.00	611.75	574.40	578.85	1,522,982	583.65	611.35	574.05	579.15	178,209
Nov-21	578.85	613.00	500.00	502.50	1,728,954	577.05	613.00	500.50	502.25	189,921
Dec-21	505.05	605.85	480.00	560.10	2,315,812	506.45	605.00	480.10	560.85	174,428
Jan-22	561.95	599.00	537.10	590.45	1,827,935	561.00	598.70	537.80	590.20	181,108
Feb-22	594.65	598.00	442.00	460.60	768,039	591.55	597.25	440.55	459.55	80,452
Mar-22	459.95	478.65	402.10	414.20	1,342,901	469.00	479.00	403.55	414.80	164,321
Total Shares traded during the year					30,697,880					3,851,743

Table 19

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

only in electronic form. The Company has De-materialised 26,720,482 shares (99.80% of the paid up share capital) as at March 31, 2022.

b) Share Transfer System

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

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

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.

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.

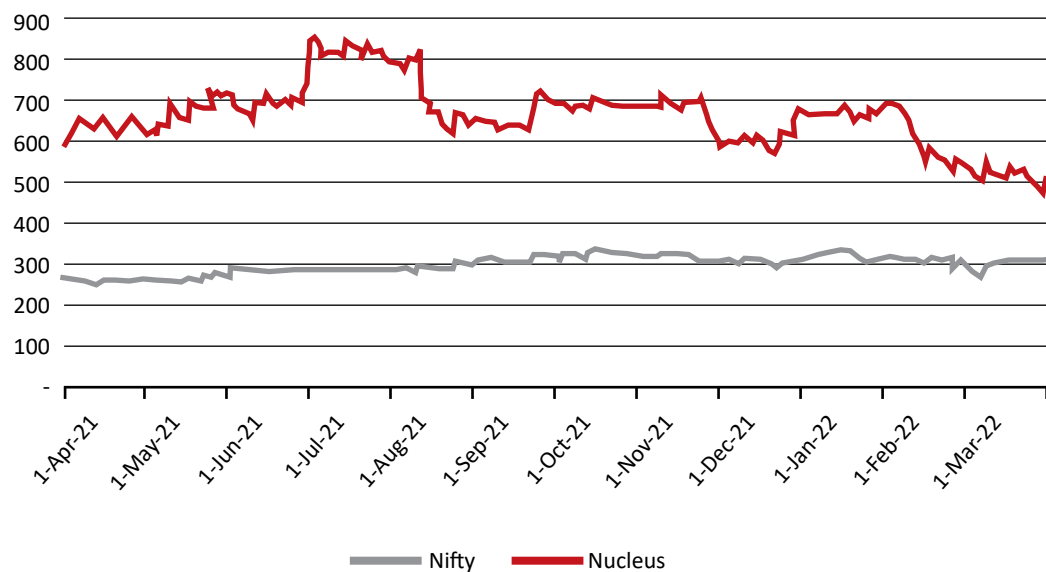
d) Dematerialization of Shares

The Equity shares of the Company are under compulsory dematerialization (“Demat”) category and can be traded

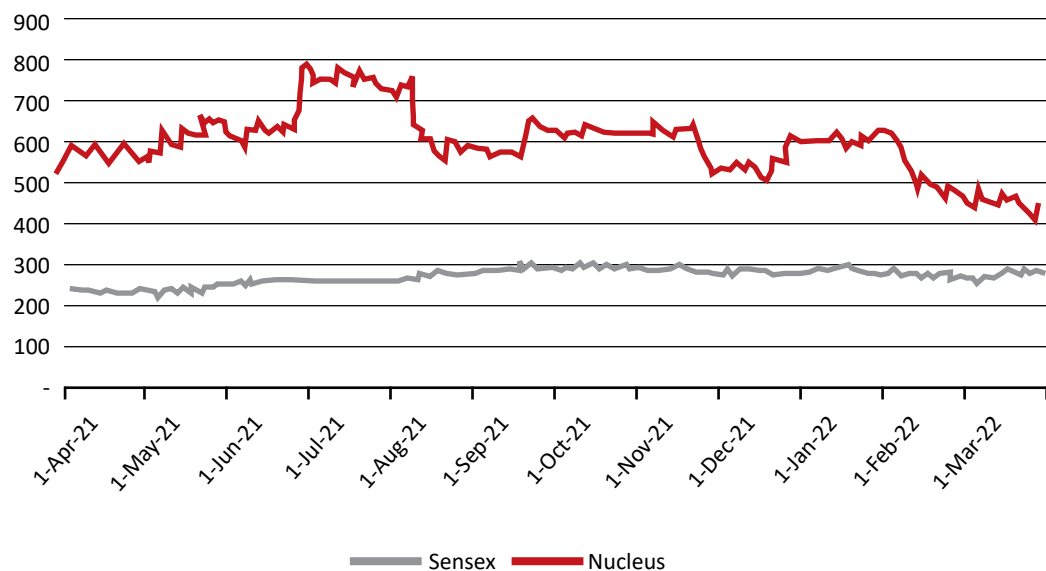
Effective April 1, 2019, SEBI barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form.

Report on Corporate Governance

NECLEUS PERFORMANCE VS NIFTY



NECLEUS PERFORMANCE VS SENSEX



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

The divided remittances to shareholders happen predominantly through ECS / NECS as per the locations approved by RBI from time to time. If the shareholders

are located at any of the ECS/NECS centers and have not registered their ECS/NECS, they may forward their ECS/NECS mandate to their depository participant if the shares are held in demat form, or to the Company/Registrars, if the shares are held in physical form, immediately.

Report on Corporate Governance

f) Shareholding Pattern of the Company as at March 31, 2022

Category	As on March 31, 2022		
	Share Holders	Share Holding	Share Holding (%)
Promoter and Promoter Group	11	19,618,176	73.28
Public Share Holding			
Individuals/ Clearing Members/ Trusts/Director or Director's Relatives/HUF	37,645	5,640,363	21.07
Bodies Corporate/ NBFC Registered with RBI/IEPF	235	433,625	1.62
NRI's and Foreign Nationals	781	274,241	1.02
FII's	40	762,852	2.85
Mutual Funds	1	44,067	0.16
Total	38,713	26,773,324	100.00

Table 20

g) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2022, 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 2021-22.

h) 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.

i) 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, 2012-13 and 2013-14 have been transferred to the IEPF.

j) 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, 2021	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	24	2,664
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022	Nil	Nil

Table 21

Report on Corporate Governance

The voting rights on the shares outstanding in the suspense account as on March 31, 2022 shall remain frozen till the rightful owner of such shares claims the shares

k) Details of total fees paid to Statutory Auditors

B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W – 100024) were appointed as the Statutory Auditors of the Company for FY 2021-22. 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:

(₹ in Lacs)

Particulars	Amount
Services as statutory auditors (including quarterly audits)	101
For other Services	6
Re-imbursement of out-of-pocket expenses	5
Total	112

l) 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).

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	Corporate Office
33-35, Thyagraj Nagar New Delhi-110 003 India	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 South Africa (Pty) Ltd.

28 Front Street, Brinam, Gauteng- 2196
South Africa

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

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

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.

Report on Corporate Governance

m) 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

n) 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.

o) 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.

p) 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.

q) Secretarial Audit

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

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed PI & 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.

r) 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, 2022. A declaration to this effect signed by the Managing Director has been published as *Annexure C* to this report on Corporate Governance.

s) 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.

t) 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.

u) 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.

Report on Corporate Governance

- The announcement of quarterly/annual results is followed by:
 - o Media interactions, wherein business television channel in India telecasts discussions with our 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.

Report on Corporate Governance

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Nucleus Software Exports Limited** having CIN: **L74899DL1989PLC034594** and having registered office at 33-35, Thyagraj Nagar Market, New Delhi -110003 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the 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.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and the respective Directors, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31st, 2022 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 other Statutory Authority.

S. No.	DIN	Name of Director	Initial Date of Appointment	Date of Appointment in Current Term
1	00545141	Mr. Siddhartha Mahavir Acharya	19/03/2016	19/03/2021
2	00008412	Mr. Vishnu Rampratap Dusad	09/01/1989	01/01/2022
3	00008350	Mr. Ravi Pratap Singh	26/07/2014	26/07/2019
4	00001220	Mr. Prithvi Pal Singh Haldea	22/06/2001	26/07/2019
5	02762510	Prof. Sadhu Trilochan Sastry	27/04/2013	26/07/2019
6	06976868	Mrs. Elaine Mathias	20/09/2014	20/09/2019
7	07022867	Dr. Ritika Dusad	20/07/2016	07/08/2020
8	08719754	Mr. Parag Bhise	16/03/2020	31/07/2020
9	08801422	Mrs. Yasmin Javeri Krishan	30/07/2020	30/07/2020
10	09002894	Mr. Anurag Mantri	19/12/2020	19/12/2020

Ensuring the eligibility for 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.

For PI & Associates,
Company Secretaries

Sd/-

Nitesh Latwal

Partner

ACS No.: A32109

C P No.: 16276

UDIN: A032109D000305173

Peer Review No.: 1498/2021

Date: May 17, 2022

Place: New Delhi

Report on Corporate Governance

Annexure B

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, 2022 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: 17 May, 2022

Sd/-
Parag Bhise
CEO

Sd/-
Anurag Mantri
CFO

Report on Corporate Governance**Annexure C****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, 2022, received from its Board members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

Place: Noida

Date: 17 May, 2022

Sd/-
Parag Bhise
CEO

**BUSINESS
RESPONSIBILITY
REPORT**

Business Responsibility Report

FOR 2021-22

The Business Responsibility Report is prepared pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Report includes our responses to questions on the Company practices and performance on key principles defined by the Regulation, covering topics across environment, governance, and stakeholder relationships. We have also provided cross-references to the reported data within the main sections of this Annual Report, for all aspects that are material to us and to our stakeholders.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company:	L74899DL1989PLC034594
2	Name of the Company	Nucleus Software Exports Limited
3	Registered address	33-35, Thyagraj Nagar Market, New Delhi-110003
4	Website	www.nucleussoftware.com
5	E-mail id	investorrelations@nucleussoftware.com
6	Financial Year reported	FY-2021-22
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. Nucleus Software's flagship products, built on the latest technology are: • FinnOne NEO™: The next-generation digital lending solution that is built on an advanced technology platform, designed to shape the future of lending across Retail, Corporate and Islamic sectors for banks and other financial service companies. The 10-time winner of 'World's Best Selling Lending Solution', helps digitize the complete loan lifecycle. • 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. • PaySe™: The world's first online & offline digital payment solution designed and created with an aim to democratize money by making banking services available to the unbanked in remote geographies.
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 (₹)	26.77 Crore
2	Total Turnover (₹)	448.06 Crore
3	Total profit after taxes (₹)	42.10 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (₹)	2.03 Crore (4.82%)
5	List of activities in which expenditure in 4 above has been incurred	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" For detail of activities undertaken by Foundation, please refer to Annexure G, of the Directors' Report which forms part of this Annual Report.

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies	Yes. As on March 31, 2022, 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%	Yes, Less than 30% 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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for P1 to P9	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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 ss.	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board/Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Business Responsibility Report

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

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

P7 : Code of Conduct and Corporate Social Responsibility Policy

P8 : Corporate Social Responsibility

P9 : Information Security Policy

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

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) , Culture Committee

and Risk Management 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 FY 19-20 . The Annual Report of FY 2019-20 and FY 2020-21 are 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.

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.

Business Responsibility Report

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, 2022 is 1750.

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

The total number of employees hired on temporary /contractual (includes consultants and contractual employees) basis are 8 as on March 31, 2022.

Trainees count was 297 as on March 31, 2022.

3. Please indicate the Number of permanent women employees.

The number of permanent women employees are **385** as on March 31, 2022

4. Please indicate the Number of permanent employees with disabilities

There are 6 employees with disabilities employed with the Company as on March 31, 2022.

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.

S.I.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

(a) Permanent Employees

(b) Permanent Women Employees

(c) Casual/Temporary/Contractual Employees

Business Responsibility Report

(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 (headcount)	Training done	% of employees
Permanent Employees	1445	1390	97%
Permanent Women Employees	385	375	98%
Casual/Temporary/Contractual Employees	8	6	75%
Trainees	297	279	94%
Employee with Disabilities	6	5	83%

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.

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:

Business Responsibility Report

- 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.
- 3. 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 ₹ 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 main focus remained Education i.e., prevention of learning loss in early childhood education. The second wave of Covid was the worst part of this pandemic and lead to immense trauma to families and especially young students. NSF implementing partner remained active even during the worst days of pandemics and assisted people with basic medical awareness and government helps. They reached out to children during times when center-based studies were not allowed and gave them homework and helped them use our online resources.

During the year NSF took initiatives to teach in village areas of Barola, Sadarpur and Navada (Noida, Uttar Pradesh). NSF facilitators searched for children who had no support to continue their education and taught them at their homes and at convenient open areas. In this manner the team was able to prevent learning losses of around 760 students. The remedial program of Maths and English was launched for a large number of Adivasi children at Madhya Pradesh through NSF partner organisation “Parivaar.”

The brief outline of the corporate social responsibility (CSR) policy of the Company and the detail of initiatives undertaken by the Company on CSR activities during the year is also set out in Directors’ Report, which is part of this Annual 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 Filed.

- 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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**ON STANDALONE FINANCIAL BASIS OF
NUCLEUS SOFTWARE EXPORTS LTD.**

Forming Part of the Financial Statements for the year ended March 31, 2022

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

As the pandemic continued to cast its shadow over the last financial year, the Indian IT industry achieved a key milestone by crossing \$200 bn in total revenue & 5 Mn in total workforce as per the NASSCOM report. Indian IT industry is also poised to play a greater role in raising services exports to \$1 trillion a year by 2030.

IT industry has been at the centre of the digital evolution enabling various companies globally to migrate their business models online, evolve & innovate their product offerings and to keep them connected with their end customers. Fintech's have played a crucial role and continue to thrive on account of the opportunities created by the digital transformation and venture capitalists support.

Attrition also continued to plague the IT industry during the last year and companies had to derive multiple strategies that focused on attracting & retaining talent, also enabling a hybrid work model i.e., best of both the at-home and in-office experiences.

B. Company Background

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited with its registered office at 33-35 Thyagraj Nagar Market, New Delhi, India. Subsequently in October 1994, it was converted into a Public Limited Company. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd. and BSE Ltd.

Nucleus Software is the leading provider of lending and transaction banking products to the global financial services industry. Its' software powers the operations of more than 200 Financial Institutions in over 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

Nucleus Software's flagship products, built on the latest technology are:

- **FinnOne NEO™:** The next-generation digital lending solution that is built on an advanced technology platform, designed to shape the future of lending across Retail, Corporate and Islamic sectors for banks and other financial service companies. The 10-time winner of 'World's Best Selling Lending Solution', helps digitize the complete loan lifecycle.

- **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.
- **PaySe™:** The world's first online & offline digital payment solution designed and created with an aim to democratize money by making banking services available to the unbanked in remote geographies.

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 Noida, India, the Company has seven subsidiaries, as described in table 1 below.

Date of Incorporation	Name of Subsidiary Company	Location	Percentage of Share holding
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.

Some notable accolades won over the years are as follows:

- Nucleus Software received an award for the Annual Report (for FY 20-21) from League of American Communication Professionals (LACP). We won the **Platinum Award** for excellence within the Industry for FY 2020-21 - Technology-

Management's Discussion and Analysis

Software and the Technical Achievement Award for overall excellence in the art and method of Annual Report communications.

- 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
- 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
- Nucleus Software Annual Report FY19-20 won the **"Platinum Award for excellence within the Industry - Technology-Software"** and a ranked amongst the **"top 100 Annual Reports"** worldwide by League of American Communications Professionals LLC (LACP).
- Nucleus Software 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).
- Nucleus Software 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)
- **"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).

C. The Way Forward

Technological advancements continue to disrupt the traditional banks and FI's. Digital, Real-time, 24/7 availability, personalized customer experience, self-service etc have become the basic norm for how financial services are perceived nowadays.

Emergence of fintech and neo-banks are making the entire banking process more convenient and hassle-free for customers.

We at Nucleus Software continue our journey of providing world class IT solutions to customers in the BFSI domain. We are taking our digital capabilities to the existing and new

customers while also investing in disruptive innovation that will drive digital transformation in the future. As per NASSCOM's CXO Survey 2022, globally, 70% of end-user companies aim to significantly increase their digital investments - which paints a bright future for IT companies like ours that are helping in digital transformations of many Financial Institutions.

We remain committed to catalysing the growth in our company with focus on latest technology stack, right talent, collaboration with FinTech's and continuous innovation in our product offerings.

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 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.

Particular emphasis was placed on attracting, developing and retaining talent, especially in emerging markets, through specifically designed programs. Focus on leadership development for young leaders and mid-level managers continued through our flagship programs – LEAD (Leadership Engagement Action & Development) and YLP (Young Leaders Program). These programs have contributed immensely towards building the organizational culture, individual effectiveness and leadership competencies. 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

Banks and Financial Institutions are continuously investing in technologies to meet their customers expectations. They are investing to upgrade their technology stacks adding digital capabilities and looking for solutions which are scalable, robust and can be easily integrated with their ecosystem. Pandemic has also ensured that banking customers energetically adopt new digital capabilities for better and convenient banking experience. Customers now prefer to connect digitally for their banking needs. Regulators worldwide are pushing for reforms in Banking technologies and its adoption by Banks & Financial Institutions. There is wider acceptance of Open Banking Initiatives, Cloud Infrastructure, Digital Products to name a few, which would fuel the growth for Nucleus Software. The growth of FinTech's and neo-banks have become a threat for the traditional players and to counter them they are increasing the pace of digital initiatives.

Management's Discussion and Analysis

The Indian IT industry also saw unprecedented and unfathomable attrition, popularly known as the 'Great Resignation', which presented itself as a threat to an IP driven company like ours. Nucleus initiated unprecedented hikes to the entire Nucleus family, to curtail and reduce risk of attrition. In addition, we recruited 400 freshers from 45 cities across India to fulfil the growth requirements aligned to our long-time commitment in investing in young minds and young talent. We believe that the long-term effects of these investments will certainly yield great returns.

F. OUTLOOK

Despite the challenges faced by Nucleus Software during the last fiscal year, we continued our journey as a preferred partner for banking and financial organizations worldwide. We continued investing in research & development to create innovative solutions, modules and new line of businesses. The Banking and Financial Services sector is going through unique challenges catapulting them into the future, forcing them to rapidly accelerate their digital transformation efforts. Speed of transformation is expected owing to the change in consumer behaviour and their need for personalized digital experience.

Banks must re-imagine the customers banking experience and align their technology and processes accordingly. While the digitization of banking processes is inevitable, the right formulation and execution of digital strategy is extremely critical for stability, security and long-term success. One of the key elements to a successful digital strategy is choosing the right partner and Nucleus Software has been their preferred choice. We are focused on delivering value to our customers with our end-to-end FinnOne NEO™ and FinnAxia™ suites that provide a choice of Cloud or On-Premises deployment.

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, 2022.

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

Nucleus HR function focuses on creating a conducive work environment that fosters collaboration and promotes individual growth. Our vision is "To be a culturally strong organization". With a strong culture, all our associates understand what is required of them and act in accordance with the core values. Culture is the underlying fabric that holds our organization together. Since the fabric is strong, we endure even major challenges. Your Company demonstrated resilience by bouncing back from the ransomware attack and emerged much stronger. Also the teams were quick to respond to the challenges that Covid posed, with a very active and committed taskforce working relentlessly round the clock.

Your Company Business HR partners ensured continuous employee connects with focus on employee wellbeing and engagement. Conducted "Monthly Managers Meet" on relevant topics including how to manage the teams during work from home & New Hire Culture acclimatization. With continuous focus on recognition & appreciation, special appreciation initiatives were launched with resounding response from all.

To hire quality talent, improved the referral programs and strengthened the partner networks. Your Company continuously review and improvise the policies for attracting and retaining talent. The policies are aligned to the implicit and explicit needs of Company employees. Happy to share that the Company introduced monthly well-being leave for women associates, as part of women empowerment initiatives. Many more programs are in the road map for next year.

J. FINANCIAL PERFORMANCE

The Company has adopted Indian Accounting Standards (IndAS) 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

Management's Discussion and Analysis

where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The Company has 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 Mar 31,	2022	% of Revenue	2021	% of Revenue	Growth %
Revenue from Operations	448.06	100.00	454.36	100.00	(1.39)
Expenses					
a) Employee benefit expense	335.88	74.96	277.47	61.07	21.05
b) Operating and other expenses	75.77	16.91	54.80	12.06	38.25
c) Finance costs	0.39	0.09	0.77	0.17	(49.44)
Total Expenses	412.04	91.96	333.04	73.30	23.72
Operating Profit(EBITDA)	36.02	8.04	121.32	26.70	(70.31)
Depreciation	13.23	2.95	11.43	2.52	15.73
Operating Profit after Interest and Depreciation	22.79	5.09	109.89	24.18	(79.26)
Other Income	34.07	7.60	36.63	8.06	(6.98)
Profit Before Tax	56.86	12.69	146.52	32.25	(61.19)
Taxation	14.76	3.29	34.48	7.59	(57.18)
Profit After Tax	42.10	9.40	112.04	24.66	(62.42)
Other Comprehensive Income	(11.18)	(2.50)	1.75	0.39	(738.86)
Total Comprehensive Income for the year	30.92	6.90	113.79	25.04	(72.82)

Revenue from Operations

Our revenues from software development comprise of income from time and material, fixed price contracts and Annual technical service 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 ₹448.06 crore, against ₹454.36 crore for the previous year.

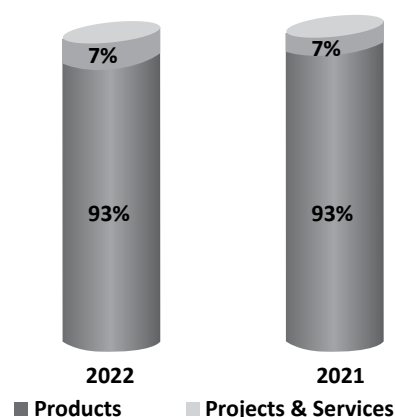
Revenue from Products

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 ₹410.00 crore, 93% of the total revenue, against ₹424.51 crore, 93% of total revenue, in the previous year.

Revenue from Projects and Services

Software services rendered by the Company, classified under this segment, typically consist of development of software to

Revenue from Products and Services



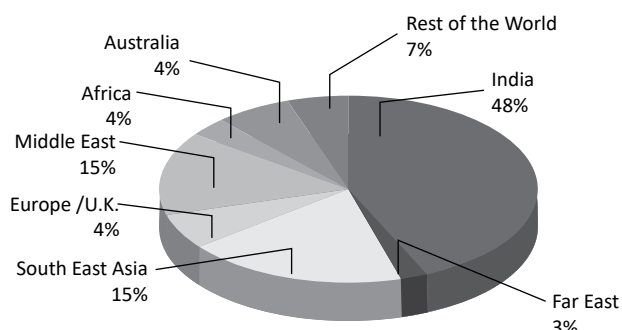
meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Software projects and services revenue for the year is ₹38.06 crore, 7% of the total revenue, against ₹29.85 crore, 7% of the total revenue, in the previous year.

Management's Discussion and Analysis

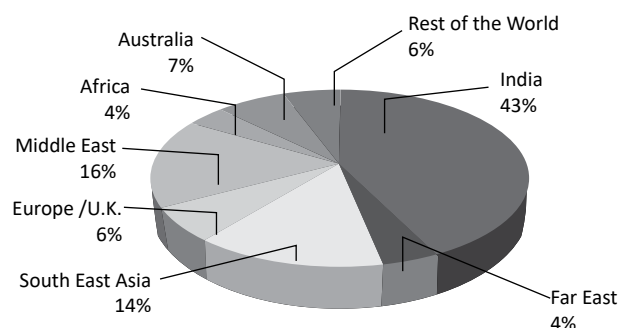
Revenue from Various Geographies

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 52% 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 22



Revenue from Various Geographies for FY 21



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 21.05 % to ₹335.88 crore, 74.96% of revenue against ₹277.47 crore, 61.07% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth %
Salaries	311.19	69.45	255.14	56.15	21.97
Contribution to provident and other funds	15.51	3.46	13.79	3.04	12.47
Gratuity	4.51	1.01	3.99	0.88	13.07
Staff welfare	4.67	1.04	4.55	1.00	2.62
Total Employee Benefit Expenses	335.88	74.96	277.47	61.07	21.05
Revenue	448.06	100.00	454.36	100.00	(1.39)

Operating and Other Expenses

Operating and other expense primarily consist of outsourced technical service expense, expenses on travel to execute work at client site and for other related activities, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges, expenses on account of brand building activities, training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, contribution to CSR activities and others.

Operating and other expenses at ₹76.15 crore, 17% of revenue for the year, an increase of 37.03% against ₹55.57 crore, 12.23% of revenue in the previous year.

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth %
Outsourced Technical Service Expense	16.32	3.64	12.99	2.86	25.61
Cost of software purchased for delivery to clients	1.03	0.23	0.62	0.14	65.60
Travelling	0.95	0.21	1.02	0.22	(6.46)
Power and fuel	2.67	0.60	2.70	0.59	(1.18)
Rent	0.34	0.08	0.45	0.10	(23.60)
Rates & Taxes	1.18	0.26	0.26	0.06	352.31
Repair and maintenance	3.86	0.86	4.61	1.01	(16.35)
Legal and professional	6.61	1.48	3.74	0.82	76.86
Directors remuneration	1.64	0.37	1.65	0.36	(0.85)
Conveyance	0.36	0.08	0.34	0.07	5.79
Communication	1.09	0.24	0.99	0.22	10.14
Information technology expenses	18.39	4.10	11.96	2.63	53.77

Management's Discussion and Analysis

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth %
Provision for doubtful debts/advances/other current assets	1.28	0.29	(3.38)	(0.74)	(137.82)
Commission to channel partners	0.47	0.10	(0.23)	(0.05)	(303.26)
Training and recruitment	2.47	0.55	0.96	0.21	157.05
Conference, exhibition and seminar	0.13	0.03	0.15	0.03	(11.73)
Advertisement ,business development and promotion	1.00	0.22	1.11	0.24	(9.74)
Insurance	0.40	0.09	0.40	0.09	1.18
Finance Cost	0.39	0.09	0.77	0.17	(49.44)
Sales & marketing fee	8.75	1.95	7.90	1.74	10.79
Net loss on sale of fixed assets/discarded assets	-	-	0.11	0.02	-
Withholding tax charged off	2.48	0.55	3.50	0.77	-
Business Management & Consultancy Expenses	1.43	0.32	-	-	-
Miscellaneous expenses	0.88	0.20	1.29	0.28	(31.86)
Contribution to CSR activities	2.03	0.45	1.65	0.36	23.05
Total Operating and Other Expenses	76.15	17.00	55.57	12.23	37.03
Revenue	448.06	100.00	454.36	100.00	226.89

Finance cost includes bank charges and fee for issuance of bank guarantees. It is ₹0.39 crore against ₹0.77 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 ₹2.03 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 is ₹36.02 crore, 8.04% of revenue against ₹121.32 crore, 26.70% of revenue in the previous year.

Depreciation

Depreciation on fixed assets is ₹13.23 crore, 2.95% of revenue for the year against ₹ 11.43 crore, 2.52% of revenue in the previous year.

Other Income

Other Income represents income received in the form of dividends from investments, interest on fixed deposits and bonds and capital gains on the sale of investment, MTM gain or (loss) on investment and Net Gain / (Loss) on foreign currency

(₹ in crore)

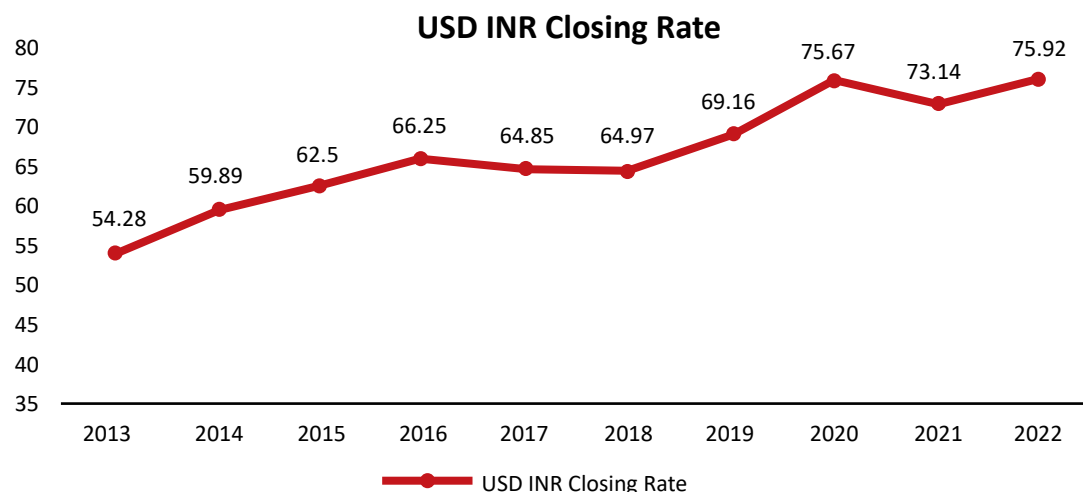
For the Year Ended March 31,	2022	2021
Dividend on investment in Mutual	1.38	0.26
Interest income on financial assets- carried at amortised cost	9.74	13.59
Net Gain / (Loss) on foreign currency	1.33	0.65
Profit on sale of assets/ investments	0.95	1.25
MTM gain or (loss)	18.83	19.34
Others	1.84	1.54
Total	34.07	36.63

Other income for the year is ₹34.07 crore against ₹36.63 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 ₹1.33 crore against ₹0.65 crore for the previous year. We conduct major portion of our business transactions in currencies other than the Indian Rupee. Nearly Fifty Two 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.

Management's Discussion and Analysis



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,	2022	2021
Current Tax Expense	12.86	28.01
Deferred Tax Credit (net)	1.90	6.47
Total	14.76	34.48

Total effective tax for the year is 3.29% of revenue, in comparison to 7.59% of revenue for the previous year.

Profit After Tax

Our profit after tax for the year is ₹42.10 crore, 9.40% of revenue against ₹112.04 crore, 24.66% 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 ₹(2.71) crore, against ₹1.55 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 ₹(11.06) crore net after Tax, against ₹(1.96) 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 ₹(0.19) crore net after Tax, against ₹1.67 crore in the previous year.

Total other comprehensive income for the year is ₹(11.18) crore, against ₹1.75 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, 2022 is 26,773,324 equity shares of ₹10 each.

Management's Discussion and Analysis

Retained Earnings

(₹ in crore)

Particulars	2022	2021
Opening balance	600.78	498.92
Add: Profit for the year	42.11	112.04
Less : Appropriations		
Interim dividend / Final dividend paid	(17.42)	(8.71)
Buyback of Equity shares 2021	(151.11)	-
Transaction tax on Buyback of Equity shares 2021	(32.40)	-
Remeasurement of the defined benefit plans, net	(8.27)	(1.47)
Closing balance	433.67	600.78

Reserves and Surplus

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

(₹ in crore)

Particulars	Closing Balance as on March 31, 2022	Additions/ (Deletions) during the year	Opening Balance as on April 1, 2021
Capital Reserve	0.89	-	0.89
Securities Premium	-	(1.00)	1.00
Retained Earnings	433.67	(167.11)	600.78
General reserve	-	(6.61)	6.61
Capital redemption reserve	5.61	2.27	3.34
Other Comprehensive Income			
<i>Hedging Reserve</i>	0.08	(0.19)	0.27
<i>Equity instrument through other comprehensive income</i>	2.30	(2.71)	5.01
Total	442.55	(175.35)	617.90

Property, plant and equipment and Intangible assets

As at March 31, 2022, Net carrying Amount of Property, Plant and Equipment and Intangible assets is ₹37.53 crore against ₹24.20 crore as on March 31, 2021.

(₹ in crore)

As at March 31,	2022	2021
Gross Carrying Amount		
Freehold land	0.34	0.34
Plant and equipment	5.14	4.43
Building	16.58	16.58
Office and other equipment	1.53	1.52
Computers	37.88	24.00
Vehicles	3.21	3.43
Furniture and fixtures	2.09	1.97
Software	19.81	10.89
Total	86.58	63.16
Less; accumulated depreciation	49.05	38.96
Net Carrying Amount	37.53	24.20

Transition to Ind AS 116

(₹ in crore)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Building	Lease hold land	Total	Building	Lease hold land	Total
Opening balance	3.08	5.21	8.29	5.58	5.28	10.86
Additions	-	-	-	-	-	-
Amortisation	2.37	0.08	2.45	2.50	0.07	2.57
Closing balance	0.71	5.13	5.84	3.08	5.21	8.29

The following is the movement in lease liabilities during the year ended 31 March 2022

Management's Discussion and Analysis

Particulars	(₹ in crore)	
	As at 31 March 2022	As at 31 March 2021
Opening balance	3.26	5.49
Additions	-	-
Finance cost accrued during the period	0.20	0.41
Payment of lease liabilities	(2.53)	(2.58)
Rent concession on lease liability	(0.16)	(0.06)
Closing balance	0.77	3.26

The Company has applied expedient to one of its lease contracts and accordingly an amount of ₹0.16 crore (previous year ended 31 March 2021 ₹0.06 crore) for rent concession has been recorded in the Interim Standalone Statement of profit and loss.

Investments

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

- i) **Non-current investments** totaling ₹208.48 crore as on March 31, 2022 against ₹191.44 crore as on March 31, 2021.

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

(₹ in crore)

	2022	2021
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
	14.85	14.85

- b. **Investment in equity shares of a listed company at FVOCI** - ₹2.55 crore.

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

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

- e. **Investment in bonds (quoted)**- ₹61.41 crore.

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

- g. **Investment in mutual funds (unquoted)** - ₹129.68 crore.

- ii) **Current Investments and Bank Balances**

Current Investments of ₹285.22 crore as on 31st March 2022, as per below table.

(₹ in crore)

Name	Value of units as on March 31, 2022
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	6.61
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	30.50
Axis Liquid Fund- Direct Plan- Growth	1.93
Axis Overnight Fund- Direct Plan- Growth	15.03
DSP Liquidity Fund - Direct Plan – Growth	1.25
DSP Low Duration Fund - Direct Plan – Growth	34.26
HDFC Money Market Fund - Direct Plan – Growth	22.48
HDFC Ultra Short term Fund - Direct Plan – Growth	16.64
ICICI Prudential Money Market Fund - Direct Plan - Growth	34.18
Kotak Overnight Fund - Direct Plan – Growth	31.27

Management's Discussion and Analysis

Name	Value of units as on March 31, 2022
Nippon India Arbitrage Fund - Direct Plan – Growth	13.52
Tata Treasury Advantage Fund - Direct Plan - Growth	6.18
Tata Arbitrage Fund- Direct Plan – Growth	3.22
UTI Money Market Fund - Direct Plan – Growth	14.80
UTI Arbitrage Fund - Direct Plan – Growth	18.62
UTI Liquid Cash Plan - Direct Plan – Growth	14.42
	264.91
Investment in bonds (quoted)	
<i>Bonds securities at Amortised cost</i>	
7.18% Indian Railway Finance Corporation Limited Tax Free Bonds 2023	10.18
7.21% Power Finance Corporation Tax Free Bonds 2022	5.13
	15.31
Investment in Preference Shares (quoted)	
7.50% Tata Capital Ltd. (Preference Shares - 2024)	5.00
	5.00
Aggregate amount of investment	285.22

As of March 31, 2022 Bank Balances stood at ₹35.34 crore as against ₹23.58 crore as on March 31, 2021.

(₹ in crore)

As at March 31,	2022	2021
Balances with Bank		
Balances with scheduled banks	6.88	9.75
Balance with non scheduled banks in current accounts	0.29	0.53
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	7.96	0.72
Balances with scheduled banks in earmarked accounts	0.34	0.36
Balances with scheduled banks in deposit accounts	19.87	12.22
Total	35.34	23.58

Operating Cash Flow

Our net cash flow from operating activities before working capital changes is ₹42.73 crore for the financial year, against ₹124.72 crore in the previous year. After considering working capital changes, operating cash flow is ₹56.40 crore against ₹105.86 crore in the previous year. To summarize the Company's liquidity position, given below are a few ratios:

As at March 31,	2022	2021
Operating cash flow as % of revenue	13%	23%
Cash and Equivalents as % of assets	46%	57%
Cash and Equivalents as % of revenue	72%	106%
Current investments as % of assets	41%	54%
Current investments as % of revenue	64%	101%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2022 are ₹74.07 crore against ₹77.41 crore on March 31, 2021. The age profile of the debtors (net of provision) is given below:

As at March 31,	2022	2021
Less than six months	90.18%	89.57%
Between 6 months and 1 Year	9.05%	5.65%
More than 1 Year	0.77%	4.78%

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,	2022	2021
Non – Current		
Staff Loans	0.19	0.02
Loan to subsidiary credit impaired	3.82	1.65
Security deposits	0.74	2.44
Long-term bank deposits	10.20	18.22
Total	14.95	22.33
Current		
Staff Loans	0.18	0.11
Security deposits	1.95	0.02
Mark-to-market gain on forward contracts	0.11	0.37
Other recoverable from subsidiaries	0.02	0.79
Unbilled revenue	1.84	3.51
Total	4.10	4.80
Total Loans and Other Financial Assets	19.05	27.13

Security Deposits, utilised primarily for hiring of office premises and staff accommodation, amounts to ₹0.74 crore as on March 31, 2022 against ₹2.44 crore as on March 31, 2021. Long term bank deposits amounting to ₹ 10.20 crore as on March 31, 2022 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,	2022	2021
Non – Current		
Capital advances	0.04	0.04
Employee advances	0.37	0.37
Prepaid expenses	0.22	0.05
Advance payment to gratuity trust	-	-
Total	0.63	0.46
Current		
Service income accrued but not due	10.02	11.19
Employee Advances	0.04	0.14
Prepaid Expenses	4.64	3.40
Contract Cost	0.19	0.03
Balances with Government authorities	0.33	0.43
Supplier advances	4.46	4.38
Deferred Expenses	0.04	0.01
Total	19.72	19.58
Total Other Assets	20.38	20.04

Management's Discussion and Analysis

Current Liabilities

(₹ in crore)

As at March 31,	2022	2021
Financial liabilities		
Lease Liabilities	0.77	2.49
Trade Payables	11.43	13.86
Unpaid dividends	0.34	0.36
Payable for purchase of fixed assets	0.21	0.19
Employee payable	37.67	32.80
Other current liabilities		
Advances from customers/Advance Billing	57.44	57.67
Deferred Revenue	82.56	69.36
Statutory dues	12.57	8.64
Short term provisions		
Compensated absences	3.90	2.24
Provision for Tax	0.03	3.86
Total	206.92	191.47

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2022 the Current liabilities are ₹206.92 crore (₹191.47 crore as on March 31, 2021).

Trade payables represent the amount payable for providing goods and services and are ₹11.43 crore as on March 31, 2022 against ₹13.86 crore as on March 31, 2021.

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, 2022 it is ₹12.57 crore against ₹8.64 crore as on March 31, 2021.

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, 2022 are ₹3.93 crore against ₹6.10 crore as on March 31, 2021.

Non-Current Liabilities

Non-Current Liabilities as on March 31, 2022 were ₹23.78 crore against ₹12.03 crore as on March 31, 2021. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)

As at March 31,	2022	2021
Financial liabilities		
Lease Liabilities	-	0.77
Non-Current Provisions	23.40	9.93
Deferred tax liabilities	0.38	1.33
Total	23.78	12.03

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.

**STANDALONE
AUDITORS'
REPORT**

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 2022, and the standalone statement of profit and loss (including other comprehensive loss), 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 significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

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 2.24 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
For the year ended 31 March 2022, revenue amounting to ₹44,806 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 2022.	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: – 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: - 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.

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 obtained by us, is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

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

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 auditor's 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' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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.
- 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 the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone 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 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 loss), 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 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:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2022 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in note 2.43 to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or

- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 2.43 to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or

- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.

v. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

We draw attention to Note 2.42 to the standalone annual financial statements for the year ended 31 March 2022 according to which the managerial remuneration paid to two whole time directors of the Company (amounting to ₹ 376 lacs) and consequently the total managerial remuneration for the financial year (amounting to ₹ 620 lacs) exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 207 lacs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the company proposes to obtain in the forthcoming Annual general Meeting. 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. 116231 W/W-100024**

**Sd/-
Girish Arora
Partner**

Membership Number: 098652

**Place: New Delhi
Date : 17 May 2022**

Annexure A to the Independent Auditor's report on the standalone financial statements of Nucleus Software Exports Limited for the year ended 31 March 2022.

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (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 immovable properties comprising freehold land and buildings (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering development and marketing of software product and support services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has granted loans to other parties during the year, in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, to companies, firms or limited liability partnership during the year.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans to parties other than subsidiaries as below:

Particulars	Amount (₹ Lacs)
Aggregate amount during the year - Others (loan to employees)	47
Balance outstanding as at balance sheet date - Others (loan to employees)	38

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the terms and conditions of the grant of loans provided during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular except for the loan of ₹ 382 lacs given to Nucleus Software Limited (wholly owned subsidiary) which is repayable on demand. As informed to us, the Company has demanded and received repayment of ₹ 15 lacs during the year. Thus, there has been no default on the part of the party to whom the money has been lent. The loans to employees are interest free as per policy of the Company. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given except for the loan of ₹ 382 lacs given to Nucleus Software Limited (wholly owned subsidiary), the schedule for repayment of principal have not been stipulated and accordingly we are unable to comment on the amount overdue for more than ninety days. Further, the Company has not given any advances in the nature of loans to any party during the year.

- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loan to its related party as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

	All Parties	Promoters	Related Parties (₹ lacs)
Aggregate of loans/advances in nature of loan			
- Repayable on demand* (A)	-	-	382
- Agreement does not specify any terms or period of Repayment (B)	-	-	-
Total (A+B)	-	-	382
Percentage of loans/advances in nature of loan to the total loans			91%

* Loan given to Nucleus Software Limited, a wholly owned subsidiary

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not given any loans, or provided guarantees or securities, as specified under section 185 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to investments made and loans given. The Company has not provided security and guarantees as specified under section 186 of the Companies Act, 2013.
- (v) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (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 services provided by the Company. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues have been subsumed into GST.
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

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)	62	AY 2017-18
Income Tax Act, 1961	Income Tax	National Faceless Appeal Centre	143 (refer Note below)	104	AY 2018-19

Note: Amount calculated by the Company on the basis of additions to income made by the Assessing Officer

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised money by way of term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under Companies Act, 2013.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under Companies Act, 2013).
- (x) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations 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, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditor's) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone

financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

Sd/-
Girish Arora
Partner

Membership Number: 098652

Place: New Delhi
Date : 17 May 2022

Annexure B to the Independent Auditor's report on the standalone financial statements of Nucleus Software Exports Limited for the year ended 31 March 2022.

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 2022 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 with reference to standalone financial statements were operating effectively as at 31 March 2022, 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 standalone 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 standalone 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. 116231 W/W-100024

Sd/-
Girish Arora
Partner

Place: New Delhi
Date : 17 May 2022

Membership Number: 098652

Standalone Balance Sheet

AS AT 31 MARCH 2022

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(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	3,078	2,295
Capital work in progress	2.1(b)	4	45
Intangible assets under development	2.1(c)	42	5
Other intangible assets	2.1(a)	675	125
Right of use assets	2.2	584	829
Financial assets			
Investments	2.3	20,848	19,144
Loans	2.4	169	167
Other financial assets	2.5	1,094	2,066
Income tax asset (net)	2.6	1,597	2,056
Other non-current assets	2.7	64	46
Total non-current assets		28,155	26,778
Current assets			
Financial assets			
Investments	2.8	28,522	45,729
Trade receivables	2.9	7,591	8,092
Cash and cash equivalents	2.10	1,513	1,100
Other bank balances	2.11	2,021	1,258
Loans	2.12	19	11
Other financial assets	2.13	208	118
Other current assets	2.14	1,974	1,958
Total current assets		41,848	58,266
Total assets		70,003	85,044
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.15	2,677	2,904
Other equity	2.16	44,255	61,790
Total equity		46,932	64,694
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	-	77
Provisions	2.17	2,340	993
Deferred tax liabilities (net)	2.18	38	133
Total non-current liabilities		2,378	1,203
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	77	249
Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	2.19	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2.19	1,144	1,386
Other financial liabilities	2.20	3,821	3,335
Provisions	2.21	391	224
Current tax liabilities (net)	2.22	3	386
Other current liabilities	2.23	15,257	13,567
Total current liabilities		20,693	19,147
Total equity and liabilities		70,003	85,044

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

Place : New Delhi

Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

PARAG BHISE

Chief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRI

Chief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) &
Company Secretary

Place : Noida

Date : 17 May 2022

Standalone Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2022

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(Amount in ₹ Lacs unless otherwise stated)

	Note	Year ended 31 March 2022	Year ended 31 March 2021
1. REVENUE FROM OPERATIONS			
Income from software product and services	2.24	44,806	45,436
2. OTHER INCOME	2.25	3,407	3,663
3. TOTAL INCOME (1+2)		48,213	49,099
4. EXPENSES			
a. Employee benefits expenses	2.26	33,588	27,747
b. Operating and other expenses	2.27	7,577	5,480
c. Finance cost	2.28	39	77
d. Depreciation, amortisation and impairment expenses	2.1(a) and 2.2	1,323	1,143
TOTAL EXPENSES		42,527	34,447
5. PROFIT BEFORE TAX (3-4)		5,686	14,652
6. INCOME TAX EXPENSE			
a. Net current tax expense		1,286	2,801
b. Deferred tax credit /charge	2.18	190	647
NET TAX EXPENSE		1,476	3,448
7. PROFIT FOR THE YEAR (5-6)		4,210	11,204
8. OTHER COMPREHENSIVE INCOME / (LOSS)		(4,211)	
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		(1,106)	(196)
b) Equity instruments through other comprehensive income		(271)	155
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		278	49
(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		(25)	224
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		6	(57)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		(1,118)	175
9. TOTAL COMPREHENSIVE INCOME (7+8)		3,092	11,379
Profit attributable to:			
Owners of the Company		4,210	11,204
Other comprehensive income attributable to:			
Owners of the Company		(1,118)	175
Total comprehensive income attributable to:			
Owners of the Company		3,092	11,379
10. EARNINGS PER EQUITY SHARE	2.33		
Equity shares of ₹ 10 each			
a. Basic (₹)		14.70	38.58
b. Diluted (₹)		14.70	38.58
Number of shares used in computing earnings per share			
a. Basic		2,86,43,152	2,90,40,724
b. Diluted		2,86,43,152	2,90,40,724

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

Place : New Delhi

Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

PARAG BHISE

Chief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRI

Chief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) &
Company Secretary

Place : Noida

Date : 17 May 2022

Standalone Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2022

A. Equity share Capital

Balance as of 1 April 2021	Changes in Equity Share Capital due to prior period change	Restated balance as of 1 April 2021	Changes in equity share capital during the period	Balance as on 31 March 2022
2,904	-	2,904	(227)	2,677
Balance as of 1 April 2020	Changes in Equity Share Capital due to prior period change	Restated balance as of 1 April 2020	Changes in equity share capital during the period	Balance as on 31 March 2021
2,904	-	2,904	-	2,904

B. Other Equity

	Reserves and Surplus					Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Securities premium	Capital Redemption reserve	General reserve	Retained earnings	Effective portion of cash flow hedge	Equity instrument through other comprehen- sive income	
Opening balance 1 April 2021	89	100	334	661	60,078	27	501	61,790
Profit for the period	-	-	-	-	4,210	-	-	4,210
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	-	(19)	-	(19)
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	(271)	(271)
Final dividend on equity shares	-	-	-	-	(1,742)	-	-	(1,742)
Buyback of equity shares	-	(100)	227	(661)	(15,111)	-	-	(15,645)
Tax on buyback of equity shares	-	-	-	-	(3,240)	-	-	(3,240)
Remeasurement of the defined benefit plans, net	-	-	-	-	(828)	-	-	(828)
Balance as of 31 March 2022	89	-	561	-	43,367	8	230	44,255

	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 comprehen- sive income	
Opening balance 1 April 2020	89	100	334	661	49,892	(140)	346	51,282
Profit for the period	-	-	-	-	11,204	-	-	11,204
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(871)	-	-	(871)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	-	167	-	167
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	155	155
Remeasurement of the defined benefit plans, net	-	-	-	-	(147)	-	-	(147)
Balance as of 31 March 2021	89	100	334	661	60,078	27	501	61,790

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

Place : New Delhi

Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

PARAG BHISE

Chief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRI

Chief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) &
Company Secretary

Place : Noida

Date : 17 May 2022

Standalone Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL STATEMENTS | 111

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
Net profit before tax	5,686	14,652
Adjustment for:		
Depreciation, amortisation and impairment expenses	1,323	1,143
Unrealised exchange gain / loss on translation of foreign currency accounts (net)	(96)	50
Dividend received from current investments	(100)	(24)
Dividend received from non-current investment	(38)	(2)
Interest income on financial assets- carried at amortised cost	(872)	(1,343)
Discounting of staff loan and security deposit	(20)	(16)
MTM (gain) on investments	(1,883)	(1,934)
Net (gain)/loss on sale of investments	(95)	(125)
Rent concession on lease liability	(16)	(6)
(Profit) / Loss on sale of property, plant and equipment (net)	(12)	11
Interest expense on lease liability	20	41
Interest others	-	13
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	128	(338)
Withholding tax charged off	248	350
Operating profit before working capital changes	4,273	12,472
Adjustment for (increase) / decrease in operating assets		
Trade receivables	667	557
Loans	(10)	38
Inventories		-
Other assets	(65)	(4)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(348)	(604)
Provisions and other liabilities	2,582	1,159
Income taxes paid (net)	7,099	13,618
Net cash from operating activities (A)	5,641	10,586
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(2,419)	(285)
Proceeds from sale of property, plant and equipment	26	27
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	16,361	(13,445)
Bank deposits (net) and other bank balances not considered as cash and cash equivalents	128	57
Interest received on fixed deposits, tax free bonds	1,670	1,085
Dividend received from investments	100	2
Net cash used in investing activities (B)	15,866	(12,559)
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(234)	(217)
Interest paid on lease liabilities	(20)	(41)
Buyback of equity shares including tax thereon (see note 2.15)	(19,112)	-
Interim dividend / Final dividend paid	(1,742)	(871)
Net cash used in financing activities (C)	(21,108)	(1,129)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	399	(3,102)
Opening cash and cash equivalents	1,100	4,239
Exchange difference on translation of foreign currency bank accounts	14	(37)
Closing cash and cash equivalents [see note 2.10]	1,513	1,100

(Amount in ₹ Lacs unless otherwise stated)

Supplementary information	For the year ended 31 March, 2022	For the year ended 31 March, 2021
1. Cash and cash equivalents represents :		
Cash on hand	-	-
Remittance in transit	-	-
Cheques on hand	-	-
Balances with scheduled banks	688	975
Balance with non scheduled banks in current accounts	29	53
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	796	72
	1,513	1,100
2. 'Reconciliation of movements of liabilities to cash flows arising from financing activities :-		
At the beginning (current and non current)	326	549
Addition in lease liabilities	-	-
Interest accrued	20	41
Net Cash outflow	(253)	(258)
Rent concession	(16)	(6)
Translation Difference		
At the end (current and non current)	77	326

3. CSR contribution :Refer note 2.40 for amount spent during the year ended 31 March 2022 and 31 March 2021 relating to CSR activities.**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

Sd/-

GIRISH ARORA

Partner

Membership number : 098652

Place : New Delhi

Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD

Managing Director

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PARAG BHISE

Chief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRI

Chief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) &
Company Secretary

Place : Noida

Date : 17 May 2022

Notes forming part of the standalone financial statements for the year ended 31 March 2022

1.1 Company overview

Nucleus Software Exports Limited ('Nucleus' or 'the Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 31 March 2022 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 17 May 2022.

b) Functional and presentation currency

The standalone financial statements are presented in Indian ₹ (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, amounts below ₹ 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 2022

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 2.2

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of deferred tax expense and payable – Note 2.18
- Estimated useful life of property, plant and equipment and Intangible assets – Note 2.1
- Estimation of defined benefit obligations— Note 2.38
- Impairment of trade receivables- Note 2.9
- Impairment of unbilled revenue and income accrued but not due - Note 2.13 and 2.14
- Impairment loss on preference shares carried at amortised cost- Note 2.3
- Estimation of fair value of preference shares in subsidiary- Note 2.3

f) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a treasury team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The treasury team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii. Revenue recognition

The Company earns revenue primarily from software product development and providing support services mainly for corporate business entities in the banking and financial services sector.

- The Company applies Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.
- Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.
- Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.
- Revenue from time and material contracts is recognised as the services are rendered.
- Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross basis as the Company is acting as the principal.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

- Out of pocket reimbursable expenses e.g. travel etc. if incurred in relation to performance obligation under the contract is recognised as revenue.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as Service income accrued but not due.

Advances from customers/ Advance billing and Deferred revenue ("contract liability") is recognised when there is billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Unbilled revenue is recognised when there is excess of revenue earned over billings on contracts. Unbilled revenue is classified as other financial asset (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms

iii. Other income

Profit on sale of investments is determined as the difference between the sales price and the carrying value of the investment upon disposal of investments.

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset ; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial

asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

iv. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

Depreciation on property, plant and equipment, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the standalone statement of profit and loss account.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The management's estimates of the useful lives of the various property, plant and equipment are as follows:

Asset category	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Tangible asset		
Building	30	30
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.	3	3
Computers- servers and networking equipment*	4	6
Vehicles*	5	10
Furniture and fixtures*	5	10
Temporary wooden structures (included in Building)	3	3

Notes forming part of the standalone financial statements for the year ended 31 March 2022

*Based on a technical evaluation, the useful lives as given above represent the period over which the management expects to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

v. Intangible assets

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

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

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

vi. Financial instruments

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

Financial assets

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

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

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

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

designated as at FVTPL:

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

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

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

Financial assets: Business model assessment

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

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

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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 Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse

features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vi)(e) for derivatives designated as hedging instruments.
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Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c) Derecognition

Financial assets

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

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

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

Notes forming part of the standalone financial statements for the year ended 31 March 2022

case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company recognizes derivative instruments and hedging activities as either assets or liabilities in its balance sheet and measures them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Changes in the fair values of the derivatives designated as cash flow hedges are deferred and recorded as a component of other comprehensive income (loss) reported under accumulated other comprehensive income (loss) until the hedge transaction occurs and are then recognized in the standalone statements of income along with underline hedge items and disclosed as part of total net revenues. Changes in the fair value of the

derivatives not designated as hedging instruments and the ineffective portion of the derivatives designated as cash flows hedges are recognized in standalone statement of income and are included in foreign exchange gains (losses), net, and other income (expense), net, respectively.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- 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

Notes forming part of the standalone financial statements for the year ended 31 March 2022

impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

viii. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

ix. Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated in to INR, the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gain and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- qualifying cash flow hedges to the extent that the hedges are effective.

The company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

b) Foreign operations

The assets and liabilities of foreign branches are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

x. Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

xi. Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised

directly in equity or in other comprehensive income.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is

Notes forming part of the standalone financial statements for the year ended 31 March 2022

realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

xii. Employee benefits

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations. 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

xiii. Standalone Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

xiv. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of

lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of standalone profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

xv. Research and development

Revenue expenditure pertaining to research is charged to the standalone statement of profit and loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for property, plant and equipment.

xvi. 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 under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the

Notes forming part of the standalone financial statements for the year ended 31 March 2022

definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling'

a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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 2021	Additions	Deductions / adjustments	As at 31 March 2022	As at 1 April 2021	Depreciation for the period	Deductions / adjustments	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Tangible assets										
Freehold land (see note 1 below)	34	-	-	34	-	-	-	-	34	34
	(34)	-	-	(34)	-	-	-	-	(34)	(34)
Buildings (see note 1 below)	1,658	-	-	1,658	453	82	-	535	1,123	1,205
	(1,658)	-	-	(1,658)	(365)	(88)	-	(453)	(1,205)	(1,293)
Plant and equipment	443	84	13	514	232	71	13	290	224	211
	(363)	(84)	(4)	(443)	(184)	(51)	(3)	(232)	(211)	(179)
Office equipment	152	1	-	153	96	23	-	119	34	56
	(140)	(12)	-	(152)	(71)	(25)	-	(96)	(56)	(69)
Computer equipment	2,400	1,413	24	3,789	1,842	464	24	2,282	1,507	558
	(2,313)	(89)	(2)	(2,400)	(1,415)	(430)	(3)	(1,842)	(558)	(898)
Vehicles	343	23	46	320	195	55	31	219	101	148
	(451)	(20)	(128)	(343)	(208)	(78)	(91)	(195)	(148)	(243)
Furniture and fixtures	197	12	-	209	114	40	-	154	55	83
	(179)	(18)	-	(197)	(79)	(35)	-	(114)	(83)	(100)
	5,227	1,533	83	6,677	2,932	735	68	3,599	3,078	2,295
	(5,138)	(223)	(134)	(5,227)	(2,322)	(707)	(97)	(2,932)	(2,295)	(2,816)
Other intangible assets										
Software	1,089	893	-	1,982	964	343	-	1,307	675	125
	(1,013)	(76)	-	(1,089)	(785)	(179)	-	(964)	(125)	(228)
Other intangible assets	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	1,089	893	-	1,982	964	343	-	1,307	675	125
Total	6,316	2,426	83	8,659	3,896	1,078	68	4,906	3,753	2,420
	(6,151)	(299)	(134)	(6,316)	(3,107)	(886)	(97)	(3,896)	(2,420)	(3,044)

Note :1 Property, plant and equipment

(Amount in ₹ Lacs unless otherwise stated)

	Gross carrying amount	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter*/director or employee of promoter/director	Held since	Reason for not held in company name
Freehold land -1	7	Nucleus Software Exports Ltd	Title deed held in company name.	3 December 1993	-
Freehold land -2	27	Nucleus Software Exports Ltd	Title deed held in company name.	4 October 2004	-
Total	34		-		
Buildings -1	7	Nucleus Software Exports Ltd	Title deed held in company name.	3 December 1993 and 4 October 2004	-
Buildings -2	1,651	Nucleus Software Exports Ltd	Title deed held in company name.	17 January 2001	-
Total	1,658		-		

Notes forming part of the standalone financial statements for the year ended 31 March 2022

2.1(b) Capital work in progress

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 1 April 2021	Additions	Capitalisation / adjustments	As At 31 March 2022
Capital work in progress (see note 2 below)	45	41	81	4
	(21)	(87)	(63)	(45)

Note: 2 Capital work in progress

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amount in capital work in progress				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	-	-	-	-	-
	(41)	-	-	-	(41)
Projects temporarily suspended (see note below)*	-	-	4	-	4
	-	(4)	-	-	(4)

Note : *Projects temporarily suspended includes amount of ₹ 4 lacs paid for soil testing for construction work on Noida plot, which has been temporarily suspended.

2.1(c) Intangible assets under development

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 1 April 2021	Additions	Capitalisation / adjustments	As At 31 March 2022
Intangible assets under development (see note 3 below)	5	62	25	42
	(5)	(1)	(1)	(5)

Note 3:

(Amount in ₹ Lacs unless otherwise stated)

Intangible assets under development	Amount in Intangible assets under development				Total
	Less than 1 year	1 to 2 years	More than 3 years		
Projects in progress	42	-	-		42
	-	(5)			(5)
Projects temporarily suspended	-	-	-		-
	-	-	-		-

Note:

- (i) Figures in bracket pertain to the positions as of 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 2022			As at 31 March 2021		
	Building	Lease hold land	Total	Building	Lease hold land	Total
Opening balance	308	521	829	558	528	1,086
Additions	-	-	-	-	-	-
Amortisation	237	8	245	250	7	257
Closing balance	71	513	584	308	521	829

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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

- (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 2022	As at 31 March 2021
Current lease liabilities	77	249
Non-current lease liabilities	-	77
Total	77	326

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	326	549
Additions	-	-
Finance cost accrued during the period	20	41
Payment of lease liabilities	(253)	(258)
Rent concession on lease liability (see note below)	(16)	(6)
Closing balance	77	326

The Company has applied expedient to one of its lease contracts and accordingly an amount of ₹ 16 lacs (previous year ended 31 March 2021 ₹ 6 lacs) for rent concession has been recorded 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 2022	As at 31 March 2021
Not later than 1 year	79	269
Later than 1 year but not later than 5 years	-	79
More than 5 year	-	-
Total	79	348

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 ₹ 34 lacs (net of rent concession of ₹ 16 lacs) for the year ended 31 March 2022 (previous year ended 31 March 2021 ₹ 45 lacs, net of rent concessions ₹ 6 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 2022

2.3 A. NON-CURRENT INVESTMENTS

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
Investments in equity shares of subsidiaries (unquoted)		
<i>Equity shares at cost</i>		
a. 625,000 (As at 31 March 2021 - 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 2021 -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 2021 - 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 2021 - 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 2021 - 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 2021 - 100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	55	55
g. 10 (As at 31 March 2021 - 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 2021- 250,000) equity shares of ₹10 each, fully paid up, in Ujjivan Financial Services Limited	255	526
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	-	501
Less: Provision for impairment of investment	-	(501)
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
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	540	540
c. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,030	1,030
d. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
e. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47
f. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
g. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	142	142
h. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	106	107
i. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
j. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
k. 7.21% Power Finance Corporation Tax Free Bonds 2022	-	514
l. 7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	121	122

Notes forming part of the standalone financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
m. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201
n. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	521	532
o. 8.51 Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	528	538
p. 8.63% National Housing Bank Tax Free Bond 2029	1,238	1,265
q. 8.30% Power Finance Corporation Tax Free Bonds 2027	1,201	1,230
	6,140	7,737
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. HDFC Corporate Bond Fund - Growth-Direct	1,008	417
b. DSP Banking & PSU Debt Fund - Growth- Direct	588	565
c. Axis Banking and PSU Debt Fund - Growth-Direct	1,460	1,400
d. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,162	1,110
e. Tata Short Term Bond Fund - Growth- Direct	2,404	2,299
f. SBI Corporate Bond Fund - Growth- Direct	398	380
g. Kotak Bond Short Term Fund - Growth- Direct	1,164	1,107
h. Nippon India Floating Rate Fund - Growth- Direct	3,451	843
i. ICICI Prudential Corporate Bond Fund - Growth-Direct	1,333	1,275
	12,968	9,396
Aggregate amount of non-current investments	20,848	19,144
Aggregate book value of quoted investments	6,395	8,263
Aggregate market value of quoted investments	6,805	8,687
Aggregate value of unquoted investments	14,453	10,881
Aggregate amount of impairment in value of quoted investments	-	501
Aggregate amount of impairment in value of unquoted investments	652	652

B. Equity shares designated as at fair value through other comprehensive income

As at 1 April 2016, the Company designated the investments shown below as equity shares at FVOCI because these equity shares represent investments that the Company intends to hold for a long- term for strategic purpose

	Fair value as at 31 March 2022	Change in fair value during the year ended 31 March 2022	Fair value as at 31 March 2021
Investment in Ujjivan Financial Services Limited	255	(271)	526

No strategic investments were disposed off during the year ended 31 March 2022 as well as in the previous year ended 31 March 2021 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

2.4 LONG-TERM LOANS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
(Unsecured considered good unless otherwise stated)		
a. Loans and advances to employees	19	2
b. Loan to subsidiary credit impaired (refer note 1 below)	382	397
	401	399
Less: Loss allowance on loan to subsidiary	(232)	(232)
	169	167

Notes forming part of the standalone financial statements for the year ended 31 March 2022

Note 1: Type of borrower

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	Amount of loan / advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoter	-	-
Directors	-	-
KMP's	-	-
Related parties	382	100%
	382	100%

2.5 OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Security deposits	74	244
b. Long-term bank deposits with more than 12 months maturity	1,020	1,822
	1,094	2,066

Note:

[Long term bank deposits include ₹ 6 lac (31 March 2021 ₹ Nil) which are under lien]

2.6 INCOME TAX ASSETS (NET)

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Advance income tax (net of provisions)	1,597	2,056
	1,597	2,056

2.7 OTHER NON- CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Capital advances	4	4
b. Employee advances	38	37
c. Prepaid expenses	22	5
	64	46

2.8 Current investments

Investment in mutual funds

(Amount in ₹ Lacs unless otherwise stated)		
Name	As at 31 March 2022	As at 31 March 2021
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	661	1,404
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	3,050	2,392
Axis Liquid Fund- Direct Plan- Growth	193	-
Axis Money Market Fund - Direct Plan - Growth	-	81
Axis Overnight Fund- Direct Plan- Growth	1,503	-
Axis Treasury Advantage Fund - Direct Plan - Growth	-	1,616
DSP Liquidity Fund - Direct Plan - Growth	125	-
DSP Low Duration Fund - Direct Plan - Growth	3,426	2,068
DSP Ultra Short term Fund - Direct Plan - Growth	-	679

Notes forming part of the standalone financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)		
Name	As at 31 March 2022	As at 31 March 2021
HDFC Arbitrage Fund - Direct Plan - Growth	-	1,928
HDFC Money Market Fund - Direct Plan - Growth	2,248	2,161
HDFC Ultra Short term Fund - Direct Plan - Growth	1,664	1,600
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Growth	-	332
ICICI Prudential Money Market Fund - Direct Plan - Growth	3,418	3,289
Kotak Equity Arbitrage Fund- Direct Plan - Growth	-	3,626
Kotak Overnight Fund - Direct Plan - Growth	3,127	-
Kotak Money Market Fund - Direct Plan - Direct	-	1,319
L&T Ultra Short Term Fund - Direct Plan - Growth	-	648
Nippon India Arbitrage Fund - Direct Plan - Growth	1,352	1,293
SBI Liquid Fund - Direct Plan - Growth	-	1,635
SBI Arbitrage Opportunities Fund - Direct Plan - Growth	-	1,500
SBI Savings Fund - Direct Plan - Growth	-	2,379
Tata Liquid Fund - Direct Plan - Growth	-	1,252
Tata Treasury Advantage Fund - Direct Plan - Growth	618	593
Tata Arbitrage Fund- Direct Plan - Growth	322	-
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	-	-
UTI Money Market Fund - Direct Plan - Growth	1,480	2,162
UTI Arbitrage Fund - Direct Plan - Growth	1,862	1,176
UTI Liquid Cash Plan - Direct Plan - Growth	1,442	-
	26,491	35,133
Fixed Maturity Plans/Interval Plans (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	-	628
ICICI Prudential FMP - Series 82 - 1225 Days Plan B	-	628
ICICI Prudential FMP - Series 82 - 1203 Days Plan K	-	627
Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12	-	622
Nippon India Fixed Horizon Fund XXXVI - Series 6	-	624
UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	-	628
UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	-	622
	-	4,379
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
7.18% Indian Railway Finance Corporation Limited Tax Free Bonds 2023	1,018	-
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
7.21% Power Finance Corporation Tax Free Bonds 2022	513	-
8.09% Power Finance Corporation Tax Free Bonds 2021	-	471
7.51% Power Finance Corporation Tax Free Bonds 2021	-	517
8.20% Power Finance Corporation Tax Free Bonds 2022	-	63
	1,531	3,444
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>	-	-
17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	-	-
Less: Provision for impairment of investment	-	-
16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	-	-
Less: Provision for impairment of investment	-	-
7.50% Tata Capital Ltd. (Preference Shares - 2024)	500	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
	500	2,773
Aggregate amount of investment	28,522	45,729
Aggregate book value of quoted investments	2,031	8,323
Aggregate market value of quoted investments	2,055	8,402
Aggregate value of unquoted investments	26,491	37,406
Aggregate amount of impairment in value of quoted investments	601	100

Notes forming part of the standalone financial statements for the year ended 31 March 2022

2.9 CURRENT TRADE RECEIVABLES

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Due from subsidiaries - considered good (see note 1 below and note 2.34)	378	131
b. Other trade receivable (see note 1 below)		
Considered good - Unsecured	7,029	7,610
Credit impaired	58	151
	7,087	7,761
Less: Allowances for doubtful trade receivables	(58)	(151)
	7,029	7,610
	7,407	7,741
c. Trade receivable -Unbilled		
Considered good - Unsecured	184	351
Credit impaired	91	30
	275	381
Less: Allowances for doubtful trade receivables unbilled	(91)	(30)
	184	351
	7,591	8,092

Note 1: Outstanding for following periods from due date of payment (Billed)

(Amount in ₹ Lacs unless otherwise stated)						
Particulars	As at 31 March 2022					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	6,732	676	-	-	-	7,408
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	32	-	-	32
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	1	2	22	25
	6,732	676	33	2	22	7,465
Less: Allowances for doubtful trade receivables						(58)
TRADE RECEIVABLES						7,407
TRADE RECEIVABLES-Unbilled						184
						7,591

Notes forming part of the standalone financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)

Outstanding for following periods from due date of payment		As at 31 March 2021					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	7,070	433	-	-	-	7,503
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii)	Undisputed Trade Receivables – credit impaired	-	1	7	2	2	12
(iv)	Disputed Trade Receivables – considered good	-	12	14	-	213	239
(v)	Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi)	Disputed Trade Receivables – credit impaired	-	-	56	20	62	138
		7,070	446	77	22	277	7,892
	Less: Allowances for doubtful trade receivables						(151)
	TRADE RECEIVABLES						7,741
	TRADE RECEIVABLES-Unbilled						351
							8,092

2.10 CASH AND CASH EQUIVALENTS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Balances with scheduled banks:		
- in Current accounts	141	65
- in Escrow accounts	62	52
- in EEFC accounts	485	859
b. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	6	18
- Citibank, United Arab Emirates	23	22
- Citibank, USA	-	12
c. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	796	72
	1,513	1,100

2.11 OTHER BANK BALANCES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	34	36
b. Balances with scheduled banks in deposit accounts		
- Maturity with in 12 months of the reporting date	1,987	1,222
	2,021	1,258

Note:

[Balance with scheduled banks in deposit accounts include ₹ 69 lacs (31 March 2021 ₹ 89 lacs) which are under lien]

Notes forming part of the standalone financial statements for the year ended 31 March 2022

2.12 SHORT-TERM LOANS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Loans and advances to employees considered good - Unsecured	19	11
	19	11

2.13 OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Security deposit	195	2
b. Mark-to-market gain on forward contracts	11	37
c. Other recoverable from subsidiaries (see note 2.34)	2	79
	208	118

2.14 OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Income accrued but not due		
Considered good	1,002	1,119
Credit impaired	384	360
	1,386	1,479
Less : Loss allowance for income accrued but not due	(384)	(360)
	1,002	1,119
b. Employee advances	4	14
c. Prepaid expenses	464	340
d. Contract cost	19	3
e. Balances with government authorities		
-Tax credit receivable GST/VAT	34	43
f. Others		
- Supplier advances	446	438
g. Deferred employee benefits	5	1
	1,974	1,958

2.15 SHARE CAPITAL

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Authorised		
Equity shares		
41,100,000 (As at 31 March 2021 - 41,100,000) equity shares of ₹10 each (also see note 2.16)	4,110	4,110
Preference shares		
4,000,000 (As at 31 March 2021 - 4,000,000) 11% redeemable non cumulative preference shares of ₹10 each (also see note 2.16)	400	400
	4,510	4,510
b. Issued, Subscribed and Paid-Up		
Issued		
26,776,124 (As at 31 March 2021 - 29,043,524) equity shares of ₹10 each	2,678	2,904
Subscribed and Paid-Up		
26,773,324 (As at 31 March 2021 - 29,040,724) equity shares of ₹10 each	2,677	2,904
	2,677	2,904

Notes forming part of the standalone financial statements for the year ended 31 March 2022

Refer notes (i) to (vi) 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	Extinguishment of equity shares during the year	Closing balance
a. For the year ended 31 March 2022			
- Number of shares	2,90,40,724	(22,67,400)	2,67,73,324
- Amount (In ₹)	29,04,22,240	(2,26,74,000)	26,77,48,240
b. For the year ended 31 March 2021			
- Number of shares	2,90,40,724	-	2,90,40,724
- Amount (In ₹)	29,04,22,240	-	29,04,22,240

- (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 promotor shareholders in the Company :-**

Particulars	31 March 2022			31 March 2021		
	(Number)	(Percentage)	% Change during the year	(Number)	(Percentage)	% Change during the year
Karmayogi Holdings Private Limited	90,00,000	33.62%	2.63%	90,00,000	30.99%	-
Madhu Dusad	30,66,248	11.45%	0.89%	30,66,248	10.56%	-
Nucleus Software Engineers Private Limited	23,85,882	8.91%	0.69%	23,85,882	8.22%	-
Vishnu R Dusad	16,03,492	5.99%	0.47%	16,03,492	5.52%	-
Ritika Dusad	10,00,000	3.74%	0.30%	10,00,000	3.44%	-
Kritika Dusad	10,00,000	3.74%	0.30%	10,00,000	3.44%	-
Yogesh Andlay	8,63,534	3.23%	0.26%	8,63,534	2.97%	-
Nucleus Software Workshop Pvt Ltd	6,00,000	2.24%	0.17%	6,00,000	2.07%	-
Naveen Kumar	72,952	0.27%	0.02%	72,952	0.25%	-
Card Systems Pvt Ltd	2,310	0.01%	(0.03%)	12,000	0.04%	-
Suman Mathur	23,758	0.09%	0.01%	23,758	0.08%	-

- (iv) **Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

Particulars	31 March 2022		31 March 2021	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	90,00,000	33.62%	90,00,000	30.99%
Nucleus Software Engineers Private Limited	23,85,882	8.91%	23,85,882	8.22%
Madhu Dusad	30,66,248	11.45%	30,66,248	10.56%
Vishnu R Dusad	16,03,492	5.99%	16,03,492	5.52%

- (v) The subscribed and paid capital of ₹2,904 lacs includes ₹15,000 in respect of 2,800 forfeited equity shares pending reissue.

- (vi) **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 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

- b. The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The Scheme is administered by the Compensation Committee comprising three members, majority of whom are independent directors.
- c. No options have been granted till date under the ESOP Scheme 2015.

2.16 OTHER EQUITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Capital reserve	89	89
b. Securities premium account	-	100
c. Capital redemption reserve	561	334
d. General reserve	-	661
e. Retained earnings	43,367	60,078
f. Other comprehensive income	238	528
Total	44,255	61,790

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Securities premium account		
Opening balance	100	100
Utilised for buy back of equity shares (see note 2.17)	(100)	-
Closing balance	-	100
c. Capital Redemption reserve		
Opening Balance	334	334
Addition during the period	227	-
Closing balance	561	334
d. General reserve		
Opening balance	661	661
Utilised for buy back of equity shares (see note 2.17)	(661)	-
Closing balance	-	661
e. Retained Earnings		
Opening balance	60,078	49,892
Add: Profit for the year	4,210	11,204
Less : Appropriations		
- Final dividend on equity shares [see note (i) below]	(1,742)	-
- Interim dividend [see note (i) below]	-	(871)
- Buyback of equity shares	(15,111)	-
- Tax on buyback of equity shares	(3,240)	-
- Remeasurement of the defined benefit plans, net	(828)	(147)
Closing balance	43,367	60,078
f. Other comprehensive income		
Equity instrument through other comprehensive income		
Opening balance	501	346
Addition / (Deletion)	(271)	155
Closing balance	230	501

Notes forming part of the standalone financial statements for the year ended 31 March 2022

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Hedging reserve, net		
Opening balance	27	(140)
Addition / (Deletion)	(19)	167
Closing balance	8	27
Total other comprehensive income (net of tax)	238	528
	44,255	61,790

Note :

(i) Dividend

The Board of Directors on 17 May 2022 have recommended a payment of Final Dividend of ₹7 per share (on equity share of par value of ₹10 each) for the year ended 31 March 2022. The payment is subject to approval of shareholders at the ensuing AGM.

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 was approved by shareholders at the annual general meeting held on 23 July 2021. This dividend was paid on 28 July 2021. Such dividend payment by the company is in accordance with section 123 of the Companies Act 2013.

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 was the Record Date that was fixed for this purpose. Such dividend payment by the company is in accordance with section 123 of the Companies Act 2013.

(ii) Buyback of shares

The Company in its Board meeting on 24th September 2021 has approved the buyback of 22,67,400 Equity Shares (maximum buy back shares) comprising of 7.81% of the total paid up equity capital of the Company at a price of ₹700/- per Equity Share ("Maximum Buyback Price") payable in cash for an aggregate amount not exceeding ₹158.72 Crore ("Maximum Buyback Offer Size"), excluding transaction costs and taxes. The Shareholders approved this Buy-back vide Postal Ballot in November 2021. The Settlement of Buyback was done on 21st January 2022 and 22,67,400 Equity Shares bought back were extinguished on 27th January 2022.

(iii) 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 became 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 were approved during the quarter ended 31 December 2020.

Upon coming into effect of the Scheme, the business undertakings of Virstra and Avon were transferred to and vested in the Company w.e.f 1 April 2019 which was the appointed date and the financial statements were prepared accordingly giving effect to the Scheme.

The Company applied the pooling of interest method under which:

- The assets and liabilities of the business acquired were carried at the carrying values at which these were included in the financial statements of Virstra and Avon and no adjustments were 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 were preserved as they appeared in the financial statements of Virstra and Avon.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

- (c) The figures of the previous period were 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 were added to the existing authorised share capital of the Company-

(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

(iv) 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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)

2.17 NON-CURRENT PROVISIONS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
a. Provision for compensated absences	1,008	842
b. Provision for gratuity (see note 2.38)	1,332	151
	2,340	993

2.18 DEFERRED TAX LIABILITIES (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax	1,286	2,801
Deferred tax	190	647
Net tax expense	1,476	3,448

B. Income tax recognised in other comprehensive income on

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Remeasurements of net defined benefit plans	278	49
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges	6	(57)
	284	(8)

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:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Percentage	For the year ended 31 March 2022	Percentage	For the year ended 31 March 2021
Profit before tax	-	5,686	-	14,652
Domestic tax rate	25.2%	1,431	25%	3,688
Effect of exempt non-operating income	(3.0%)	(172)	(1%)	(179)
Effect of non- deductible expenses and others	7.9%	450	1%	198
Additional deduction on research and development expenses	-	-	-	-
Taxes on income at different rates	(3.5%)	(197)	(1%)	(129)
Tax pertaining to Branch tax	-	-	-	1
Change in tax rate and others	(0.6%)	(36)	(2%)	(131)
Effective tax	26.0%	1,476	24%	3,448

Notes forming part of the standalone financial statements for the year ended 31 March 2022

D. Movement in temporary differences

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Balance as at 1 April 2021	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 2022
(i) Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	312	(217)	278	-	373
Provision for doubtful trade receivables / loans and service income accrued but not due and others	202	(1)	-	-	201
Trade receivables, security deposit and loans at amortised cost	14	-	-	-	14
Lease liability	8	(5)	-	-	3
	536	(223)	278	-	591
(ii) Deferred tax liabilities					
Property, plant and equipment	(13)	1	-	-	(12)
Forward contracts	(10)	-	7	-	(3)
Investments	(646)	32	-	-	(614)
	(669)	33	7	-	(629)
Net deferred tax asset	(133)	(190)	285	-	(38)
		190			38

(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					
Provision for compensated absences, gratuity and other employee benefits	336	(73)	49	-	312
Provision for doubtful debts / loans and service income accrued but not due	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)
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 2022

2.19 TRADE PAYABLES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
-Total outstanding dues of micro enterprises and small enterprises (see note 2.41)	-	-
- Due to subsidiaries (see note 2.34) and (see note below)	376	418
-Total outstanding dues of creditors other than micro enterprises and small enterprises (see note 1 below)	108	177
-Accrued expenses	660	791
	1,144	1,386

Note 1 : Aging for Trade payable outstanding as at 31 March 2022 is as follows:

(Amount in ₹ Lacs unless otherwise stated)

Outstanding for following period from due date	Not due	As at 31 March 2022				
		Outstanding for following periods from due date of payments				
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Trade payables						
(i) MSME		-		-	-	-
(ii) Others (inter company)	-	376	-	-	-	376
(iii) Others	94	14	-	-	-	108
(iv) Disputed dues MSME		-	-	-	-	-
(v) Disputed dues others		-	-	-	-	-
Total	94	390	-	-	-	484
Accrued expenses						660
						1,144

Note 1 : Aging for Trade payable outstanding as at 31 March 2021 is as follows:

(Amount in ₹ Lacs unless otherwise stated)

Outstanding for following period from due date	Not due	Trade Payable due for payments				
		As at 31 March 2021				
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(ii) MSME		-	-	-	-	-
(ii) Others (inter company)		418	-		-	418
(iii) Others	175	-	2	-	-	177
(iv) Disputed dues MSME	-	-	-	-	-	-
(v) Disputed dues others	-	-	-	-	-	-
Total	176	418	2	-	-	595
Accrued expenses						791
						1,386

2.20 OTHER CURRENT FINANCIAL LIABILITIES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Unpaid dividends	34	36
b. Payable for purchase of Property, plant and equipment and Intangible assets (see note 2.41)	21	19
c. Employee payable	3,766	3,280
	3,821	3,335

Notes forming part of the standalone financial statements for the year ended 31 March 2022

2.21 CURRENT PROVISIONS

Provision for employee benefits

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Provision for compensated absences	391	224
	391	224

2.22 CURRENT TAX LIABILITIES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Provision for tax	3	386
	3	386

2.23 OTHER CURRENT LIABILITIES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Advance from customers / Advance billings	5,744	5,767
b. Deferred revenue	8,256	6,936
c. Other payables - statutory liabilities	1,257	864
	15,257	13,567

2.24 INCOME FROM SOFTWARE PRODUCTS AND SERVICES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Software products and services (see note 2.37)		
- Sale of products	41,000	42,451
- Sale of services	3,806	2,985
	44,806	45,436

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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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 2022, other than those meeting the exclusion criteria is ₹ 6,133 Lacs out of which 25% 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 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.

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

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning as of 1 April 2021/ 1 April 2020	1,479	1,284
Revenue recognised during the period	4,401	7,343
Invoices raised during the period	(5,187)	(8,410)
Translation exchange difference	200	10
Movement of contract assets	493	1,288
Impairment of a contract asset	-	(36)
Balance at the end	1,386	1,479

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

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning as of 1 April 2021 / 1 April 2020	12,703	11,870
Revenue recognised during the period	(35,840)	(34,018)
Invoices raised during the period	36,005	33,476
Translation exchange difference	346	(226)
Other movement liability	786	1,601
Impairment of liability	-	-
Balance at the end	14,000	12,703

2.25 OTHER INCOME

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Interest income on financial assets- carried at amortised cost :		
- Deposits with banks	154	189
- Loan to subsidiary	-	-
- Tax free bonds	685	713
- Fixed maturity plan	33	361
- Preference shares	-	80
- Others	20	16
b. Interest income on income tax refund	82	0
b. Dividend income		
- Current investments	100	24
- Non-current investments	38	2
c. Net gain / (loss) on sale of investments		
-Non trade investment	30	(5)
- Mutual Funds	65	130
d. MTM gain or (loss) on		
- Current investments	1,332	1,135
- Non-current investments	551	798
e. - Gain on exchange fluctuation	133	65
- Gain / (Loss) on ineffective hedges (see note 2.33)		
f. Other non-operating income		
- Net profit on sale of property, plant and equipment	12	-
- Lease rental income from subsidiary	-	-
- Premium on Forward Contracts	168	153
- Miscellaneous income	4	2
	3,407	3,663

Notes forming part of the standalone financial statements for the year ended 31 March 2022

2.26 EMPLOYEE BENEFITS EXPENSES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Salaries and wages	31,119	25,514
b. Contribution to provident and other funds	1,551	1,379
c. Gratuity expense (see note 2.38)	451	399
d. Staff welfare expenses	467	455
	33,588	27,747

2.27 OPERATING AND OTHER EXPENSES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Outsourced technical service expense	1,632	1,299
b. Cost of software purchased for delivery to clients	103	62
c. Power and fuel	267	270
d. Rent (see note 2.2)	34	45
e. Repair and maintenance		
- Buildings	49	104
- Others	337	358
f. Insurance	41	40
g. Rates and taxes	118	26
h. Travel expenses		
- Foreign	64	43
- Domestic	31	59
i. Advertisement, business development and promotion	100	111
j. Legal and professional (see note 2.32)	661	374
k. Remuneration to Non Executive Directors	164	165
l. Conveyance	36	34
m. Communication	109	99
n. Training and recruitment	247	96
o. Net loss on sale /discarded of property, plant and equipment	-	11
p. Conference, exhibition and seminar	13	15
q. Information technology expenses	1,839	1,196
r. Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	128	(338)
s. Withholding tax charged off	248	350
t. Commission to channel partners	47	(23)
u. Expenditure on corporate social responsibility (see note 2.40)	203	165
v. Sales and marketing fee	875	790
w. Business Management & Consultancy Expenses (see note 2.34)	143	-
x. Miscellaneous expenses	88	129
	7,577	5,480
Remuneration to Non Executive Directors		
a. Commission	40	117
b. Sitting fees	124	48

Notes forming part of the standalone financial statements for the year ended 31 March 2022

2.28 FINANCE COST

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Bank Charges	19	23
b. Interest expense on lease liability	20	41
c. Interest others	-	13
	39	77

Investment in Preference Shares (quoted)

Preference shares at Amortised cost

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	100	100
Less: Provision for impairment of investment	(100)	(100)
16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	
Less: Provision for impairment of investment	(501)	-
7.50% Tata Capital Ltd. (Preference Shares - 2024)	500	500
Investment in Preference Shares (unquoted)		
Preference shares at Fair value through profit or loss (FVTPL)		
10% Tata Motors Finance Ltd (CCPS - 2025) (see note 2.30)	-	2,273
	500	2,773
Aggregate amount of investment	28,522	45,729
Aggregate book value of quoted investments	2,031	8,323
Aggregate market value of quoted investments	2,055	8,402
Aggregate value of unquoted investments	26,491	37,406
Aggregate amount of impairment in value of quoted investments	601	100

2.29 RATIOS

Ratios as per table below	As at 31 March 2022	As at 31 March 2021	Numerator and denominator for computing the above ratios	Remarks
a. Current Ratio (in times)	2	3	Current assets/Current liabilities	-
b. Debt-Equity Ratio (in times) *	0.002	0.005	Debt consist of lease liabilities /Total equity	Refer note below
c. Debt Service Coverage Ratio (in times) **	20	41	Profit after tax+ Interest +Non cash expenses/ Debt service (interest and lease payments)-	Refer note below
d. Inventory turnover ratio	-	-	-	Not applicable
e. Trade Receivables turnover ratio (Days)	62	65	Trade receivables *(365)/Income from software product and services	-
f. Trade payables turnover ratio (Days)*	10	15	Trade payables*(365)/Total expenses	Refer note below
g. Net capital turnover ratio (in times)	2	1	Income from software product and services/ working capital (CA-CL)	Refer note below
h. Return on Equity Ratio (in %) *	8%	19%	Profit after tax/Average total equity	Refer note below
i. Net profit ratio (in %) *	9%	25%	Profit after tax/Income from software product and services	Refer note below
j. Return on Capital employed (in %) *	12%	23%	Profit before tax / Capital employed (Tangible net worth + deferred tax liabilities + Lease Liabilities)	Refer note below
k. Return on investment (in %)	5%	6%	Income generated from investments/ Time weighted average investments	Refer note below

Note: (*) Above ratio's movement (2.29 f to 2.29 j) for current year is more than 25% . This is due to the reason of lower revenue in current period by ₹ 630 lacs and expenses higher by ₹ 8,080 lacs.

Note: (**) Above ratio's movement (2.29 b and 2.29 c) for current year is more than 25% . This is due to Principal repayment of lease liabilities of ₹ 234 lacs during the year.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

2.30 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2022 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 (2.10)	1,513	-	-	1,513	1,513	-	-	-
Other bank balances (2.11)	2,021	-	-	2,021	2,021	-	-	-
Investments (2.3 and 2.8)								
Equity Instruments (Other than subsidiaries)	-	-	255	255	255	255	-	-
Tax free bonds	7,672	-	-	7,672	8,105	8,105	-	-
Mutual funds (other than FMPs)	-	39,459	-	39,459	39,459	39,459	-	-
Fixed maturity plans (FMPs)	-	-	-	-	-	-	-	-
Preference shares	500	-	-	500	500	500	-	-
Trade receivables (2.9)	7,591	-	-	7,591	7,591	-	-	-
Loans (2.4 and 2.12)	188	-	-	188	188	-	-	-
Other financial assets (2.5 and 2.13)	1,291	-	11	1,302	1,302	-	-	-
	20,776	39,459	266	60,501	60,934			
Liabilities:								
Trade payables (2.19)	1,144	-	-	1,144	1,144	-	-	-
Lease liabilities (2.2)	77	-	-	77	77	-	-	-
Other financial liabilities (2.20)	3,821	-	-	3,821	3,821	-	-	-
	5,042	-	-	5,042	5,042			

Notes forming part of the standalone financial statements for the year ended 31 March 2022

The carrying value and fair value of financial instruments by categories as at 31 March 2021 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 (2.10)	1,100	-	-	1,100	1,100	-	-	-
Other bank balances (2.11)	1,258	-	-	1,258	1,258	-	-	-
Investments (2.3 and 2.8)								
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)	-	44,529	-	44,529	44,529	44,529	-	-
Fixed maturity plans (FMPs)	4,379	-	-	4,379	4,416	4,416	-	-
Preference shares	500	2,273	-	2,773	2,773	544		2,229
Trade receivables (2.9)	8,092	-	-	8,092	8,092	-	-	-
Loans (2.4 and 2.12)	178	-	-	178	178	-	-	-
Other financial assets (2.5 and 2.13)	2,146	-	37	2,183	2,183	-	-	-
	28,835	46,802	563	76,200	76,702			
Liabilities:								
Trade payables (2.19)	1,386	-	-	1,386	1,386	-	-	-
Lease liabilities (2.2)	326	-	-	326	326	-	-	-
Other financial liabilities (2.20)	3,335	-	-	3,335	3,335	-	-	-
	5,047	-	-	5,047	5,047			

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).

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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.

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	2,229	2,659
Net change in Fair Value (recognized in profit or loss)	(2,229)	(430)
	-	2,229

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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

Foreign currency exposures are given below :

(Amount in ₹ Lacs unless otherwise stated)

Currency	As at 31 March 2022		As at 31 March 2021	
	Amount in foreign currency in lacs	Amount in ₹ in lacs	Amount in foreign currency in lacs	Amount in ₹ in lacs
Receivable				
USD	54	4,118	54	3,955
EUR	1	123	2	159
MYR	15	277	2	44
SGD	3	161	-	12
JPY	-	-	201	133
AED	9	188	7	136
GBP	1	119	2	174
AUD	13	711	6	314
CHF	-	4	-	4
QAR	-	-	-	-
Payable				
USD	1	79	2	145
EUR	-	-	-	1
MYR	-	-	-	4
GBP	-	12	-	14
SGD	3	168	1	34
AED	1	11	-	7
JPY	72	45	99	65
AUD	3	186	5	295

Cash flow sensitivity of currency risk

As at 31 March 2022 and as at 31 March 2021 a 10% strengthening/weakening of the Indian rupee against the respective Foreign currencies, would have affected the Company's total comprehensive income by ₹520 lacs and ₹436 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:

Notes forming part of the standalone financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)

	Impact on profit before tax		Impact on other components of equity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Increase 2%				
Mutual funds	789	891	-	-
Equity instruments (other than subsidiaries)	-	-	5	11
Decrease 2%				
Mutual funds	(789)	(891)	-	-
Equity instruments (other than subsidiaries)		-	(5)	(11)

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:

(Amount in ₹ Lacs unless otherwise stated)

Contract outstanding	Buy/Sell	As at 31 March 2022	Equivalent amount in ₹ in lacs	As at 31 March 2021	Equivalent amount in ₹ in lacs
		(Original currency)	31 March 2022	(Original currency)	31 March 2021
In USD (Amount in USD lacs)	Sell	34.50	2,615	48	3,473

The foreign exchange contracts mature within nine months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance sheet date

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at		As at	
	31 March 2022 Amount in USD in lacs	31 March 2022 Equivalent amount in ₹ in lacs	31 March 2021 Amount in USD in lacs	31 March 2021 Equivalent amount in ₹ in lacs
Not later than one month	7.50	568	7.50	548
Later than one month and not later than three months	12.00	909	12.50	914
Later than three months and not later than one year	15.00	1,137	27.50	2,011

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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

The following table provides the reconciliation of cash flow hedge reserve for the period ended :

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	27	(140)
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	(19)	167
Balance at the end of the period	8	27

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

(Amount in ₹ Lacs unless otherwise stated)		
	For the year ended 31 March 2022	For the year ended 31 March 2021
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss),net	(25)	224
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	113	7

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

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
Gross amount of recognized financial asset/ (financial liabilities)	11	37
Net amount presented in balance sheet	11	37

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 ₹7,591 lacs and ₹8,092 lacs as of 31 March 2022 and 31 March 2021 respectively and income accrued but not due and unbilled revenue amounting to ₹1,002 lacs and ₹1,119 lacs as of 31 March 2022 and 31 March 2021, 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

Notes forming part of the standalone financial statements for the year ended 31 March 2022

credit loss, the Company has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers.

The following table gives details in respect of percentage of revenues generated from its top most customer and the top five customers:

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
	(in %)	(in %)
Revenue from top customer	6.11%	6.02%
Revenue from top five customers	22.91%	23.67%

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the year ended 31 March 2022 is ₹ 27 lacs and for the year ended 31 March 2021 was ₹ 322 lacs.

	(Amount in ₹ Lacs unless otherwise stated)	
	For the Year ended 31 March 2022	For the Year ended 31 March 2021
Balance at the beginning	151	473
Impairment loss recognised	27	(322)
Amounts written off against existing provision	(120)	-
Balance at the end	58	151

- b) The lifetime expected credit loss on income accrued but not due and unbilled revenue for the year ended 31 March 2022 is ₹ 33 lacs and for the year ended 31 March 2021 this was ₹(62) lacs.

	(Amount in ₹ Lacs unless otherwise stated)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning	360	429
Impairment loss recognised	33	(62)
Amounts written off against existing provision	(9)	(8)
Balance at the end	384	360

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 standalone financial statements for the year ended 31 March 2022

a) Expected credit loss for loans, security deposits and Investments As at 31 March 2022

(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	6,140	-	-	6,140
		Loans to employee	19	-	-	19
		Security deposits	74	-	-	74
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	382	61%	(232)	150
		Investment at amortised cost	601	100%	(601)	-

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	-	-	7,737
		Loans to employee	2	-	-	2
		Security deposits	244	-	-	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)	165
		Investment at amortised cost	601	100%	(601)	-

Notes forming part of the standalone financial statements for the year ended 31 March 2022

b) Expected credit loss for trade receivables under simplified approach As at 31 March 2022

(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	4,821	1,715	207	676	-	46	7,465
Less : Expected credit losses (Loss allowance provision)	-	-	-	-	-	58	58
Carrying amount of trade receivables (net of impairment)	4,821	1,715	207	676	-	(12)	7,407
Trade Receivables-Unbilled	-	181	1	-	2	-	184
							7,591

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
TRADE RECEIVABLES-Unbilled	-	292	14	17	17	11	351
							8,092

c) Expected credit loss for income accrued but not due / unbilled revenue under simplified approach As at 31 March 2022

(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	739	93	34	54	466	1,386
Less : Expected credit losses (Loss allowance provision)	-	-	-	-	384	384
Carrying amount (net of impairment)	739	93	34	54	82	1,002

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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	904	154	11	5	405	1,479
Less : Expected credit losses (Loss allowance provision)	-	-	-	-	360	360
Carrying amount (net of impairment)	904	154	11	5	45	1,119

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 2022, the Company had a working capital of ₹21,156 lacs including cash and cash equivalent of ₹1,513 lacs and current investment of ₹28,522 lacs (31 March 2021 ₹39,118 lacs including cash and cash equivalent of ₹1,100 lacs and current investment of ₹45,729 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 2022:

(Amount in ₹ Lacs unless otherwise stated)			
Particulars	Less than 1 year	More than 1 year	Total
Trade payables	390	-	390
Lease liabilities	77	-	77
Other financial liabilities	3,821	-	3,821

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

(Amount in ₹ Lacs unless otherwise stated)			
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

c) Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an appropriate capital structure.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

(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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, raise debts or issue new shares.

(ii) Dividends

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Equity Shares		
(i) Interim dividend of ₹ 3 per share (On equity share of ₹ 10 each) for financial year 2020-21. (see note 2.16 (i))	-	871
(ii) Dividends not recognised at the end of reporting period (see note 2.16 (i))	-	1,742
(i) Final dividend of ₹ 6 per share (On equity share of ₹ 10 each) (see note 2.16 (i))	1,742	-

2.31 Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	As at 31 March 2022	As at 31 March 2021
a. Contingent liabilities	Refer notes below	Refer notes below
b. Capital Commitments (to the extent not provided for)	993	131

Notes :

- In relation with AY 14-15, a tax demand of ₹ 2 lacs (previous year March 2021 ₹ 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.
- In relation with AY 15-16, a tax demand of ₹ 2 lacs (previous year March 2021 ₹ 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.
- In relation with AY 2018-19, a tax demand of ₹ 38 lacs is outstanding on account of withholding taxes. Management is of the view that this demand is not tenable.

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

2.32 Auditors remuneration (excluding taxes)

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	Year ended 31 March 2022	Year ended 31 March 2021
a. As auditors - statutory audit, including quarterly audits	68	57
b. For other services	6	6
c. Reimbursement of expenses	5	3
	79	66

2.33 Earnings per share

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	Year ended 31 March 2022	Year ended 31 March 2021
a. Profit after taxation available to equity shareholders (₹)	4,210	11,204
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	2,86,43,152	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)	2,86,43,152	2,90,40,724
e. Basic earnings per share	14.70	38.58
f. Diluted earnings per share	14.70	38.58

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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 (Whole time Director w.e.f. 23 July 2021) 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)

Notes forming part of the standalone financial statements for the year ended 31 March 2022

Transactions with related parties

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	Year ended 31 March 2022	Year ended 31 March 2021
a. Software development services and products		
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	138
- Nucleus Software Solutions Pte Ltd, Singapore	1,779	1,624
	1,779	1,762
b. Salary and other benefits to Key managerial personnel		
Short-term employee benefits (Refer note below)	645	579
Contribution to provident and other funds	28	33
	673	612
Note : Above short term employee benefits includes charge taken from subsidiary company Nucleus Software Solutions Pte. Ltd. for services by Whole time Director & CFO see note 2.27.		
c. Remuneration to Non Executive Directors		
- Commission	40	117
- Sitting fees	124	48
	164	165
d. Outsourced technical service expense		
- Nucleus Software Japan Kabushiki Kaisha, Japan	459	-
- Nucleus Software Australia Pty Ltd.	788	886
	1,247	886
e. Expenditure on Corporate Social Responsibility		
Nucleus Software Foundation (see note 2.40)	203	165
	203	165
f. Reimbursement of expenses from		
- Nucleus Software Solutions Pte Ltd, Singapore	15	13
- Nucleus Software Japan Kabushiki Kaisha, Japan	389	827
- Nucleus Software Inc., USA	2	2
- Nucleus Software Australia Pty Ltd.	1	-
- Nucleus Software Netherlands B.V., Netherlands	1	1
	408	843
g. Reimbursement of expenses to		
- Nucleus Software Solutions Pte Ltd, Singapore	616	-
	616	-
h. Sales & marketing fee		
- Nucleus Software Japan Kabushiki Kaisha, Japan	198	290
- Nucleus Software Solutions Pte Ltd, Singapore	521	252
- Nucleus Software Inc., USA	-	110
- Nucleus Software Australia Pty Ltd.	156	138
	875	790
i. Business Management Services		
- Nucleus Software Solutions Pte Ltd, Singapore (see note below)	143	-
	143	-
Note : Above expense is included in Salary and other benefits to Key managerial personnel for charge taken from subsidiary company Nucleus Software Solutions Pte. Ltd. for services by Whole time Director)		
j. Legal and professional		
-Lt. Gen. (Retd.) Tej Pratap Singh	-	3
-Praxis Consulting and Information services Pvt Ltd	5	5
	5	8
k. Miscellaneous expenses		
- Indiafarm Foods Private Limited	17	20
	17	20
l. Loan repaid by subsidiary		
- Nucleus Software Limited, India	15	10
	15	10

Notes forming part of the standalone financial statements for the year ended 31 March 2022

Outstanding balances As at year end

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Trade receivables		
- Nucleus Software Solutions Pte Ltd, Singapore	378	131
	378	131
b. Other recoverable from subsidiaries - considered good		
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	78
- Nucleus Software Solutions Pte Ltd, Singapore	2	-
- Nucleus Software Limited, India	-	1
	2	79
c. Trade payables		
- Nucleus Software Solutions Pte Ltd, Singapore	168	34
- Nucleus Software Japan Kabushiki Kaisha, Japan	22	65
- Nucleus Software Australia Pty Ltd., Australia	186	295
- Nucleus Software Inc., USA	-	24
	376	418
d. Advance from customers / Advance billings		
- Nucleus Software Solutions Pte Ltd, Singapore	2	2
	2	2
e. Income accrued but not due		
- Nucleus Software Solutions Pte Ltd, Singapore	-	22
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	54
	-	76
f. Loan to subsidiary		
- Nucleus Software Limited, India	382	397
	382	397
g. Loss allowance for loan to subsidiary		
- Nucleus Software Limited, India	232	232
	232	232
h. Investments in subsidiary companies (net of provision) (see note 2.3)	1,485	1,485
	1,485	1,485
i. Remuneration to Non Executive Directors		
- Commission payable	40	117
	40	117

2.35 Research and development expenditure

Research and development expense recognised in the statement of profit and loss account for the year ended 31 March 2022 ₹ 3,556 lacs (Previous year 31 March 2021 ₹ 3970 lacs).

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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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.

Information in respect of reportable segments being geographies

The profit and loss is set out below:

a (i) For the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	21,497	1,277	6,673	1,968	6,688	1,797	1,941	2,965	44,806
Expenses	9,622	1,488	8,328	1,846	6,099	888	1,470	2,183	31,924
Segment result	11,875	(211)	(1,655)	122	589	909	471	782	12,882
Unallocated corporate expenditure									10,603
Operating profit before taxation									2,279
Other income									3,407
Profit before taxation									5,686
Tax Expense									
Net current tax expense									1,286
Deferred tax (credit) /charge									190
									1,476
Profit for the period									4,210

a (ii) 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 period									11,204

Notes forming part of the standalone financial statements for the year ended 31 March 2022

- 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 2022

(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 2021									
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-

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

- a. As at 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	4,002	230	1,444	247	780	1,576	711	530	9,520
Unallocated corporate assets									60,488
Total assets									70,008
Segment liabilities	7,966	414	4,233	520	3,119	799	2,424	896	20,371
Unallocated corporate liabilities									2,705
Total liabilities									23,076
Capital employed									46,932

- b. 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

Notes forming part of the standalone financial statements for the year ended 31 March 2022

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

a (i) For the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)	2,422	-	-	-	-	-	-	-	2,422
Total capital expenditure	2,422	-	-	-	-	-	-	-	2,422
Depreciation expenditure (Unallocated)									1,323
Total depreciation									1,323
Non-cash expense other than depreciation	50	135	94	1	29	65	(0)	2	376
Total non cash expenditure other than depreciation	50	135	94	1	29	65	(0)	2	376

a (ii) 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
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

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 2022

(Amount in ₹ Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	21,497	1,277	6,673	1,968	6,688	1,797	1,941	2,965	44,806

Notes forming part of the standalone financial statements for the year ended 31 March 2022

(ii) 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

* 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 2022			
Revenue	41,000	3,806	44,806
b. For the year ended 31 March 2021			
Revenue	42,451	2,985	45,436

** Revenue from Products comprises revenue generated from Company's own developed software and from third party software supplied along with the Company's software. It also includes services such as enhancements to the product, maintenance of the product and any other related service in respect of the product. Revenue other than the above is categorized under Revenue from Services.

2.38 Employee Benefit Obligations

Defined contribution plans

An amount of ₹ 1,380 lacs for the year ended 31 March 2022 (for the year ended 31 March 2021 ₹1,247 lacs), has been recognized as an expense in respect of the Company's contribution towards Provident Fund, ₹ 4 lac for the year ended 31 March 2022 (year ended 31 March 2021 ₹1 lac) has been recognised as an expense in respect of Employee State Insurance Fund and ₹ 167 lacs for the year ended 31 March 2022 (for the year ended 31 March 2021 ₹ 131 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.

In 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.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March 2022 :

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	3,984	3,410
Current service cost	448	413
Past service cost	-	-
Interest cost	230	199
Remeasurement due to:		
Actuarial loss/(gain) arising from change in financial assumptions	251	422
Actuarial loss/(gain) arising from change in demographic assumptions	(82)	-
Actuarial loss/(gain) arising on account of experience changes	950	(200)
Benefits paid	(667)	(260)
Obligation at year end	5,114	3,984
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	3,833	3,529
Expected return on asset plan	227	213
Contributions by employer	376	325
Remeasurement due to :		
Actuarial return on plan assets less interest on plan assets	13	26
Benefits paid	(667)	(260)
Plan assets at year end, at fair value	3,782	3,833
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5,114	3,984
Fair value of plan assets	3,782	3,833
Funded status- Surplus/ (Deficit)	(1,332)	(151)
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	(1,332)	(151)
d. Expected employer's contribution next year	200	200
e. Expense recognised in Profit or Loss		
Current service cost	448	413
Past service cost	-	-
Interest cost	3	(14)
Net gratuity cost	451	399
f. Remeasurement income recognised in other comprehensive income:		
Actuarial (gain) loss on defined benefit obligation	1,119	222
Return on plan assets excluding interest income	(13)	(26)
	1,106	196

Notes forming part of the standalone financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
	Actuarial assumptions for gratuity and long-term compensated absences	
g. Economic assumptions :		
Discount rate	6.00%	6.25%
Salary escalation rate	12% until year 1 inclusive, then 10%	18% until year 1 inclusive, then 9%

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 - 25%
51-54 years - 4%
55-57 years - 1%

j. Category of asset

Insurer Managed Funds	3,782	3,833
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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:

(Amount in ₹ Lacs unless otherwise stated)				
Particulars :	Year ended 31 March 2022		Year ended 31 March 2021	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(101)	109	(113)	127
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	68	(67)	84	(81)

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 believes 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 2022

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Income from software product and services	44,806	45,436
Software development expenses *	34,144	28,243
Operating profit from software product & services	10,662	17,193
Selling and marketing expenses	2,196	1,731
General and administration expenses	4,864	3,330
Operating profit before depreciation	3,602	12,132
Less :		
Depreciation and amortisation expense	1,323	1,143
Operating profit after depreciation	2,279	10,989
Add :		
Other income	3,407	3,663
Profit before tax	5,686	14,652
Less :		
Tax expense:		
Net current tax expense	1,286	2,801
Deferred tax (credit) /charge	190	647
	1,476	3,448
Profit for the period	4,210	11,204

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

EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in ₹ Lacs unless otherwise stated)			
Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a.	Gross amount required to be spent by Company during the year ended 31 March 2022 / 31 March 2021 :	203	165
b.	Amount approved by the Board to be spent during the year	203	165
c.	Amount spent during the period		
(i)	Construction/acquisition of any asset	-	-
(ii)	Purposes other than Construction/acquisition of any asset		
	- Contribution paid to Nucleus Software Foundation	203	165
d.	Shortfall at the end of the year	-	-
e.	Total of previous year short fall	-	-
f.	Reason for shortfall	NA.	NA.
g.	Nature of CSR contribution	(Education, Health and Medical care , Community at large and Environment)	
h	Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard.		
	- Contribution paid to Nucleus Software Foundation	203	165

- 2.41** 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 2022 and 31 March 2021 have been made in the financials statements based on information received and available with the Company.

Notes forming part of the standalone financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2022		As at 31 March 2021	
	Principal	Interest	Principal	Interest
a) Amount due to vendor (see note below)	-	-	-	-
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.

- 2.42** As recommended by Nomination and Remuneration committee, the Company has paid remuneration of ₹233 lacs to Mr. Parag Bhise (Chief Executive Officer & Whole-time Director) and ₹143 lacs to Mr. Anurag Mantri (Chief Financial Officer & Whole-time Director) (Charge taken from Subsidiary Company Nucleus Software Solution Pte Ltd). Total remuneration paid to these two directors and consequently, the total managerial remuneration of ₹620 lacs paid during the year ended 31 March 2022 exceeds the prescribed limit under section 197 read with schedule V in the Companies Act 2013 by ₹207 lacs. Pursuant to the provisions of Companies Act 2013 and in view of inadequacy of profits for the financial year ended 31 March 2022, The Company shall seek approval of the shareholders by way of special resolution in its forthcoming Annual General Meeting for the above mentioned remuneration. The Company is probable that the approval will be received.
- 2.43** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 2.44** 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.

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

Place : New Delhi
Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD
Managing Director

Sd/-

PARAG BHISE
Chief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRI
Chief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Place : Noida
Date : 17 May 2022

A decorative L-shaped frame made of thick grey lines, with the top horizontal line extending to the right and the bottom horizontal line extending to the left, enclosing the central text.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ON CONSOLIDATED FINANCIAL BASIS OF
NUCLEUS SOFTWARE EXPORTS LTD.
AND SUBSIDIARY COMPANIES**

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, 2022

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. Nucleus 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's flagship products, built on the latest technology are:

- **FinnOne NEO™:** The next-generation digital lending solution that is built on an advanced technology platform, designed to shape the future of lending across Retail, Corporate and Islamic sectors for banks and other financial service companies. The 10-time winner of 'World's Best Selling Lending Solution', helps digitize the complete loan lifecycle.
- **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.
- **PaySe™:** The world's first online & offline digital payment

solution designed and created with an aim to democratize money by making banking services available to the unbanked in remote geographies.

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 supports both cloud and on-premise deployments. It can be deployed quickly in partnership with leading cloud providers without high upfront capital expenditure. Cloud deployment provides flexibility in scale while optimizing costs by supporting pay-per-use models.

The suite offers the following line of products, which can be used as independent modules or together to form a single suite:

- **FinnOne Neo Customer Acquisition System (CAS)** is a comprehensive loan origination software, which controls and automates various business processes/activities performed in processing of a retail/Corporate 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.

Management's Discussion and Analysis

- **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, Repossession, settlement and Skip tracing management 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 Mobility and Web Channel Solutions** offered in FinnOne Neo caters to mobile as well as web based channels. The FinnOne Neo Mobility suite is a portfolio of mobile solutions aimed at creating end customer empowerment while digitalizing various lending business processes – Loan origination by field staff (mCAS), Loan origination by field staff for MicroFinance (mFin), Loan origination by prospect customers (mApply), Loan self-servicing (mServe), & Field collection management (mCollect). The suite offers functional areas for use by end customers and by staff of banks and finance companies. The FinnOne Neo Internet Channel suite provides web based applications for customer Self Application (eApply) and customer Self Service (eServe)
- **FinnOne Neo CAS supports Finance Against Securities (FAS)**, as a comprehensive solution that establishes credit lines to individuals and corporate against the pledging of financial securities including & not limited to equity shares, mutual funds and government & corporate bonds. It is an end-to-end solution which automates the business processes right from portfolio/ Account creation to daily assessment of the portfolio value to account closure.
- **FinnOne Neo Collateral Management System:** 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.
- **FinnOne Neo Sales Assist:** 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.
- **FinnOne Neo Payout Management System (New Module):** is an offering that enables financial institution to calculate the commission and incentive that needs to be given to collection agents/agency. Capability are also there in system for setting up

pay out plans or pay out slabs.

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.
- **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.

Management's Discussion and Analysis

- **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 stand-alone audited financial

results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis. The financial results of the Company have been discussed in this report in two parts:

- Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, discussed in this chapter. This consolidated presentation is more relevant for understanding the overall performance of the group especially as intercompany transactions are eliminated being contra.
- Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company has been discussed in the earlier part of this Annual Report.

The consolidated financial results are as below:

(₹ in crore)

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth (%)
Revenue From Operations	497.19	100.00	513.53	100.00	(3.18)
a) Employee benefit expense	394.09	79.26	330.55	64.37	19.22
b) Operating and other expenses	66.07	13.29	53.64	10.45	23.17
c) Finance costs (Bank charges)	0.81	0.16	1.22	0.24	(33.20)
Total Expenses	460.97	92.71	385.41	75.05	19.60
Operating Profit (EBITDA)	36.22	7.29	128.12	24.95	(71.73)
Depreciation	15.38	3.09	13.87	2.70	10.90
Operating Profit after Interest and Depreciation	20.84	4.19	114.25	22.25	(81.75)
Other Income	34.66	6.97	39.56	7.70	(12.38)
Profit Before Tax	55.50	11.16	153.81	29.95	(63.91)
Taxation	14.59	2.94	35.86	6.98	(59.30)
Profit After Tax	40.91	8.23	117.95	22.97	(65.32)
Other Comprehensive Income	(10.79)	(2.17)	1.90	0.37	(667.92)
Total Comprehensive Income for the year	30.12	6.06	119.85	23.34	(74.87)

Revenue from Operations

Our revenues from software development comprise of income from fixed price and time, material contracts and annual technical service 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.

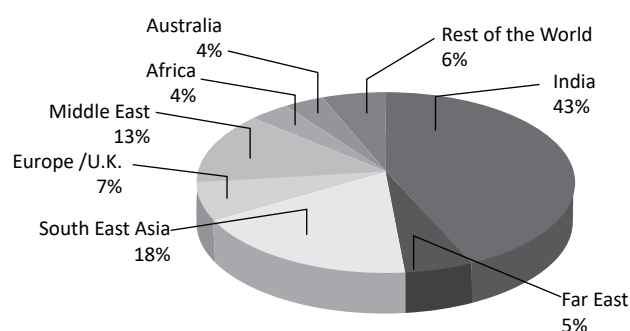
During the year, revenue from operations is ₹497.19 crore, as compared to ₹513.53 crore for the previous year.

Revenue from Various Geographies

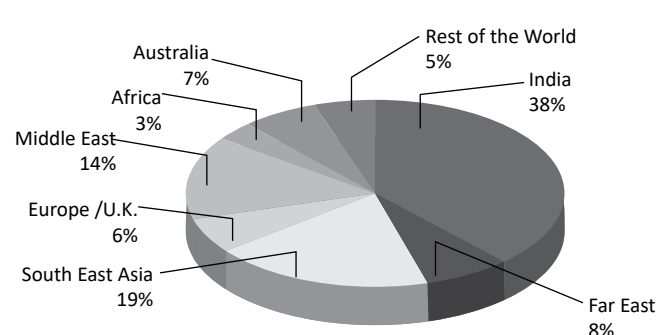
Your Group's parent Company is incorporated in India, and caters to customers situated all across the globe, and hence significant part of the revenue is derived from international sales. We operate in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and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

For the year, around 57% 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 22



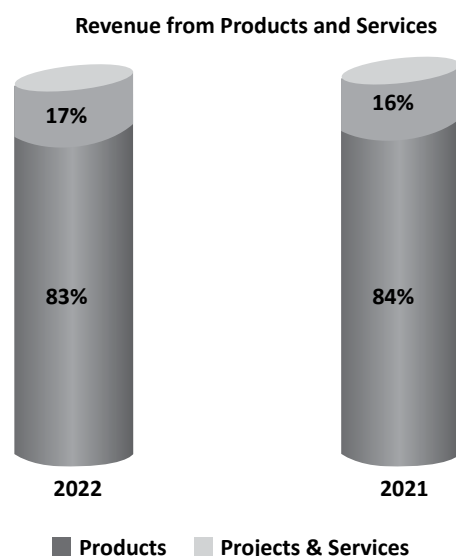
Revenue from Various Geographies for FY 21



Management's Discussion and Analysis

Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. "Products", comprises of license fee, revenue from customization



and implementation of products and postproduction maintenance support. Product revenue for the year is ₹411.70 crore, 83% of the total revenue, against ₹430.16 crore, 84% 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 ₹85.49 crore, 17% of the total revenue, against ₹83.37 crore, 16% of the total revenue in the previous year.

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 19.22% to ₹394.09 crore, 79.26% of revenue against ₹330.55 crore, 64.37% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth (%)
Salaries	365.55	73.52	304.43	59.28	20.08
Contribution to provident and other funds	18.56	3.73	16.08	3.13	15.44
Gratuity expense	4.51	0.91	3.99	0.78	13.07
Staff welfare	5.47	1.10	6.05	1.18	(9.65)
Total Employee Benefit Expenses	394.09	79.26	330.55	64.37	19.22
Revenue	497.19	100.00	513.53	100.00	44.33

Operating and Other Expenses

Operating and other expense primarily consist of expenses such as travel to execute work at client site and for other sales and Marketing activities, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges, expenses on account of brand building activities, training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, contribution to CSR activities and others.

Operating and other expenses at ₹66.88 crore, 13.45% of revenue for the year, increased by 21.92% in comparison to ₹54.86 crore, 10.68% of revenue in the previous financial year.

(₹ in crore)

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth %
Outsourced technical service expense	3.85	0.77	4.13	0.80	(6.68)
Cost of software purchased for delivery to clients	1.03	0.21	0.62	0.12	65.82
Travel expense	1.05	0.21	1.29	0.25	(18.50)
Power and fuel	2.72	0.55	2.78	0.54	(2.02)
Rent	1.43	0.29	2.49	0.48	(42.42)
Rates & Taxes	1.23	0.25	0.37	0.07	234.83
Repair and maintenance	4.21	0.85	4.98	0.97	(15.31)
Legal and professional	16.09	3.24	15.47	3.01	4.01
Directors remuneration	1.67	0.34	1.71	0.33	(2.22)
Conveyance	0.42	0.08	0.38	0.07	10.76
Communication	1.56	0.31	1.57	0.31	(0.63)
Training and recruitment	3.25	0.65	1.00	0.20	223.99

Management's Discussion and Analysis

(₹ in crore)

For the Year Ended March 31,	2022	% of Revenue	2021	% of Revenue	Growth %
Information technology expenses	18.47	3.71	12.04	2.34	53.45
Provision for doubtful debts/advances/other current assets	0.82	0.16	(3.38)	(0.66)	(124.09)
Commission to channel partners	0.47	0.09	(0.23)	(0.04)	(304.86)
Conference, exhibition and seminar	0.13	0.03	0.17	0.03	(20.88)
Advertisement and business promotion	1.07	0.21	1.17	0.23	(8.84)
Insurance	0.48	0.10	0.49	0.09	(1.07)
Net loss on sale of fixed assets/discarded assets	-	-	0.11	0.02	(100.00)
Withholding tax charged off	3.12	0.63	3.50	0.68	(10.86)
Finance Cost	0.81	0.16	1.22	0.24	(33.20)
Miscellaneous expenses	0.96	0.19	1.34	0.26	(28.55)
Contribution to CSR Activities	2.03	0.41	1.65	0.32	22.82
Total Operating and Other Expenses	66.88	13.45	54.86	10.68	21.92
Revenue	497.19	100.00	513.53	100.00	(3.18)

The Increase in Operating and other expense for FY 2022 from FY 2021 is primarily due to higher training and recruitment expenses, Information Technology Expenses, cost of Software Purchase and provision for 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 ₹2.03 crore towards CSR activities to the trust. The details of CSR initiatives undertaken by the trust has been provided in a separate section in the Annual Report.

Operating Profit (EBITDA)

Operating Profit at ₹36.22 crore, 7.29% of revenue against ₹128.12 crore, 24.95% of revenue in the previous year.

Depreciation & amortization

Depreciation & Amortization on fixed assets is ₹15.38 crore, 3.09% of revenue for the year, against ₹13.87 crore, 2.70% of revenue in the previous year.

Other Income

Other Income represents income received in the form of dividends from investments, interest on fixed deposits and bonds and capital gains on the sale of investments, MTM gain or (loss) on mutual funds and Net Gain / (Loss) on foreign currency.

(₹ in crore)

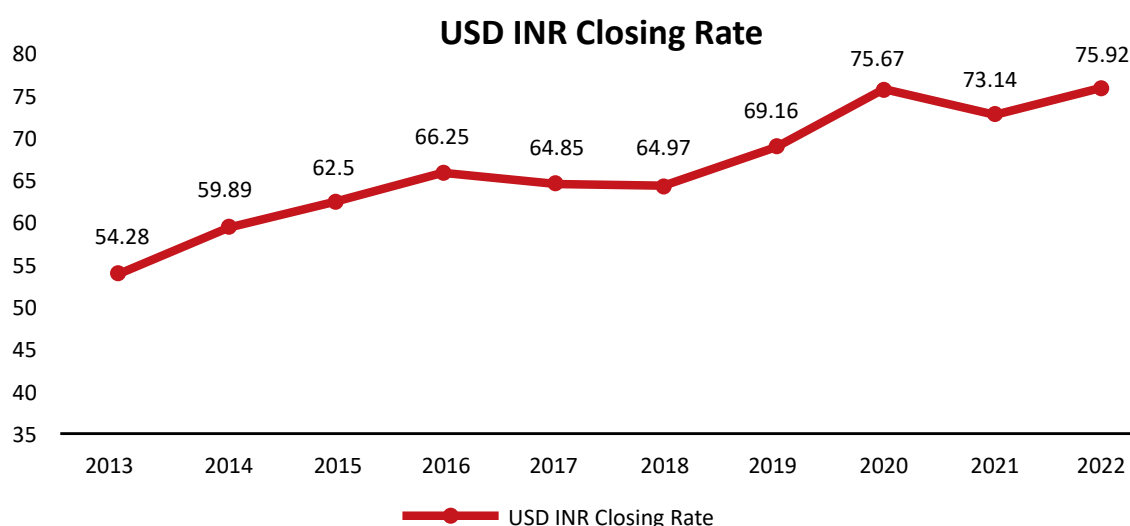
For the Year Ended March 31,	2022	2021
Dividend on investment in Mutual fund units and Other Instruments	1.38	0.26
Interest income	9.81	13.67
Net Gain / (Loss) on foreign currency	1.29	0.66
Net gain on sale of investments	0.95	1.26
MTM gain or (loss) on mutual funds	18.86	19.35
Others	2.37	4.36
Total	34.66	39.56

Other income for the year is ₹34.66 crore, against ₹39.56 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 ₹1.29 crore against gain of ₹0.66 crore in the previous year.

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



Management's Discussion and Analysis

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.

Currency-wise revenues for the year along with a comparison for the previous years are as follows:

(In %)		
Currency	FY22	FY21
INR	43.35%	38.01%
SGD	7.98%	8.08%
USD	34.38%	34.49%
GBP	2.02%	3.50%
JPY	1.94%	3.02%
CHF	0.05%	0.08%
SEK	0.01%	-
MYR	1.11%	1.22%
AUD	3.90%	6.48%
EUR	1.87%	1.85%
AED	2.53%	2.50%
ZAR	0.73%	0.65%
QAR	0.13%	0.12%
Total	100.00%	100.00%

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,	2022	2021
- Current Tax Expense	13.30	29.37
- Deferred Tax Credit (net)	1.29	6.49
Total	14.59	35.86

Total effective tax for the year is 26.29% of Profit Before Tax, in comparison to 23.31% of Profit Before Tax for the previous year.

Profit After Tax

Our profit after tax for the year is ₹40.91 crore, 8.23% of revenue, against ₹117.95 crore, 22.97% 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.

Name of Subsidiary Company	Currency	As at March 31, 2022		As at March 31, 2021	
		In foreign Currency	Eqv. ₹ (in crore)	In foreign Currency	Eqv. ₹ (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. 7500 equity shares of Euro 100 each	Euro	750,000	4.89	750,000	4.89
Nucleus Software Limited, India. 10,000,000 equity shares of ₹10/- each	INR	-	11.94	-	11.94
Nucleus Software Australia. 100,000 Equity share of 1 AUD each	AUD	100,000	0.55	100,000	0.55
Nucleus Software South Africa (Pty.) Limited. 10 Equity shares of ZAR 61,200 each	ZAR	612,000	0.32	612,000	0.32

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries.

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 ₹(2.71) crore, against ₹1.55 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 ₹ (11.06) crore net after Tax, against ₹(1.96) crore net after Tax in the previous year.
- Effective portion of gains and loss on hedging instruments in a cash flow hedge, 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 ₹ (0.25) crore net after Tax, against ₹2.24 crore net after Tax in the previous year.
- Exchange difference on translation of foreign operations. For the year it is ₹ 0.39 crore, against ₹0.15 crore in the previous year.
- Tax relating to Items that will not be reclassified to profit or loss, For the year it is ₹ 2.78 crore net after Tax, against ₹0.49 crore net after Tax in the previous year.
- Tax relating to Items that will be reclassified subsequently to profit or loss. For the year it is ₹ 0.06 crore net after Tax, against ₹(0.57) crore net after Tax in the previous year.

Total other comprehensive income for the year is ₹ (10.79) crore, against ₹1.90 crore in the previous year.

Share Capital

During the year, the Company extinguished 22,67,400 equity shares in January 2022 consequent to Buyback of shares. Consequently, the Paid-Up Share Capital of the Company, as on March 31, 2022, is 26,773,324 equity shares of ₹10 each, as compared to 29,040,724 equity shares of ₹10 each as on March 31, 2021.

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, 2022 is as per the below table.

Management's Discussion and Analysis

Other Equity

The movement in the components of Other Equity is as below:

(₹ in crore)

	Closing Balance as on March 31, 2022	Additions/ (Deletions) during the year	Opening Balance as on April 1, 2021
General Reserve	-	(6.61)	6.61
Capital Reserve	0.89	-	0.89
Capital Redemption reserve	5.61	2.27	3.34
Retained Earnings	455.98	(168.30)	624.28
Securities premium account	-	(1.00)	1.00
Other Comprehensive Income			
<i>Hedging Reserve</i>	0.08	(0.19)	0.27
<i>Foreign Currency Translation Reserve</i>	1.97	0.39	1.58
<i>Equity instrument through other comprehensive income</i>	2.30	(2.71)	5.01
Total	466.83	(176.15)	642.98

Property, plant and equipment and Intangible assets and Investment Property-

As at March 31, 2022, Net carrying Amount of Property, Plant and Equipment and Intangible assets and Investment Property is ₹37.74 crore against ₹24.44 crore as on March 31, 2021.

(₹ in crore)

As at March 31,	2022	2021	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	6.97	6.23	11.92
Computer equipment	38.70	24.73	56.47
Vehicles	3.20	3.43	(6.63)
Furniture and fixtures	2.17	2.05	5.88
Software	19.83	10.9	81.91
Total	87.93	64.40	36.53
Less; accumulated depreciation	50.19	39.96	25.60
Net Carrying Amount	37.74	24.44	(54.41)

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 ₹193.63 crore as on March 31, 2022 against ₹176.59 crore as on March 31, 2021.

- i) **Investment in equity shares of a listed company at FVOCI** - 2.55 crore
- ii) **Investment in preference shares at amortised cost** – Nil
- iii) **Investment in preference shares at Fair value through profit or loss (FVTPL)** – Nil
- iv) **Investment in tax free bonds at amortised cost** - ₹61.41 crore.
- v) **Investment in fixed maturity plans of mutual funds at amortised cost** – Nil
- vi) **Investment in mutual funds at Fair value through profit or loss (FVTPL)** – ₹129.68 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.

Management's Discussion and Analysis

As of March 31, 2022 the cash and bank balances (including fixed deposits) stood at ₹56.00 crore against ₹44.90 crore on March 31, 2021, current investments are ₹285.94 crore against ₹457.92 crore on March 31, 2021.

Total cash and current investments are thus at ₹341.93 crore on March 31, 2022 against ₹ 502.82 crore as on March 31, 2021.

(₹ In Crore)

As at March 31,	2022	2021
Cash on Hand	-	0.01
Balances with Bank		
In Current Accounts	24.96	28.80
In Fixed Deposit Account	10.79	3.46
Other Bank Balance	20.25	12.63
Current Investments	285.93	457.92
Total	341.93	502.82

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 ₹43.74 crore for the financial year against ₹134.25 crore in the previous year. After considering working capital changes, operating cash flow is ₹57.66 crore against ₹114.90 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 reduced this year from 134.25 crore to 43.74 crore. This is primarily due to lower profits during the year, Profits before tax for FY 21-22 is ₹ 55.50 lacs and for FY 20-21 ₹ 153.81.

To summarise the Company's liquidity position, given below are few ratios based on consolidated figures:

As at March 31	2022	2021
Operating Cash Flow as % of revenue	12.03%	22.28%
Cash and Equivalents as % of assets	46.40%	56.84%
Cash and Equivalents as % of revenue	71.36%	97.91%
Current investments as % of assets	38.80%	51.76%
Current investments as % of revenue	59.67%	89.17%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2022 are ₹81.35 crore, against ₹85.71 crore as on March 31, 2021.

The age profile of the debtors (net of provision) is given below:

As at March 31,	2022	2021
Less than six months	91.04%	90.33%
Between 6 months and 1 Year	8.25%	5.34%
More than 1 Year	0.71%	4.30%

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,	2022	2021
Non – Current		
Loans Receivables considered good	0.19	0.02
Security deposits	1.29	3.24
Long-term bank deposits	10.20	18.22
Total	11.68	21.48
Current		
Loans Receivables considered good	0.18	0.11
Security deposits	2.28	0.36
Mark-to-market gain on forward contracts	0.11	0.37
Total	2.57	0.84
Total Loans and other Financial Assets	14.25	22.32

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to ₹1.29 crore as on March 31, 2022 against ₹3.24 crore as on March 31, 2021. Long term bank deposits amounting to ₹ 10.20 crore as on March 31, 2022 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,	2022	2021
Non – Current		
Advance Tax	16.24	20.64
Employee Advances	0.38	0.38
Capital Advances	0.04	0.04
Revenue Equalization reserve	-	0.03
Prepaid Expenses	0.22	0.05
Advance payment to gratuity trust	-	-
Deferred Expenses	-	-
Total	16.88	21.14
Current		
Service income accrued but not due	17.36	13.28
Employee Advances	-	0.29
Prepaid Expenses	4.92	3.61
Contract cost	0.19	0.03
Balances with Government authorities	0.61	0.50
Supplier advances	4.47	4.39
Deferred Expenses	0.05	0.01
Revenue Equalization reserve	0.03	0.06
Total	27.63	22.17
Total Other Assets	44.51	43.31

Current Liabilities

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2022 the Current liabilities are ₹217.62 crore against ₹198.02 crore as on March 31, 2021

Management's Discussion and Analysis

(₹ in crore)		
As at March 31,	2022	2021
Financial liabilities		
Lease Liability	1.86	3.95
Trade Payables	14.27	13.03
Unpaid dividends	0.34	0.36
Payable for purchase of fixed assets	0.21	0.19
Mark-to-market gain on forward contracts	-	-
Employee payable	41.19	34.02
Other current liabilities		
Advances from customers/Advance Billing	57.81	69.36
Deferred Revenue	82.56	59.28
Deferred lease income on Security deposit received	0.02	0.02
Statutory Liabilities	13.62	9.94
Short term provisions	-	-
Compensated absences	5.22	3.23
Provision for asset retirement obligations	0.17	0.15
Income tax	0.35	4.49
Total	217.62	198.02

Trade payables represent the amount payable for providing goods and services and are ₹14.27 crore as on March 31, 2022 against ₹13.03 crore as on March 31, 2021. Advances from customers as on March 31, 2022 are ₹57.81 crore against ₹69.36 crore as on March 31, 2021. These consist of advance payments received from customers, for which related costs have not been yet incurred or product license delivery is a later date. Deferred revenue represents the advance invoicing for annual maintenance charges for which services are to be rendered in the future. As of March 31, 2022 it is ₹82.56 crore against ₹59.28 crore as on March 31, 2021.

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, 2022 it is ₹13.62 crore against ₹9.94 crore as on March 31, 2021. 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, 2022 are ₹5.74 crore against ₹7.87 crore as on March 31, 2021.

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, 2022 were ₹25.73 crore against ₹14.62 crore as on March 31, 2021. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)		
	2022	2021
Financial liabilities		
Lease Liability	0.47	2.35
Security Deposit	0.29	0.26
Deferred lease income on Security deposit received	0.03	0.06
Deferred Tax liability	-	1.43
Long-term Provisions		
Compensated absences	11.59	8.98
Gratuity	13.32	1.51
Asset retirement obligation	0.03	0.03
Total	25.73	14.62

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company based on actuarial valuation determines provision for Compensated absences.

**RISK
MANAGEMENT
REPORT**

Risk Management Report

At Nucleus Software (The Company), Enterprise Risk Management is an extremely important discipline, managed by a robust governance and supported by Executive sponsorship, to keep identifying the possible risks related to our business strategy, business model, the ever evolving risks, the qualitative assessment exposures from these risks, effective prioritization of the risks and lay down the Mitigation processes and procedures to manage the emerging risks and ensure minimal impact to the company.

Your Company strive to achieve an appropriate balance between business growth and risk management, and continue to build, enhance, and evolve the risk management framework which enables us to achieve our business strategies with minimal risk exposures and impact.

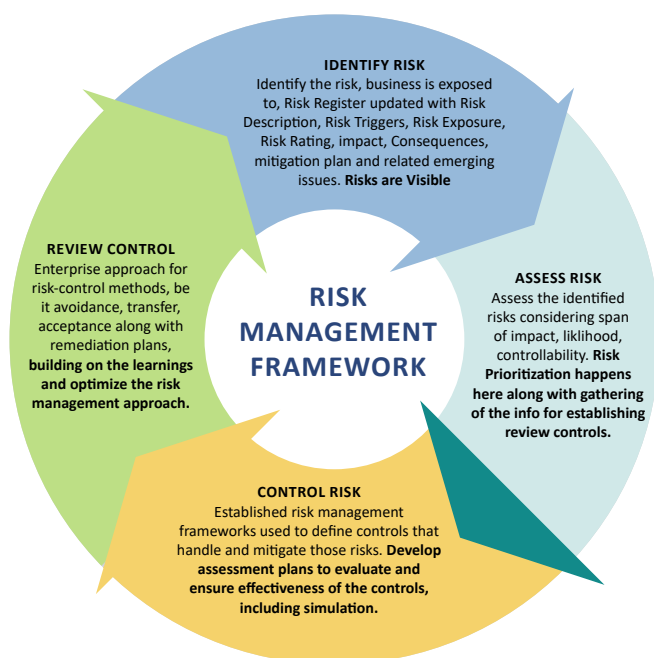
Risk Management Objectives

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.**

Your Company adopt a comprehensive approach to risk management that is conducted across the organisation at various levels.

A. Risk Management Framework at Nucleus:



B. Risk Management Group Structure at Nucleus:

1. The Board
2. The Audit Committee
3. The Risk Management Committee

4. Chief Risk Officer/Manager
5. The Risk Task Forces
6. Nucleites

At strategic level, the Risk Management committee:

1. Provides executive oversight to Company's Enterprise Risk Management Framework (ERMF), process, procedures, and controls.
2. Formulates a detailed risk management policy including the framework for identification of risks with a special focus to compliance, regulatory, cyber and info security, financial, operational, business continuity, and reputational risk; measures for risk mitigation; systems of internal control and business contingency plans.
3. Oversee Company's process and policies for determining risk threshold / tolerance and review management's measurement and comparison of overall risk tolerance to established levels.
4. Reviews the Risk Management at the required frequency, considering the changing dynamics.
5. Coordinate its activities with the Audit Committee in the instances of overlap with audit activities (e.g., internal, or external audit issue relating to risk management policy or practice)
6. Keep the Board informed about nature and content of discussions, recommendations, and actions to be taken.
7. Assist in selecting, appointing, removing, and finalizing the remuneration of the Chief Risk Officer (CRO), if any, subject to joint review with the Nomination and Remuneration/ Compensation Committee.
8. Nurture the culture of Proactive Risk Identification and Management as well environment of learnings and referred learnings.
9. Reward the professionals and teams, which are proactive in risk identification and exhibit creativity and innovation in managing the risks and related risk exposures effectively.
10. Develops creative thoughts and plans to shape the organizational maturity and behaviour towards the risk management.

C. Risk Categorization

The Company believes that all Risks can be categorized as follows:

1. Business environment related Risk
2. Regulatory and Compliance Risk
3. Technology related Risk
4. 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.

While company keeps monitoring multiple risks in the ongoing basis along with their associated mitigation plans, few of the risks are mentioned below:

a. Cyber Security Risks

Risk Management Report

The risks of cyber-attacks are emerging as complex, high impact and high probability risks due to fast-evolving nature of the threat. This risk has potential to bring multi-dimensional impacts, including but not limited to Business continuity and growth, Reputational, and Legal Impact.

Nucleus was hit by a cyber breach attack in May 2021. The company has moved at a tremendous pace to take required steps to strengthen our security posture. Nucleus has become more resilient and continuous strengthening of our cyber security posture has become among the top focus avenues.

Comprehensive actions have been taken which includes the below but not limited to

- a) Enhanced security for VPN
- b) World class Next Generation Firewall
- c) Focus on Network Security
- d) Multi Factor Authentication across all internet facing services
- e) Comprehensive AV Guard
- f) End Point Detection and Response (EDR) solution
- g) Setting up of 24X7 Security Operations Center
- h) Enterprise mobility and Microsoft 365 Security
- i) Implemented Advance Email Security
- j) Engaged Retainer Services of Cyber Security Expert Organization
- k) Availability of the right size and right skilled teams and continuous upskilling of the team

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 highly secured Virtual Private Network (VPN)

Comprehensive background verification is carried out for our associates. Continuous awareness sessions are arranged for our associates advising them about the fast-evolving challenges and risks related to Cyber and Info Security. This is also backed by comprehensive and continuously enhanced processes and practices, tools, and platforms.

b. Risks related to Legal Compliance worldwide / Less than adequate protection of our Intellectual Property (IP) rights.

As an incorporated legal entity, the Company can be impacted by changes in various laws, rules, and regulations such as Companies Act, Accounting Standards, Labor laws, SEBI Regulations, etc. 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

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 of any regulations or misuse of intellectual property could cause significant damage to our reputation and adversely affect our revenue and results of operations.

Various departments within the Company, are taking care of compliances of applicable laws/rules etc., are manned by qualified personnel. The Company has systems and processes in place to ensure the protection of our intellectual property rights.

As a policy, the Company develops own IP at its own cost using its own resources and is actively engaged in seeking maximum legal protection for the Intellectual Property through a combination of trademarks, confidentiality procedures and contractual provisions. There are also restrictions and controls put in our network to detect and report misuse of source code.

c. Risks related to attracting the right talent and retain the talent and ensuring no impact to business continuity and growth.

Nucleus being a product/IP-Led company, our knowledgeable associates are our most important assets, the talent domain knowledge and technical skills of our associates play a critical role in shaping our world class products and solutions. Great Resignation wave, Increased focus on Digitalization across the Globe, has put tremendous stress on talent availability across Industries and has impacted Nucleus as well and continues to be a business risk for the company.

High Attrition can happen due to many factors including continuously increasing compensation expectations, growth aspirations of the associates, peer pressure and emergence of new IT/FinTech Players in the industry bringing unprecedented career opportunities.

Right since the inception, Nucleus has been investing significantly in our assets, our associates, in terms of providing excellent career opportunities, knowledge upskilling, great employee engagement and great work life balance and compensation and benefits.

We are sticking to our basics and strengthening above mentioned measures. We have taken C&B of our associates to very high levels, launching intense employee engagements, enhancing the career opportunities available for the associates so associates can have crystalized career progression.

Executive leadership of Nucleus have been continuously connecting with all the associates to ensure the perfect alignment between our vision and our associates

Succession planning for the top leadership positions in each business unit is planned / driven and reviewed by senior management. Extending the same, heads of business units carry out succession planning for key functions within their business units, so Nucleus has strong teams and right talent across all the levels from top to junior most levels.

**CONSOLIDATED
AUDITORS'
REPORT**

Independent Auditors' Report

To the Members of Nucleus Software Exports Limited

Report on the Audit of the 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 2022, and the consolidated statement of profit and loss (including other comprehensive loss), 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 2022, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, 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.

The key audit matter	How the matter was addressed in our audit
For the year ended 31 March 2022, revenue amounting to ₹49,719 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 2022.	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: – 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: - 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.

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 consolidated financial statements and our auditor's 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 Board of 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 are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 statements/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 the financial statements 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 paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements

of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial information of two subsidiaries, whose financial information reflect total assets (before consolidation adjustments) of ₹3,756 lacs as at 31 March 2022, total revenues (before consolidation adjustments) of ₹7,333 lacs and net cash inflows (before consolidation adjustments) amounting to ₹201 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 Holding Company's management has converted the financial information 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 Holding 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 reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.
- (b) The financial information of four subsidiaries, whose financial information reflect total assets (before consolidation adjustments) of ₹902 lacs as at 31 March 2022, total revenues (before consolidation adjustments) of ₹1,627 lacs and net cash outflows (before consolidation adjustments) amounting to ₹305 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

1. As required by the Companies (Auditor's Report) Order, 2020 ("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, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the “Other Matters” paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 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 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- 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:
 - a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 2.34 to the consolidated financial statements.
 - b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.
 - c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.
 - d) (i) The respective managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in note 2.46 to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Holding Company or any of such subsidiaries or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - (ii) The respective managements of the Company and its subsidiaries which are Companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in note 2.46 to accounts, no funds have been received by the Company or any of such subsidiaries from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe

that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.

- e) The dividend declared or paid during the year by the Holding Company is in compliance with Section 123 of the Act. The subsidiary company incorporated in India has neither declared nor paid any dividend during the year.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

We draw attention to Note 2.45 to the consolidated financial statements for the year ended 31 March 2022 according to which the managerial remuneration paid to two whole time directors of the Holding Company (amounting to ₹ 376 lacs) and consequently the total managerial remuneration for the financial year (amounting to ₹ 620 lacs) exceeds the prescribed limits under Section 197 read with Schedule V to

the Companies Act, 2013 by ₹ 207 lacs. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the holding company proposes to obtain in the forthcoming Annual general Meeting. 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. 116231 W/W-100024

Sd/-
Girish Arora
Partner

Membership Number: 098652

Place: New Delhi
Date : 17 May 2022

Consolidated Balance Sheet

AS AT 31 MARCH 2022

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	3,099	2,319
Capital work in progress	2.1(b)	4	47
Intangible assets under development	2.1(c)	42	5
Other intangible assets	2.1(a)	675	125
Right of use assets	2.2	750	1,155
Investment property	2.3	1,359	1,389
Financial assets			
Investments	2.4	19,363	17,659
Loans	2.5	19	2
Other financial assets	2.6	1,149	2,146
Deferred tax assets (net)	2.20	13	-
Income tax asset (net)	2.7	1,624	2,064
Other non-current assets	2.8	64	50
Total non-current assets		28,161	26,961
Current Assets			
Financial assets			
Investments	2.9	28,594	45,792
Trade receivables	2.10	8,319	8,922
Cash and cash equivalents	2.11	3,575	3,227
Other bank balances	2.12	2,025	1,263
Loans	2.13	18	11
Other financial assets	2.14	239	73
Other current assets	2.15	2,763	2,217
Total current Assets		45,533	61,505
Total Assets		73,694	88,466
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	2.16	2,677	2,904
Other equity	2.17	46,683	64,298
Total equity attributable to equity holders of the company		49,360	67,202
Non- controlling interest		-	-
Total Equity		49,360	67,202
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	47	235
Other financial liabilities	2.18	28	26
Other non-current liabilities	2.19	3	6
Deferred tax liabilities (net)	2.20	-	143
Provisions	2.21	2,494	1,052
Total non-current liabilities		2,572	1,462
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	186	395
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		1,427	1,303
Other financial liabilities	2.23	4,174	3,457
Provisions	2.24	539	338
Current tax liabilities (net)	2.25	35	449
Other current liabilities	2.26	15,401	13,860
Total current liabilities		21,762	19,802
TOTAL EQUITY AND LIABILITIES		73,694	88,466

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

Place : New Delhi

Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

PARAG BHISEChief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRIChief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASINAVP (Secretarial) &
Company Secretary

Place : Noida

Date : 17 May 2022

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL STATEMENTS | 187

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Ref.	For the year ended 31 March 2022	For the year ended 31 March 2021
1. REVENUE FROM OPERATIONS	2.27	49,719	51,353
2. OTHER INCOME	2.28	3,466	3,956
3. TOTAL INCOME (1+2)		53,185	55,309
4. EXPENSES			
a. Employee benefits expense	2.29	39,409	33,055
b. Operating and other expenses	2.30	6,607	5,364
c. Finance cost	2.31	81	122
d. Depreciation, amortisation and impairment expense	2.1(a) and 2.2	1,538	1,387
TOTAL EXPENSES		47,635	39,928
5. PROFIT BEFORE TAX (3-4)		5,550	15,381
6. TAX EXPENSE			
a. Current tax expense		1,330	2,937
b. Deferred tax credit /charge	2.7 and 2.20	129	649
NET TAX EXPENSE		1,459	3,586
7. PROFIT FOR THE YEAR (5-6)		4,091	11,795
8. OTHER COMPREHENSIVE INCOME / (LOSS)			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		(1,106)	(196)
b) Equity instruments through Other Comprehensive Income, net		(271)	155
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		278	49
(B) (i) Items that will be reclassified subsequently to profit or loss			
a) Exchange difference on translation of foreign operations		39	15
b) Effective portion of gains and loss on hedging instruments in a cash flow hedge		(25)	224
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		6	(57)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		(1,079)	190
9. TOTAL COMPREHENSIVE INCOME (7+8)		3,012	11,985
Profit attributable to			
Owners of the Company		4,091	11,795
Non- controlling interest		-	-
		4,091	11,795
10 Total comprehensive income attributable to			
Owners of the Company		3,012	11,985
Non- controlling interest		-	-
		3,012	11,985
11. EARNINGS PER EQUITY SHARE			
Equity shares of ₹ 10 each			
a. Basic (₹)		14.28	40.62
b. Diluted (₹)		14.28	40.62
Number of shares used in computing earnings per share			
a. Basic		2,86,43,152	2,90,40,724
b. Diluted		2,86,43,152	2,90,40,724

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

Place : New Delhi

Date : 17 May 2022

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

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
PARAG BHISE
Chief Executive Officer &
Whole-time Director

Sd/-
ANURAG MANTRI
Chief Financial Officer &
Whole-time Director

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

Place : Noida

Date : 17 May 2022

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL STATEMENTS | 188

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit before tax	5,550	15,381
Adjustment for:		
Depreciation and amortisation expense	1,538	1,387
Exchange gain / loss on translation of foreign currency accounts (net)	(107)	34
Dividend received from current investments	(100)	(24)
Dividend received from non-current investment	(38)	(2)
Interest income on financial assets- carried at amortised cost	(873)	(1,345)
MTM (gain) on investments	(1,885)	(1,935)
Net (gain)/loss on sale of investments	(95)	(126)
(Profit) / Loss on sale of property, plant and equipment (net)	(12)	11
Unwinding of interest on security deposit	2	2
Interest expense on lease liability	42	66
Interest others	-	13
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	82	(338)
Withholding tax charged off	312	350
Discounting of staff loan and security deposit	(25)	(23)
Deferred lease income on Security deposit received	(2)	(2)
Rent concession on lease liability	(16)	(6)
Assets Retirement Obligation reversal	1	(18)
Operating profit before working capital changes	4,374	13,425
Adjustment for (increase) / decrease in operating assets		
Trade receivables	720	593
Loans	(24)	13
Other assets	(595)	31
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	122	(179)
Provisions and other liabilities	2,789	962
	7,386	14,845
Net Income taxes paid	(1,619)	(3,355)
Net cash from operating activities (A)	5,767	11,490
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(2,424)	(299)
Proceeds from sale of property, plant and equipment	24	30
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	16,355	(13,442)
Bank deposits (net) not considered as cash and cash equivalents (placed) / matured	128	57
Interest received on fixed deposits, tax free bonds	1,671	1,086
Dividend received from investments	100	2
Net cash (used in) investing activities (B)	15,854	(12,566)
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(392)	(398)
Interest paid on lease liabilities	(42)	(65)
Buyback of equity shares including tax thereon (see note 2.16)	(19,112)	-
Interim dividend / Final dividend paid	(1,742)	(871)
Proceeds from employee stock option exercised		-
Net cash (used in) in financing activities (C)	(21,288)	(1,334)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	333	(2,410)
Opening cash and cash equivalents	3,227	5,677
Exchange difference on translation of foreign currency bank accounts	15	(40)
Closing cash and cash equivalents [see note 2.12]	3,575	3,227

Notes: Supplementary information

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1. Cash and cash equivalents represents :		
Cash on hand	-	1
Remittance in transit	-	-
Balances with scheduled banks	700	981
Balance with non scheduled banks in current accounts	1,796	1,899
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	1,079	346
	3,575	3,227
2. Reconciliation of movements of liabilities to cash flows arising from financing activities :-		
At the beginning (current and non current)	630	632
Addition in lease liabilities	6	404
Interest accrued	42	65
Net Cash outflow	(434)	(463)
Rent concession	(16)	(6)
Translation Difference	5	(2)
At the end (current and non current)	233	630
3. CSR contribution :Refer note 2.44 for amount spent during the year ended 31 March 2022 and 31 March 2021 relating to CSR activities .		
(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

Sd/-

GIRISH ARORA

Partner

Membership number : 098652

Place : New Delhi

Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

PARAG BHISEChief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRIChief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASINAVP (Secretarial) &
Company Secretary

Place : Noida

Date : 17 May 2022

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL STATEMENTS | 190

A. Equity Share Capital

(Amount in ₹ Lacs unless otherwise stated)

Balance as of 1 April 2021	Changes in equity share capital during the year	Balance as on 31 March 2022
2,904	(227)	2,677
Balance as of 1 April 2020	Changes in equity share capital during the year	Balance as on 31 March 2021
2,904	-	2,904

B. Other Equity

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Reserves and Surplus					Hedging reserve	Items of OCI Foreign currency translation reserve	Equity instrument through other comprehensive income	Total
	Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings				
Balance as of 1 April 2021	89	100	334	661	62,428	27	158	501	64,298
Profit for the year	-	-	-	-	4,091	-	-	-	4,091
Final dividend on equity shares	-	-	-	-	(1,742)	-	-	-	(1,742)
Buyback of equity shares	-	(100)	227	(661)	(15,111)	-	-	-	(15,645)
Tax on buyback of equity shares	-	-	-	-	(3,240)	-	-	-	(3,240)
Effective gain/(loss) on hedging instruments	-	-	-	-	-	(19)	-	-	(19)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	39	-	39
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	-	(271)	(271)
Remeasurement of the defined benefit plans, net	-	-	-	-	(828)	-	-	-	(828)
Attributable to owners of the company	89	-	561	-	45,597	8	197	230	46,683
Balance as of 31 March 2022	89	-	561	-	45,597	8	197	230	46,683

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Reserves and Surplus					Hedging reserve	Items of OCI Foreign currency translation reserve	Equity instrument through other comprehensive income	Total
	Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings				
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
Dividend on equity shares	-	-	-	-	(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)
Goodwill on subsequent purchase of remaining shares in subsidiary	-	-	-	-	-	-	-	-	-
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

See accompanying notes forming part of the consolidated financial statements

1 & 2

As per our report of even date attached

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

For B S R & ASSOCIATES LLP

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-

GIRISH ARORA

Partner

Membership number : 098652

Place : New Delhi

Date : 17 May 2022

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

ANURAG MANTRI

Chief Financial Officer &

Whole-time Director

Place : Noida

Date : 17 May 2022

Sd/-

PARAG BHISE

Chief Executive Officer &
Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) &
Company Secretary

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

Note 1:

1.1 Reporting Entity

Nucleus Software Exports Limited ('Nucleus' or 'the Company' or 'the Holding Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 31 March 2022, 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 17 May 2022.

b) Functional and Presentation currency

The financial statements are presented in Indian ₹ (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, at some places '₹' are also put up to values below ₹ 50,000 to make financials in round off to ₹ 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Leases 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill and tested for impairment annually. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

the services are rendered.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third-party products are recorded at gross basis as the Group is acting as the principal.

Out of pocket reimbursable expenses e.g.travel etc. if incurred in relation to performance obligation under the contract is recognised as revenue.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as Service income accrued but not due. (only act of invoicing is pending in accordance with terms of the contract).

Advances from customers/ Advance billing and Deferred revenue ("contract liability") is recognised when there is billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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*	5-7	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

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

viii. Financial instruments

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

Financial assets

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

- 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vii)(e) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.
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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 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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the 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).

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

b) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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.

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of standalone profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

xviii. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets

acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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 2021	Additions	Deductions / adjustments	As at 31 March 2022	As at 1 April 2021	Depreciation for the year	Deductions / adjustments	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Tangible assets										
Freehold land	34	-	-	34	-	-	-	-	34	34
	(34)	-	-	(34)	-	-	-	-	(34)	(34)
Leasehold improvements	14	-	-	14	14	-	-	14	-	-
	(14)	-	-	(14)	(14)	-	-	(14)	-	-
Buildings	1,658	-	-	1,658	453	82	-	535	1,123	1,205
	(1,658)	-	-	(1,658)	(362)	(88)	3	(453)	(1,205)	(1,296)
Plant and equipment	623	85	11	697	344	96	12	428	269	279
	(532)	(96)	(5)	(623)	(272)	(78)	(6)	(344)	(279)	(260)
Computer equipment	2,473	1,420	23	3,870	1,907	474	23	2,358	1,512	566
	(2,377)	(96)	-	(2,473)	(1,465)	(440)	2	(1,907)	(566)	(912)
Vehicles	343	23	45	321	196	55	31	220	101	147
	(451)	(20)	(128)	(343)	(208)	(77)	(89)	(196)	(147)	(243)
Furniture and fixtures	205	12	0	217	117	40	(0)	157	60	88
	(187)	(18)	-	(205)	(86)	(35)	(4)	(117)	(88)	(101)
	5,350	1,540	79	6,811	3,031	747	66	3,712	3,099	2,319
	(5,253)	(230)	(133)	(5,350)	(2,407)	(718)	(94)	(3,031)	(2,319)	(2,846)
Intangible assets										
Software	1,090	893	(0)	1,983	965	343	-	1,308	675	125
	(1,014)	(76)	-	(1,090)	(785)	(180)	-	(965)	(126)	(229)
Other intangible assets	-	-	-	-	-	-	-	-	-	-
Total	6,440	2,433	79	8,794	3,996	1,090	66	5,020	3,774	2,444
Previous year	(6,267)	(306)	(133)	(6,440)	(3,192)	(898)	(94)	(3,996)	(2,444)	(3,075)

Note :1 Property, plant and equipment

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Gross carrying amount	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter*/director or employee of promoter/director	Held since	Reason for not held in company name
Freehold land -1	7	Nucleus Software Exports Ltd	Title deed held in company name.	3 December 1993	-
Freehold land -2	27	Nucleus Software Exports Ltd	Title deed held in company name.	4 October 2004	-
Total	34		-		
Buildings -1	7	Nucleus Software Exports Ltd	Title deed held in company name.	3 December 1993 and 4 October 2004	-
Buildings -2	1,651	Nucleus Software Exports Ltd	Title deed held in company name.	17 January 2001	-
	1,658				

2.1(b) Capital work in progress

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 1 April 2021	Additions	Capitalisation / adjustments	As At 31 March 2022
Capital work in progress (see note 2 below)	45	41	81	4
	(21)	(87)	(63)	(45)

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

Note: 2 Capital work in progress

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amount in capital work in progress				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	-	-	-	-	-
	(41)	-	-	-	(41)
Projects temporarily suspended (see note below)*	-	-	4	-	4
	-	(4)	-	-	(4)

Note : *Projects temporary suspended includes amount of ₹ 4 lacs paid for soil testing for construction work on Noida plot, which has been temporarily suspended.

2.1(c) Intangible assets under development

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 1 April 2021	Additions	Capitalisation / adjustments	As At 31 March 2022
Intangible assets under development (see note 3 below)	5	62	25	42
	(5)	(1)	(1)	(5)

Note 3 Intangible assets under development

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Amount in capital work in progress				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	42	-	-	-	42
	-	(5)	-	-	(5)
Projects temporarily suspended (see note below)*	-	-	-	-	-
	-	-	-	-	-

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 2022			As at 31 March 2021		
	Building	Lease hold land	Total	Building	Lease hold land	Total
Opening Balance	634	521	1,155	653	528	1,181
Additions	-	-	-	433	-	433
Addition for lease hold land	6	-	6	-	-	-
Amortisation	410	8	418	452	7	459
Translation Difference	7	-	7	-	-	-
Closing balance	237	513	750	634	521	1,155

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

- (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 2022	As at 31 March 2021
Current lease liabilities	186	395
Non-current lease liabilities	47	235
Total	233	630

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

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
Opening Balance	630	632
Additions	6	404
Finance cost accrued during the period	42	65
Payment of lease liabilities	(434)	(463)
Rent concession	(16)	(6)
Translation Difference	5	(2)
Closing balance	233	630

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 2022	As at 31 March 2021
Not later than 1 year	197	443
Later than 1 year but not later than 5 years	48	247
More than 5 year	-	-
Total	245	690

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 ₹ 143 lacs for the year ended 31 March 2022. (previous year March 2021 ₹ 249 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.

2.3 Investment Property

(Amount in ₹ Lacs unless otherwise stated)												
Particulars	Gross Carrying Amount				Accumulated Depreciation							Net Carrying Amount
	As at 1 April 2021	Transfer from Property, plant and equipment	Additions	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2022	As at 1 April 2021	Transfer from Property, plant and equipment	Depreciation for the period	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2022	As at 31 March 2022	As at 31 March, 2021
Tangible assets												
Leasehold Land	1,118	-	-	-	1,118	64	-	13	-	77	1,042	1,055
	(1,118)	-	-	-	(1,118)	(51)	-	(13)	-	(64)	(1,055)	-
Buildings	410	-	-	-	410	76	-	17	-	93	317	334
	(410)	-	-	-	(410)	(59)	-	(17)	-	(76)	(334)	-
Total	1,528	-	-	-	1,528	140	-	30	-	170	1,359	1,389
Previous year	(1,528)	-	-	-	(1,528)	(110)	-	(30)	-	(140)	(1,389)	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

Note :1

(Amount in ₹ Lacs unless otherwise stated)

Investment Property	Gross carrying amount	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter*/director or employee of promoter/director	Held since	Reason for not held in company name
Leasehold Land	1,118	Nucleus Software Ltd	Title deed held in company name.	30 June 2008	-
Buildings	410	Nucleus Software Ltd	Title deed held in company name.	1 April 2010	-
Total	1,528				

Measurement of fair values

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Leasehold Land	Building	Total
At 31 March 2022	3,664	380	4,044
At 31 March 2021	3,100	387	3,487

There is no impairment as the fair value is greater than the carrying amount of Investment property as at 31 March 2022.

(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 ₹ 53 lacs (Previous year ₹ 53 lacs) is on account of rental income from investment property during the year 31 March 2022 (see note 2.27). This is after taking in to account reversal of revenue of ₹6 lacs on account of reserve for lease equalization (Previous year 31 March 2021 ₹4 lacs).

(iv) Rental to be received for contracts in hand for investment property

With in 1 years	20,14,188
1 to 5 years	-
	20,14,188

Notes :

- (i) Depreciation, amortisation and impairment expense comprise : on and amortisation ₹ 743
- Depreciation for the year
- (ii) Includes the effect of translation in respect of assets held by foreign subsidiaries
- (iii) Some of the assets have been re-grouped during the year, based on the nature of assets.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

- (iv) Figures in bracket pertains to previous year ended 31 March, 2021/ 31 March 2020
 (iv) 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.

2.4 A. NON-CURRENT INVESTMENTS (at cost)

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	As at 31 March 2022	As at 31 March 2021
- Non trade		
<i>Equity shares at FVOCI</i>		
250,000 (250,000) equity shares of ₹10 (₹10) each, fully paid up, in Ujjivan Financial Services Limited	255	526
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 16.46% Infrastructure Leasing & Financial Services Ltd. (Pref. Share - 2022)	-	501
Less: Provision for impairment of investment	-	(501)
	-	-
a. 7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	-	1,004
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	540	540
c. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,030	1,030
d. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
e. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47
f. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
g. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	142	142
h. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	106	107
i. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
j. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
k. 7.21% Power Finance Corporation (PFC) Tax Free Bonds 2022	-	514
l. 7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	121	122
m. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201
n. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	521	532
o. 8.51 Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	528	538
p. 8.63% National Housing Bank Tax Free Bond 2029	1,238	1,265
q. 8.30% Power Finance Corporation Tax Free Bonds 2027	1,201	1,230
	6,140	7,737
Investment in mutual funds (unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. HDFC Corporate Bond Fund - Growth-Direct	1,008	417
b. DSP Banking & PSU Debt Fund - Growth- Direct	588	565
c. Axis Banking and PSU Debt Fund - Growth-Direct	1,460	1,400
d. Nippon India Floating Rate Fund - Growth- Direct	3,451	843
e. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,162	1,110
f. Tata Short Term Bond Fund - Growth- Direct	2,404	2,299
g. SBI Corporate Bond Fund - Growth- Direct	398	380
h. Kotak Bond Short Term Fund - Growth- Direct	1,164	1,107
i. ICICI Prudential Corporate Bond Fund - Growth-Direct	1,333	1,275
	12,968	9,396
Aggregate amount of non current-investments	19,363	17,659
Aggregate amount of quoted investments	6,395	8,263
Aggregate market value of quoted investments	6,805	8,687

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	As at 31 March 2022	As at 31 March 2021
Aggregate amount of unquoted investments	12,968	9,396
Aggregate amount of impairment in value of quoted investments	-	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

Particulars	(Amount in ₹ Lacs unless otherwise stated)		
	Fair value as at '31 March 2022	Chang in fair value during the year ended 31 March 2022	Fair value as at '31 March 2021
Investment in Ujjivan Financial Services Limited	255	(271)	526

No strategic investments were disposed off during the period ended 31 March 2022 as well as in the previous year ended 31 March 2021 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

2.5 LOANS

	(Amount in ₹ Lacs unless otherwise stated)	
	As at 31 March 2022	As at 31 March 2021
(a) Loans and advances to employees		
Loans Receivables considered good - Unsecured	19	2
	19	2

2.6 OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

	(Amount in ₹ Lacs unless otherwise stated)	
	As at 31 March 2022	As at 31 March 2021
(a) Security deposits	129	324
(b) Long-term bank deposits	1,020	1,822
	1,149	2,146

[Long term bank deposits include ₹ 6 lacs (31 March 2021 ₹ Nil) which are under lien]

2.7 INCOME TAX ASSETS (NET)

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	As at 31 March 2022	As at 31 March 2021
Balances with government authorities		
a. Advance tax	1,624	2,064
	1,624	2,064

2.8 OTHER NON CURRENT ASSETS

(Unsecured, considered good)

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	As at 31 March 2022	As at 31 March 2021
a Capital advances	4	4
b Employee advances	38	38
c. Reserve for lease equalization	-	3
d. Prepaid expenses	22	5
	64	50

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.9 Current investments - Non trade (At the lower of cost and fair value)

(Amount in ₹ Lacs unless otherwise stated)		
Name	As at 31 March 2022	As at 31 March 2021
-Investment in Mutual Funds (Unquoted)		
Mutual funds at Fair value through profit or loss (FVTPL)		
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Growth	661	1,404
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	3,050	2,392
Axis Liquid Fund- Direct Plan- Growth	193	-
Axis Overnight Fund- Direct Plan- Growth	1,503	-
Axis Money Market Fund - Direct Plan - Growth	-	81
Axis Treasury Advantage Fund - Direct Plan - Growth	-	1,616
DSP Liquidity Fund - Direct Plan - Growth	125	-
DSP Ultra Short term Fund - Direct Plan - Growth	-	679
DSP Low Duration Fund - Direct Plan - Growth	3,426	2,068
HDFC Arbitrage Fund - Direct Plan - Growth	-	1,928
HDFC Ultra Short term Fund - Direct Plan - Growth	1,664	1,600
HDFC Money Market Fund - Direct Plan - Growth	2,248	2,161
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Growth	-	332
ICICI Prudential Money Market Fund - Direct Plan - Growth	3,418	3,289
Kotak Equity Arbitrage Fund- Direct Plan - Growth	-	3,626
Kotak Money Market Scheme - Direct Plan - Growth	71	1,382
Kotak Overnight Fund - Direct Plan - Growth	3,127	-
L&T Ultra Short Term Fund Direct Plan- Growth	-	648
Nippon India Arbitrage Fund - Direct Plan - Growth	1,352	1,293
SBI Ultra Short Term Debt Fund - Direct Plan - Daily Dividend Reinvestment	-	-
SBI Liquid Fund - Direct Plan - Growth	-	1,635
SBI Arbitrage Opportunities Fund - Direct Plan - Growth	-	1,500
SBI Savings Fund - Direct Plan - Growth	-	2,379
Tata Arbitrage Fund- Direct Plan - Growth	322	-
Tata Treasury Advantage Fund - Direct Plan - Growth	619	593
Tata Liquid Fund - Direct Plan - Growth	-	1,252
UTI Money Market Fund - Direct Plan - Growth	1,480	2,162
UTI Arbitrage Fund - Direct Plan - Growth	1,862	1,176
UTI Liquid Cash Plan - Direct Plan - Growth	1,442	-
	26,563	35,196
-Fixed Maturity Plans/Interval Plans (quoted)		
Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	-	628
ICICI Prudential FMP - Series 82 - 1225 Days Plan B	-	628
ICICI Prudential FMP - Series 82 - 1203 Days Plan K	-	627
Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12	-	622
Nippon India Fixed Horizon Fund XXXVI - Series 6	-	624
UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	-	628
UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	-	622
	-	4,379
Investment in bonds (quoted)		
7.18% Indian Railway Finance Corporation Limited Tax Free Bonds 2023	1,018	-
8.00% Indian Railway Finance Corporation Limited Tax Free Bonds 2022	-	2,087
7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	-	306
8.09% Power Finance Corporation Tax Free Bonds 2021	-	471
7.51% Power Finance Corporation Tax Free Bonds 2021	-	517
7.21% Power Finance Corporation Tax Free Bonds 2022	513	-
8.20% Power Finance Corporation Tax Free Bonds 2022	-	63
	1,531	3,444
Investment in Preference Shares (quoted)		
17.38% IL&FS Financial Services Ltd. (Pref. Shares - 2021)	100	100
Less: Provision for impairment of investment	(100)	(100)

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)		
Name	As at 31 March 2022	As at 31 March 2021
16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	-
Less: Provision for impairment of investment	(501)	-
7.50% Tata Capital Ltd. (Pref. Shares - 2024)	500	500
	500	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 2.31)	-	2,273
	-	2,273
Aggregate amount of investments	28,594	45,792
Aggregate amount of quoted investments	1,013	5,930
Aggregate market value of quoted investments	2,055	8,402
Aggregate amount of unquoted investments	27,581	39,862
Aggregate amount of impairment in value of quoted investments	601	100

2.10 CURRENT TRADE RECEIVABLES

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Considered good - Unsecured	8,135	8,571
b. Credit impaired	58	151
	8,193	8,722
Less: Provision for doubtful trade receivables	(58)	(151)
	8,135	8,571
c. Trade receivables -Unbilled		
Considered good - Unsecured	184	351
Less: Provision for doubtful trade receivables billed	91	30
	275	381
	(91)	(30)
	184	351
	8,319	8,922

(Amount in ₹ Lacs unless otherwise stated)						
Outstanding for following periods from due date of payment	As at 31 March 2022					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	7,459	676				8,135
(ii) Undisputed Trade Receivables – which have significant increase in credit risk			33			33
(iii) Disputed Trade Receivables – credit impaired			1	2	22	25
	7,459	676	34	2	22	8,193
Less: Provision for doubtful trade receivables						(58)
TRADE RECEIVABLES						8,135
TRADE RECEIVABLES-Unbilled						184
						8,319

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)

Outstanding for following periods from due date of payment	As at 31 March 2021					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	7,879	465				8,344
(ii) Undisputed Trade Receivables – credit impaired			6			6
(iii) Disputed Trade Receivables – which have significant increase in credit risk					227	227
(iv) Disputed Trade Receivables – credit impaired		1	58	2	84	145
	7,879	466	64	2	311	8,722
Less: Provision for doubtful trade receivables						(151)
TRADE RECEIVABLES						8,571
TRADE RECEIVABLES-Unbilled						351
Total						8922

2.11 CASH AND CASH EQUIVALENTS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
A. Cash and cash equivalents		
a. Cash on hand	-	1
- in current accounts	152	71
- in EEFC accounts	485	859
- in Escrow accounts	62	52
b. Balance with non scheduled banks in current accounts:		
-Citibank, United Kingdom	6	18
-Citibank, U.A.E	23	22
-Citibank,USA	-	12
-Citibank, Singapore	815	833
-PNC Bank, USA	29	31
-Citibank,USA	325	307
-Bank of Tokyo Mitsubishi, Japan	51	31
-Citibank, Japan	71	406
-Citibank, Australia	428	184
-Nedbank, South Africa	43	42
-Citibank, Netherlands	6	12
c. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	1,079	346
Total - Cash and cash equivalents	3,575	3,227

2.12 OTHER BANK BALANCES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	34	36
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	1,991	1,227
Total - Other bank balances	2,025	1,263

[Balance with scheduled banks in deposit accounts include ₹ 69 lacs (31 March 2021 ₹ 89 lacs) which are under lien.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.13 LOANS (Unsecured)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Loans and advances to employees		
Loans Receivables considered good - Unsecured	18	11
	18	11

2.14 OTHER CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Security deposit	228	36
b. Mark-to-market gain on forward contracts	11	37
	239	73

2.15 OTHER CURRENT ASSETS (Unsecured)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Service income accrued but not due		
Unsecured		
Considered good	1,736	1,328
Credit impaired	387	408
	2,123	1,736
Less : Provision for service income accrued but not due	(387)	(408)
	1,736	1,328
b. Employee advances	-	29
c. Prepaid expenses (considered good)	492	361
d. Contract cost	19	3
e. Balances with Government authorities (considered good)		
- GST/ VAT credit receivable	61	50
f. Others		
- Supplier advances		
Considered good	447	439
Credit impaired	3	3
	450	442
Less : Provision for doubtful advances	(3)	(3)
	447	439
g. Deferred payroll	5	1
h. Reserve for lease equalization	3	6
	2,763	2,217

2.16 SHARE CAPITAL

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Authorised		
Equity shares		
41,100,000 (As at 31 March 2021 - 41,100,000) equity shares of ₹10 each	4,110	4,110
Preference shares	400	400
4,000,000 (As at 31 March 2021 - 4,000,000) 11% redeemable non cumulative preference shares of ₹10 each (also see note 2.17)		
	4,510	4,510
b. Issued, Subscribed and Paid-Up		
Issued		
26,776,124 (As at 31 March 2021 - 29,043,524) equity shares of ₹10 each	2,678	2,904
Subscribed and Paid-Up		
26,773,324 (As at 31 March 2021 - 29,040,724) equity shares of ₹10 each	2,677	2,904
	2,677	2,904

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

Refer notes (i) to (vi) below :-

(i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year :-**

(Amount in ₹ Lacs unless otherwise stated)			
Particulars	Opening balance	Extinguishment of equity shares during the year	Closing balance
a. For the year ended 31 March 2022			
- Number of shares	2,90,40,724	(22,67,400)	2,67,73,324
- Amount (In ₹)	29,04,07,240	(2,26,74,000)	26,77,33,240
b. For the year ended 31 March, 2021			
- Number of shares	2,90,40,724	-	2,90,40,724
- Amount (In ₹)	29,04,07,240	-	29,04,07,240

(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 promotor shareholders in the Company :-**

Particulars	As at 31 March 2022			As at 31 March 2021		
	(Number)	(Percentage)	% Change during the year	(Number)	(Percentage)	% Change during the year
Karmayogi Holdings Private Limited	90,00,000	33.62%	2.63%	90,00,000	30.99%	-
Madhu Dusad	30,66,248	11.45%	0.89%	30,66,248	10.56%	-
Nucleus Software Engineers Private Limited	23,85,882	8.91%	0.69%	23,85,882	8.22%	-
Vishnu R Dusad	16,03,492	5.99%	0.47%	16,03,492	5.52%	-
Ritika Dusad	10,00,000	3.74%	0.30%	10,00,000	3.44%	-
Kritika Dusad	10,00,000	3.74%	0.30%	10,00,000	3.44%	-
Yogesh Andlay	8,63,534	3.23%	0.26%	8,63,534	2.97%	-
Nucleus Software Workshop Pvt Ltd	6,00,000	2.24%	0.17%	6,00,000	2.07%	-
Naveen Kumar	72,952	0.27%	0.02%	72,952	0.25%	-
Card Systems Pvt Ltd	2,310	0.01%	(0.03%)	12,000	0.04%	-
Suman Mathur	23,758	0.09%	0.01%	23,758	0.08%	-

(iv) **Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

Particulars	31 March 2022		31 March 2021	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	90,00,000	33.62%	90,00,000	30.99%
Nucleus Software Engineers Private Limited	23,85,882	8.91%	23,85,882	8.22%
Madhu Dusad	30,66,248	11.45%	30,66,248	10.56%
Vishnu R Dusad	16,03,492	5.99%	16,03,492	5.52%

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

(v) Details of forfeited shares

Particulars	As at 31 March 2022		As at 31 March 2021	
	(Number)	(₹)	(Number)	(₹)
Equity shares with voting rights	2,800	15,000	2,800	15,000

(vi) 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.

(i) Dividend

The Board of Directors on 17 May 2022 have recommended a payment of Final Dividend of ₹7 per share (on equity share of par value of ₹10 each) for the year ended 31 March 2022. The payment is subject to approval of shareholders at the ensuing AGM.

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 was approved by shareholders at the annual general meeting held on 23 July 2021. This dividend was paid on 28 July 2021. Such dividend payment by the company is in accordance with section 123 of the Companies Act 2013.

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 was the Record Date that was fixed for this purpose. Such dividend payment by the company is in accordance with section 123 of the Companies Act 2013.

- (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:

- (a) 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.
- (b) The identity of the reserves acquired under the business combination has been preserved as they appeared in the financial statements of Virstra and Avon.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

- (c) 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 :

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 2022

2.17 OTHER EQUITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Capital reserve	89	89
b. Securities premium account	-	100
c. Capital Redemption reserve	561	334
d. General reserve	-	661
e. Retained Earnings	45,598	62,428
f. Other comprehensive Income	435	686
Total	46,683	64,298

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Securities premium account		
Opening balance	100	100
Utilised for buyback premium (see note 2.16)	(100)	-
Closing balance	-	100
c. Capital Redemption reserve		
Opening balance	334	334
Addition during the year	227	-
Closing balance	561	334
d. General reserve		
Opening balance	661	661
Transferred from surplus in statement of Profit and Loss	(661)	-
Closing balance	-	661
e. Retained Earnings		
Opening balance	62,428	51,651
Add: Profit for the year	4,091	11,795
- Final dividend on equity shares [see note (i) below]	(1,742)	-
- Interim dividend / Final dividend paid [see note 2.33]	-	(871)
- Buyback of equity shares	(15,111)	-
- Tax on buyback of equity shares	(3,240)	-
- Remeasurement of the defined benefit plans, net	(828)	(147)
Closing balance	45,598	62,428
f. Other comprehensive Income		
Equity instrument through other comprehensive income	501	346
Add: Income for the year	(271)	155
	230	501
Foreign currency translation reserve		
Opening balance	158	143
Add: Addition during the year	39	15
Closing balance	197	158
Hedging reserve , net		
Opening balance	27	(140)
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	(19)	167
Closing balance	8	27
	435	686
Closing balance	46,683	64,298

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.18 OTHER FINANCIAL LIABILITIES-NON CURRENT

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Security Deposit	28	26
	28	26

2.19 OTHER NON-CURRENT LIABILITIES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred lease income on Security deposit received	3	6
	3	6

2.20 DEFERRED TAX LIABILITIES (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	1,330	2,937
Deferred tax	129	649
Net tax expense	1,459	3,586

B. Income tax recognised in other comprehensive income

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Remeasurements of net defined benefit plans	278	49
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	6	(57)
Income tax recognised in other comprehensive income	284	(7)

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 2022	Percentage	For the year ended 31st March 2021
Profit before tax		5,550		15,381
Computed tax expense	25.17%	1,397	25.17%	3,871
Effect of exempt non-operating income	(3.04%)	(169)	(1%)	(190)
Effect of non- deductible expenses	8.16%	453	1%	165
Additional deduction on research and development expenses	-	-	0%	-
Taxes on income at different rates	(3.57%)	(198)	(1%)	(128)
Tax effect due to non taxable income for Indian tax purpose	-	-	-	-
Tax reversals, overseas and domestic	(0.61%)	(34)	(1%)	(118)
Change in tax rate and others	-	-	-	-
Tax on undistributed reserves of subsidiaries	-	-	-	-
Effect of subsidiaries different tax rates	0.18%	10	-	(14)
Effective tax	26.29%	1,459	23%	3,586

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.20 DEFERRED TAX LIABILITIES (NET)

(Amount in ₹ Lacs unless otherwise stated)

Particular	Opening As at 1 April 2021	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 2022
a. Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	312	(217)	278	-	373
Provision for doubtful trade receivables / loans and service income accrued but not due and others	202	(1)	-	-	201
Trade receivables, security deposit and loans at amortised cost	14	-	-	-	14
Lease liability	9	(5)	-	-	4
	537	(223)	278	-	592
b. Deferred tax liabilities					
Property, plant and equipment	(13)	1	-	-	(12)
Forward contracts	(10)	-	7	-	(3)
Investments	(646)	32	-	-	(614)
	(669)	33	7	-	(629)
Net deferred tax asset					
Net Deferred tax Asset/(Liability)	(132)	(190)	285	-	(37)
a. Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	-	52	-	-	52
Accruals and others	-	5	-	-	5
Net Deferred tax Asset/(Liability)	-	57	-	-	57
a. Deferred tax assets					
Brought forward losses	3	4	-	-	7
MAT credit entitlement	13	-	-	-	13
	16	4	-	-	20
b. Deferred tax liabilities					
Property, plant and equipment and Investment property	(25)	(2)	-	-	(27)
Rent Equilization reserve	(2)	2	-	-	-
	(27)	-	-	-	(27)
Net Deferred tax Asset/(Liability)	(11)	4	-	-	(7)
Total Deferred tax Asset/(Liability)	(143)	(129)	285	-	13

2.21 NON CURRENT - PROVISIONS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
- Provision for compensated absences	1,159	898
- Provision for gratuity	1,332	151
- Provision for asset retirement obligations	3	3
	2,494	1,052

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.22 TRADE PAYABLES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
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	318	366
Accrued expenses	1,109	937
	1,427	1,303

(Amount in ₹ Lacs unless otherwise stated)

Outstanding for following period from due date	Not Due	As at 31 March 2022				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) MSME		-				-
(ii) Others	317		-	-	1	318
(iii) Disputed dues MSME		-	-	-	-	-
(iv) Disputed dues others		-	-	-	-	-
Total	317	-	-	-	1	318
Accrued expenses						1,109
Total						1,427

(Amount in ₹ Lacs unless otherwise stated)

Outstanding for following period from due date	Not Due	As at 31 March 2021				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) MSME		-				-
(ii) Others	363	-	2	-	1	366
(iii) Disputed dues MSME		-	-	-	-	-
(iv) Disputed dues others		-	-	-	-	-
Total	363	-	2	-	1	366
Accrued expenses						937
Total						1,303

2.23 OTHER CURRENT FINANCIAL LIABILITIES

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Unpaid dividends	34	36
b. Payable for purchase of fixed assets	21	19
c. Employee payable	4,119	3,402
	4,174	3,457

2.24 CURRENT PROVISIONS

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
- Provision for compensated absences	522	323
- Provision for asset retirement obligations	17	15
	539	338

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.25 CURRENT TAX LIABILITIES (NET)

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
Provision for tax	35	449
	35	449

2.26 OTHER CURRENT LIABILITIES

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Advance from customers / Advance billings	5,781	6,936
b. Deferred revenue	8,256	5,928
c. Other payables - statutory liabilities	1,362	994
d. Deferred lease income on Security deposit received	2	2
	15,401	13,860

2.27 REVENUE FROM OPERATIONS

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
Software products and services		
- Sale of products	41,170	43,016
- Sale of services	8,496	8,284
Other revenue	53	53
	49,719	51,353

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 2022, other than those meeting the exclusion criteria is ₹ 6,133 Lacs out of which 25% 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 2022

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.

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

(Amount in ₹ Lacs unless otherwise stated)		
	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	1,736	1,553
Revenue recognised during the period	7,851	7,322
Invoices raised during the period	(7,840)	(7,370)
Translation exchange difference	87	(50)
Movement of contract assets	289	317
Impairment of a contract asset	-	(36)
Balance at the end	2,123	1,736

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

(Amount in ₹ Lacs unless otherwise stated)		
	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	12,863	11,959
Revenue recognised during the period	(34,733)	(39,105)
Invoices raised during the year	35,506	39,960
Translation exchange difference	111	(261)
Other movement liability	290	310
Impairment of liability	-	-
Balance at the end	14,037	12,863

2.28 OTHER INCOME

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Interest income on		
- Deposits with banks	154	190
- Tax free bonds	685	713
- Fixed maturity plan	33	361
- preference shares	-	80
- others	25	23
b. Interest income on Income tax refund	83	-
c. Dividend income from		
- Current, non trade investments	100	24
- Non-current, non trade investment	38	2
d. Net gain on sale of investments		
- Non-current, non trade investment	30	(5)
- Profit on Sale of Mutual Funds	65	131
e. MTM gain or (loss) on mutual funds		
- Current, non trade investments	1,335	1,137
- Non-current, non trade investment	551	798
f. - Gain / (Loss) on exchange fluctuation	129	66
- Gain / (Loss) on ineffective hedges (see note 2.33)		
g. Other non-operating income		
- Net profit on sale of property, plant and equipment	12	-
- Premium on Forward Contracts	169	153
- Deferred lease income on Security deposit received	2	2
- Miscellaneous income	55	281
	3,466	3,956

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.29 EMPLOYEE BENEFITS EXPENSE

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Salaries and wages	36,555	30,443
b. Contribution to provident and other funds	1,856	1,608
c. Gratuity expense	451	399
d. Staff welfare expenses	547	605
	39,409	33,055

2.30 OPERATING AND OTHER EXPENSES

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Outsourced technical service expense	385	413
b. Cost of software purchased for delivery to clients	103	62
c. Power and fuel	272	278
d. Rent (see note 2.2)	143	249
e. Repair and maintenance		
- Buildings	74	128
- Others	348	369
f. Insurance	48	49
g. Rates and taxes	123	37
h. Travel expenses	105	129
i. Advertisement, business development and promotion	107	117
j. Legal and professional (see note 2.35)	1,609	1,547
k. Directors remuneration	167	171
l. Conveyance	42	38
m. Communication	156	157
n. Training and recruitment	325	100
o. Net loss on sale /discarded of property, plant and equipment	-	11
p. Conference, exhibition and seminar	13	17
q. Information technology expenses	1,847	1,204
r. Written off and allowance/Provision for doubtful trade receivables/ advances/other current assets	82	(338)
s. Withholding tax charged off	312	350
t. Commission to channel partners	47	(23)
u. Expenditure on Corporate Social Responsibility (see note 2.45)	203	165
v. Miscellaneous expenses	96	134
	6,607	5,364
Note :		
Directors Remuneration includes :		
Non Executive Directors		
a. Commission	40	117
b. Sitting fees	127	54
	167	171

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

2.31 FINANCE COST

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Bank charges	37	41
b. Unwinding of discount (discounting)-security deposit (received)	2	2
c. Interest expense on lease liability	42	66
d. Interest others	-	13
	81	122

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 Standalone and Consolidated Financial Results. 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 Standalone and Consolidated financial results. However, the actual impact of COVID-19 on these financial results may differ from that estimated due to unforeseen circumstances and the Group will continue to closely monitor any material changes to future economic conditions.

2.33 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2022 were as follows:

Particulars	(Amount in ₹ Lacs unless otherwise stated)							
	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)	3,575	-	-	3,575	3,575	-	-	-
Other bank balances (2.12)	2,025	-	-	2,025	2,025	-	-	-
Investments (2.2 and 2.9)								
Equity Instruments	-	-	255	255	255	-	-	-
Tax free bonds	7,672	-	-	7,672	8,105	8,105	-	-
Mutual funds (other than FMPs)	-	39,530	-	39,530	39,530	39,530	-	-
Fixed maturity plans (FMPs)	-	-	-	-	-	-	-	-
Debentures	-	-	-	-	-	-	-	-
Preference shares	500	-	-	500	500	500	-	-
Trade receivables (2.3 and 2.10)	8,319	-	-	8,319	8,319	-	-	-
Loans (2.4 and 2.13)	38	-	-	38	38	-	-	-
Other financial assets (2.5 and 2.14)	1,377	-	11	1,388	1,388	-	-	-
	23,506	39,530	266	63,302	63,735	48,135	-	-
Liabilities:								
Trade payables (2.22)	1,427	-	-	1,427	1,427	-	-	-
Lease liabilities	233	-	-	233	233	-	-	-
Other financial liabilities (2.19 and 2.23)	4,202	-	-	4,202	4,202	-	-	-
	5,862	-	-	5,862	5,862	-	-	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

The carrying value and fair value of financial instruments by categories of 31 March 2021 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)	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	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	-	-
Preference shares	500	2,273		2,773	2,773	544	-	2,229
Trade receivables (2.3 and 2.10)	8,922	-	-	8,922	8,922			
Loans (2.4 and 2.13)	13	-	-	13	13			
Other financial assets (2.5 and 2.14)	2,182	-	37	2,219	2,219		-	-
	31,667	46,865	563	79,095	79,598	61,725	-	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		-	-

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 2022

Reconciliation table : Level 3 Investments

Particulars	(Amount in ₹ Lacs unless otherwise stated)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening balance	2,229	2,659
Purchases	-	-
Reclassification from amortised cost to FVTPL	-	-
Net change in Fair Value (recognized in profit or loss)	(2,229)	(430)
	-	2,229

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 2022

The year end foreign currency exposures are given below :

Currency	As at 31 March 2022		As at 31 March 2021	
	Amount in foreign currency in lacs	Amount in ₹ in lacs	Amount in foreign currency in lacs	Amount in ₹ in lacs
Receivable				
USD	57	4,285	57	4,167
EUR	1	123	2	159
MYR	15	277	2	44
SGD	3	161	-	-
JPY	-	-	1	1
AED	9	188	7	136
CHF	-	4	-	4
GBP	1	119	2	174
AUD	13	711	6	314
PHP	1	2	2	3
IDR	-	-	120	1
Payable				
USD	1	81	2	145
EUR	-	-	-	1
MYR	1	10	1	10
GBP	-	12	-	14
SGD	3	168	-	-
AED	1	11	-	7
JPY	72	45	-	-
AUD	3	186	-	-
PHP	7	10	1	2
IDR	467	2	604	3

For the year ended 31 March 2022 and 31 March 2021, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Group's total comprehensive income by ₹535 lacs and ₹482 lacs respectively.

'Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting year and the current reporting year.

b) Price risk

(a) Exposure

The Group's exposure to equity securities and Mutual funds price risk arises from investments held by the Group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

(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:

(Amount in ₹ Lacs unless otherwise stated)

	Impact on profit before tax		Impact on other components of equity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Increase 2%				
Mutual funds	791	892		-
Equity instruments (other than subsidiaries)			5	11
Decrease 2%				
Mutual funds	(791)	(892)		-
Equity instruments (other than subsidiaries)			(5)	(11)

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

(Amount in ₹ Lacs unless otherwise stated)

Forward contract outstanding	Buy/Sell	As at	Equivalent amount in ₹	As at	Equivalent amount in ₹
		31 March 2022	31 March 2022	31 March 2021	31 March 2021
In USD (Amount in USD lacs)	Sell	35	2,615	48	3,473

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at	Equivalent amount in ₹	As at	Equivalent amount in ₹
	31 March 2022	31 March 2022	31 March 2021	31 March 2021
Not later than one month	8	568	8	548
Later than one month and not later than three months	12	909	13	914
Later than three months and not later than one year	15	1,137	28	2,011

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

The following table provides the reconciliation of cash flow hedge reserve for the year ended 31 March 2022:

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning of the period	27	(140)
Gain / (Loss) recognised in other comprehensive income during the period	(19)	167
Balance at the end of the period	8	27

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

(Amount in ₹ Lacs unless otherwise stated)		
Cash flow hedge- Foreign exchange risk	Year ended 31 March 2022	Year ended 31 March 2021
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss), net	(25)	224
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	113	7

The following table provides quantitative information about offsetting of derivative financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Gross amount of recognized financial asset/ (financial liabilities)	11	37
Net amount presented in balance sheet	11	37

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 ₹8,319 lacs and ₹8,922 lacs as of 31 March 2022 and 31 March 2021 respectively and unbilled revenue/ income accrued but not due amounting to ₹1,736 lacs and ₹1,328 lacs as of 31 March 2021 and 31 March 2021 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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 2022	Year ended 31 March 2021
	(in %)	(in %)
Revenue from top customer	5.51%	7.35%
Revenue from top five customers	24.60%	27.53%

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the period ended 31 March 2022 is ₹28 lacs and for the year ended 31 March 2021 was ₹(322) lacs.

	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning	151	473
Impairment loss recognised/ reversed	27	(322)
Amounts written off	(120)	-
Balance at the end	58	151

- b) The lifetime expected credit loss on income accrued but not due / unbilled revenue for the period ended 31 March 2022 is (₹13) lacs and for the year ended 31 March 2021 was (₹60) lacs.

	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning	408	476
Impairment loss recognised/ reversed	(13)	(60)
Amounts written off	(8)	(8)
Balance at the end	387	408

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 2022

Particulars		Asset group	(Amount in ₹ Lacs unless otherwise stated)			
			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	6,140	-	-	6,140
		Loans to employee	19	-	-	19
		Security deposits	129	-	-	129
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit-impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit-impaired	Investment at amortised cost	601	100%	(601)	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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	-	-	7,737
		Loans to employee	2	-	-	2
		Security deposits	324	-	-	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)	-

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)							
Ageing	Not due	0-90 days past due	90-180 days past due	180-270 days past due	270-360 days past due	More than 360 days past due	Total
Gross carrying amount	5,391	1,872	207	676	-	47	8,193
Expected credit losses (Loss allowance provision)	-	-	-	-	-	58	58
Carrying amount of trade receivables (net of impairment)	5,391	1,872	207	676	-	(11)	8,135
TRADE RECEIVABLES-Unbilled	-	181	1	-	2	-	184
							8,319

As at 31 March 2021

(Amount in ₹ Lacs unless otherwise stated)							
Ageing	Not due	0-90 days past due	90-180 days past due	180-270 days past due	270-360 days past due	More than 360 days past due	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
TRADE RECEIVABLES-Unbilled	-	292	14	17	17	11	351
							8,922

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

c) Expected credit loss for Service income accrued but not due under simplified approach As at 31 March 2022

(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	1,381	184	34	54	470	2,123
Expected credit losses (Loss allowance provision)	-	-	-	-	387	387
Carrying amount of trade receivables (net of impairment)	1,381	184	34	54	83	1,736

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	1,084	179	11	5	457	1,736
Expected credit losses (Loss allowance provision)	-	-	-	-	408	408
Carrying amount of trade receivables (net of impairment)	1,084	179	11	5	49	1,328

iii) Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March, 2022 the Group had a working capital of ₹ 23,770 lacs including cash and cash equivalent of ₹3,575 lacs and current investment of ₹28,594 lacs (31 March 2021 ₹41,703 lacs including cash and cash equivalents of ₹ 3,227 lacs and current investments of ₹45,792 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 2022:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,427	-	1,427
Lease Liability	186	47	233
Other financial liabilities	4,174	28	4,202

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,303	-	1,303
Lease Liability	395	235	630
Other financial liabilities	3,457	26	3,483

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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.

(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

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Equity Shares		
(i) Interim dividend of ₹ 3 per share (On equity share of ₹ 10 each) for financial year 2020-21. (see note 2.18)	-	871
(ii) Dividends not recognised at the end of reporting period (see note 2.18)	-	1,742
(i) Final dividend of ₹ 6 per share (On equity share of ₹ 10 each) (see note 2.18)	1,742	-

2.34 Contingent liabilities & commitments (to the extent not provided for)

a. Contingent liabilities (Refer note below)

- 1 In relation with AY 14-15, a tax demand of ₹ 2 lacs (previous year March 2021 ₹ 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 ₹ 2 lacs (previous year March 2021 ₹ 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
- 3 'In relation with AY 2018-19, a tax demand of ₹ 38 lacs is outstanding on account of withholding taxes. Management is of the view that this demand is not tenable.

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March, 2022	As at 31 March, 2021
b. Capital Commitments	1,102	131

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

c. Other Commitments

- i The Company is committed to provide financial support to its subsidiary companies, as and when required.
- ii The Group does not have any pending litigations which would impact its financial position.
- 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, 2022	Year ended 31 March, 2021
a. As auditors - statutory audit and quarterly audits (refer note below)	101	86
b. For other services	6	6
c. Reimbursement of expenses	5	3
	112	95

Note:

Includes payment to other auditors ₹ 24 lacs (previous year ended 31 March 2021 ₹ 21 lacs)

2.36 Earnings per share

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
a. Profit after taxation available to equity shareholders (₹ in lacs)	4,091	11,795
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	2,86,43,152	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	2,86,43,152	2,90,40,724
e. Basic earnings per share (₹)	14.28	40.62
f. Diluted earnings per share (₹)	14.28	40.62

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 (Whole time Director w.e.f. 23 July 2021) 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)

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)

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Transactions with related parties		
a. Salary and other benefits to Key managerial personnel		
Short-term employee benefits	686	619
Contribution to provident and other funds	29	34
	715	653
Note : Above employee ebenefits includes charge taken from subsidiary company Nucleus Software Solutions Pte. Ltd. for services by Whole time Director and CFO)		
b. Remuneration to other Non Executive Directors		
- Commission	40	117
- Sitting fees	127	54
	167	171
c. Expenditure on Corporate Social Responsibility		
- Nucleus Software Foundation	203	165
	203	165
d. Legal and professional		
-Lt. Gen. (Retd.) Tej Pratap Singh	-	3
-Praxis Consulting and Information services Pvt Ltd	5	5
	5	8
e. Miscellaneous expenses		
- Indiafarm Foods Private Limited	17	20
	17	20
Outstanding balances As at year end		
a. Remuneration to Non Executive Directors		
- Commission payable	40	117
	40	117

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

Research and development expense recognised in the statement of profit and loss account for the year ended 31 March 2022 ₹ 3,556 lacs (Previous year 31 March 2021 ₹ 3970 lacs).

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.

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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, 2022

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	21,550	2,512	8,864	3,300	6,688	1,797	1,941	3,067	49,719
Expenses	9,629	2,824	9,558	3,150	6,099	889	1,387	2,201	35,737
Segment result	11,921	(312)	(694)	150	589	908	554	866	13,982
Unallocated corporate expenditure									11,898
Operating profit before tax									2,084
Other income									3,466
Profit before tax									5,550
Tax Expense									
Net current tax expense									1,330
Net deferred tax credit									129
									1,459
Profit for the year									4,091

b. 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

Revenue from top customers, who are contributing more than 10% of total revenue, are presented segmentwise as follows:

For the year ended 31 March, 2022

(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, 2021

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, 2022

(Amount in ₹ Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	3,861	566	2,539	383	780	1,576	715	532	10,952
Unallocated corporate assets									62,742
Total assets									73,694
Segment liabilities	8,005	455	5,163	521	3,119	800	2,407	908	21,378
Unallocated corporate liabilities									2,956
Total liabilities									24,334
Capital employed									49,360

b. 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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

a. For the year ended 31 March, 2022

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	2,422	126	315	-	-	-	-	-	2,862
Total capital expenditure									2,862
Depreciation and amortisation expenditure	1,356	60	122	-	-	-	-	-	1,538
Total depreciation									1,538
Segment non-cash expense other than depreciation	50	184	63	1	29	65	-	2	394
Total non cash expenditure other than depreciation	50	184	63	1	29	65	-	2	394

b. 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 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

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, 2022			
Revenue	41,170	8,549	49,719
Carrying amount of segment assets	9,069	1,883	10,952
b. 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

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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.

(A) Revenues by geography*

a (i) For the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)									
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	21,550	2,512	8,864	3,300	6,688	1,797	1,941	3,067	49,719

a (ii) 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

* 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 2022			
Revenue	41,170	8,549	49,719
b. For the year ended 31 March 2021			
Revenue	43,016	8,337	51,353

* 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 ₹ 1,572 lacs for the year ended 31 March, 2022 (Year ended 31 March, 2021 ₹1,417 lacs), have been recognized as an expense in respect of Group's contribution towards Provident Fund and ₹4 lacs (Year ended 31 March, 2021 ₹1 lacs) has been recognised as an expense in respect of Employee State Insurance Fund & ₹ 167 lacs year ended 31 March 2022 (Year ended 31 March 2021 ₹ 131 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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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 2022 :

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	3,985	3,411
Current service cost	448	413
Past service cost	-	-
Interest cost	230	199
Remeasurement due to:		-
Actuarial loss/(gain) arising from change in financial assumptions	251	422
Actuarial loss/(gain) arising from change in demographic assumptions	(82)	-
Actuarial loss/(gain) arising on account of experience changes	950	(200)
Benefits paid	(667)	(260)
Obligation at year end	5,115	3,985
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	3,834	3,530
Expected return on asset plan	227	213
Contributions by employer	376	325
Remeasurement due to :		-
Actuarial return on plan assets less interest on plan assets	13	26
Benefits paid	(667)	(260)
Plan assets at year end, at fair value	3,783	3,834
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5,115	3,985
Fair value of plan assets	3,783	3,834
Funded status- Surplus/ (Deficit)	(1,332)	(151)
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	(1,332)	(151)
d. Expected employer's contribution next year	200	200
e. Expense recognised in Profit or Loss		
Current service cost	448	413
Past service cost	-	-
Interest cost	3	(14)
Net gratuity cost	451	399
f. Remeasurements income recognised in other comprehensive income:		
Actuarial (gain) loss on defined benefit obligation	1,119	223
Return on plan assets excluding interest income	(13)	(26)

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

(Amount in ₹ Lacs unless otherwise stated)		
Particulars	As at 31 March 2022	As at 31 March 2021
	1,106	196
Actuarial assumptions for gratuity and long-term compensated absences		
g. Economic assumptions :	As at 31 March 2022	As at 31 March 2021
Discount rate	6.00%	6.25%
Salary escalation rate	12% until year 1 inclusive, then 10%	18% until year 1 inclusive, then 9%
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 - 25%	
	51-54 years - 4%	
	55-57 years - 1%	
j. Category of asset		
Insurer Managed Funds	3,783	3,834
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 :	Year ended 31 March 2022		Year ended 31 March 2021	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(101)	109	(113)	127
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	68	(67)	84	(81)

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

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 2022	Year ended 31 March 2021
Income from software product and services	49,719	51,353
Software development expenses *	38,671	33,274
Gross Profit	11,048	18,079
Selling and marketing expenses	2,018	1,554
General and administration expenses	5,408	3,713
Operating profit before depreciation	3,622	12,812
Depreciation and amortisation expense	1,538	1,387
Operating profit after depreciation	2,084	11,425
Other income	3,466	3,956
Profit before tax	5,550	15,381
Tax expense:		
Net current tax expense	1,330	2,937
Net deferred tax credit	129	649
	1,459	3,586
Profit for the year	4,091	11,795

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

2.43 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share in profit or loss	
	Amount in ₹ Lacs	As % of consolidated net assets	Amount in ₹ Lacs	As % of consolidated profit or loss
Holding Company				
Nucleus Software Exports Limited	46,932	95%	4,210	103%
Domestic Subsidiary				
1. Nucleus Software Ltd.	973	2%	(9)	-
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	348	1%	(21)	(1%)
2. Nucleus Software Australia Pty. Limited	442	1%	90	2%
3. Nucleus Software Netherlands B.V.	5	-	(6)	-
4. Nucleus Software Japan K.K	427	1%	(71)	(2%)
5. Nucleus Software Solutions Pte. Ltd, Singapore	1,377	3%	(102)	(2%)
6. Nucleus Software South Africa Pty. Ltd.	42	-	(1)	-
Adjustment arising out of consolidation	(1,186)	(2%)		
Nucleus Software Exports Limited (Consolidated)	49,360		4,091	

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

Name of the entity in the	Share in Other comprehensive Income (net of taxes)		Share in Total comprehensive Income	
	Amount in ₹ Lacs	As % of consolidated other comprehensive Income	Amount in ₹ Lacs	As % of consolidated Total comprehensive Income
Holding Company				
Nucleus Software Exports Limited	(1,118)	104%	3,092	103%
Domestic Subsidiary				
1. Nucleus Software Ltd.	-	-	(9)	-
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	-	-	(21)	(1%)
2. Nucleus Software Australia Pty. Limited	-	-	90	3%
3. Nucleus Software Netherlands B.V.	-	-	(6)	-
4. Nucleus Software Japan K.K	-	-	(71)	(2%)
5. Nucleus Software Solutions Pte. Ltd, Singapore	-	-	(102)	(3%)
6. Nucleus Software South Africa Pty. Ltd.	-	-	(1)	-
Adjustment arising out of consolidation	39	(4%)	39	1%
Nucleus Software Exports Limited (Consolidated)	(1,079)		3,012	

2.44 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Gross amount required to be spent by Group during the year ended 31 March, 2022 / 31 March, 2021 :	203	165
b. Amount approved by the Board to be spent during the year	203	165
c. Amount spent during the period		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than Construction/acquisition of any asset		
- Contribution paid to Nucleus Software Foundation	203	165
d. Shortfall at the end of the year	-	-
e. Total of previous year short fall	-	-
f. Reason for shortfall	NA.	NA.
g. Nature of CSR contribution	(Education, Health and Medical care , Community at large and Environment)	
h. Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard.		
- Contribution paid to Nucleus Software Foundation	203	165

Notes forming part of the consolidated financial statements for the year ended 31 March 2022

- 2.45 As recommended by Nomination and Remuneration committee, the Holding Company has paid remuneration of ₹ 233 lacs to Mr. Parag Bhise (Chief Executive Officer & Whole-time Director) and ₹ 143 lacs to Mr. Anurag Mantri (Chief Financial Officer & Whole-time Director) (Charge taken from Subsidiary Company Nucleus Software Solution Pte Ltd). Total remuneration paid to these two directors and consequently, the total managerial remuneration of ₹ 620 lacs paid during the year ended 31 March 2022 exceeds the prescribed limit under section 197 read with schedule V in the Companies Act 2013 by ₹ 207 lacs. Pursuant to the provisions of Companies Act 2013 and in view of inadequacy of profits for the financial year ended 31 March 2022, The Holding Company shall seek approval of the shareholders by way of special resolution in its forthcoming Annual General Meeting for the above mentioned remuneration. The Holding Company is probable that the approval will be received.
- 2.46 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of its subsidiaries incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Holding Company or any such subsidiaries (Ultimate Beneficiaries). The Company or any such subsidiary has not received any fund from any party(s) (Funding Party) with the understanding that the Company or any such subsidiary shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

Place : New Delhi

Date : 17 May 2022

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

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

PARAG BHISE

Chief Executive Officer &
Whole-time Director

Sd/-

ANURAG MANTRI

Chief Financial Officer &
Whole-time Director

Sd/-

POONAM BHASIN

AVP (Secretarial) &
Company Secretary

Place : Noida

Date : 17 May 2022

Shareholder's 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.

ii. 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)
2020-21	60%	6.00	17.42
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.

C. 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.

Share Transfers, Demat and Remat:

The details of shares transferred in physical form, dematerialized and rematerialized during the year ended March 31, 2022 are given below:

Particulars	No. of shares
Transferred in physical form	Ni
Dematerialized	4,602
Rematerialized	Nil

D. Dividend Related Data

I. Dividend Recommended for FY 22

The Board of Directors at their meeting held on May 17, 2022 has recommended a Final Dividend of ₹7/- per share (on equity share of par value of ₹10 each). The Proposed Final Dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Shareholder's Referencer

The Board had not recommended any Dividend prior to FY 2000-2001.

The Board declared an interim dividend in July 2020 for FY 2020-2021.

iii. 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 , 2012-13 and 2013-14 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
2014-15 (Final)	July 8,2015	July 07, 2022	August 6, 2022
2015-16 (Interim)	March 16, 2016	March 15,2023	April 14, 2023
2016-17 (Final)	July 8,2017	July 07, 2024	August 6, 2024
2017-18 (Final)	July 02,2018	July 01,2025	July 31, 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
2020-21 (Final)	July 23,2021	July 22,2028	August 21, 2028

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: 040-4067162222/18003094001
 E-mail: einward.ris@kfintech.com

F Investor Services:

i. Designated e-mail Address for Investor Services

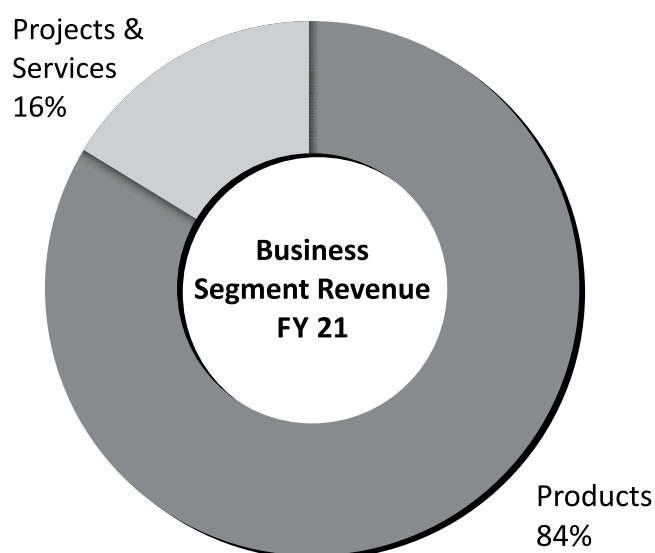
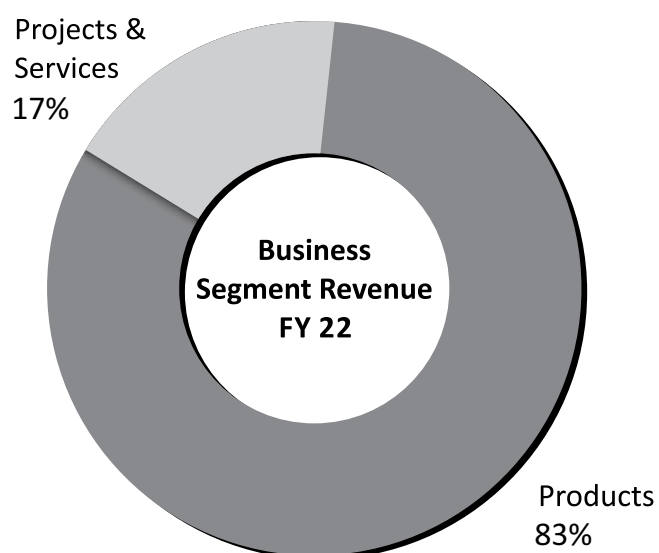
In terms of Regulations 13 and 46 of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is investorrelations@nucleussoftware.com

Consolidated Segment Information

OF NUCLEUS SOFTWARE GROUP

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REVENUE BY	For the Year Ended March 31,			
	2022	% of Revenue	2021	% of Revenue
GEOGRAPHICAL SEGMENTS				
India	215.50	43.35	195.18	38.01
Far East	25.12	5.05	38.70	7.54
South East Asia	88.64	17.83	98.24	19.13
Europe/ U.K.	33.00	6.64	30.17	5.88
Middle East	66.88	13.45	73.00	14.22
Africa	17.97	3.61	17.14	3.34
Australia	19.41	3.90	33.29	6.48
Rest of the World	30.67	6.17	27.81	5.40
TOTAL	497.19	100.00	513.53	100.00
CURRENCY SEGMENT				
Indian Rupee	215.50	43.35	195.18	38.01
US \$	170.88	34.37	177.13	34.49
Japanese Yen	9.66	1.94	15.51	3.02
Singapore \$	39.70	7.98	41.48	8.08
Malaysian Ringgit	5.54	1.11	6.27	1.22
Euro	9.30	1.87	9.48	1.85
British Pound	10.04	2.02	17.99	3.50
Swiss Franc	0.05	0.01	0.42	0.08
Australian \$	19.41	3.90	33.29	6.48
AED	12.58	2.53	12.86	2.50
QAR	0.64	0.13	0.60	0.12
ZAR	3.62	0.74	3.32	0.65
CHF	0.27	0.05	-	-
TOTAL	497.19	100.00	513.53	100.00
PRODUCTS & SERVICE SEGMENT				
Products	411.70	82.81	430.16	83.77
Own	410.66	82.60	429.09	83.56
Traded	1.04	0.21	1.07	0.21
Projects & Services	85.49	17.19	83.37	16.23
TOTAL	497.19	100.00	513.53	100.00



Ratio Analysis

Consolidated Performance

Particulars	2022	2021	2020	2019	2018
Ratios- Financial Performance					
Export Revenue/ Revenue (%)	56.66	61.99	65.33	69.22	69.24
Domestic Revenue/ Revenue (%)	43.34	38.01	34.67	30.78	30.76
Total Operating Expenses/ Revenue (%)	92.71	75.05	82.12	83.73	85.87
Operating Profit/ Revenue (%)	7.29	24.95	17.88	16.27	14.13
Depreciation/ Revenue (%)	3.09	2.70	2.60	2.05	1.71
Other Income/ Revenue (%)	6.97	7.70	7.15	5.68	6.97
Tax/ Revenue (%)	2.94	6.98	5.34	4.49	4.20
Effective Tax Rate - Tax/ PBT (%)	26.30	23.31	23.80	22.59	21.68
PAT from Ordinary Activities/ Revenue(%)	1.26	15.27	9.94	9.72	8.21
PAT from Ordinary Activities/Net Worth(%)	1.27	11.67	9.23	9.25	7.33
Ratios - Balance Sheet					
Debt-Equity Ratio	-	-	-	-	-
Debtors Turnover (Days)	61	61	63	54	72
Asset Turnover Ratio	0.67	0.58	0.68	0.71	0.64
Current Ratio	2.09	3.11	2.36	2.13	1.79
Cash and Equivalents/Shareholders' funds (%)	69.27	74.82	59.22	50.93	46.60
Cash and Equivalents/ Revenue (%)	68.77	97.91	63.78	53.51	52.20
Depreciation/Gross Carrying Amount(%)	17.48	21.53	19.84	13.83	11.14
Technology Investment/ Revenue (%)	4.40	1.35	2.19	1.26	1.28
Ratios - Growth (YoY)					
Growth in Total Revenue (%)	(3.18)	(1.40)	7.60	17.54	10.59
Growth in Export Revenue (%)	(11.52)	(6.44)	1.55	17.50	4.99
Operating Expenses Growth (%)	19.60	(9.89)	5.54	14.61	10.84
Operating Profit Growth (%)	(71.73)	37.61	18.24	35.33	9.09
PAT Growth (%)	(65.32)	32.54	19.39	19.17	(5.47)
EPS Growth (%)	(64.84)	32.57	19.37	25.41	0.18
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (₹)	2.33	26.99	17.82	16.20	11.65
Earning Per Share (Including Other Income) (₹)	15.28	40.62	30.64	25.67	20.47
Cash Earning Per Share from Ordinary Activities (₹)	8.08	31.77	22.49	19.62	14.07
Cash Earning Per Share (Including Other Income)(₹)	21.02	45.39	35.31	29.09	23.96
Book Value Per Share (₹)	184.35	231.41	193.14	175.12	158.85
Price/Earning (Annualized)	29.01	11.85	5.86	13.24	19.59
Price/ Cash Earning (Annualized)	19.71	10.60	5.09	11.69	16.73
Price/Book Value	2.25	2.08	0.93	1.94	2.52
Dividend Per Share (DPS)	7.00	9.00	-	9.00	8.00
Dividend (%)	70	90	-	90	80
Dividend Payout (In ₹ Crore)	18.74	26.14	-	26.14	23.23

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 Third Annual General Meeting (AGM) of the Members of Nucleus Software Exports Limited will be held on 8th day July 2022, 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:

- The audited financial statements of the Company for the year ended March 31, 2022, including Audited Balance Sheet and Profit and Loss account as on March 31, 2022 along with Cash Flow Statement on that date together with the reports of the Board of Directors and Auditors thereon and
- The audited consolidated financial statements of the Company for the financial year ended March 31, 2022.

2. Declaration of Dividend

To declare a final dividend of ₹7/- per Equity Share for the financial year ended March 31, 2022.

3. To Re-appoint

- Mr. Anurag Mantri (DIN 09002894), as a Director of the Company who retires by rotation and being eligible offer himself for re-appointment.
- Dr. Ritika Dusad (DIN 07022867), as a Director of the Company who retires by rotation and being eligible offer herself for re-appointment.

4. Appointment of Statutory Auditor:

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. ASA & Associates LLP, Chartered Accountants, (Firms Registration No. 009571N/ N500006), be and are hereby appointed as Statutory Auditors of the Company in place of resigning Auditors M/s. BSR & Associates LLP, Chartered Accountants, (Firm Registration No: 116231W/ W-100024) to hold office for a period of five years, from the conclusion of the 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting of the Company to be held in the year 2027 at such remuneration plus applicable taxes and out of pocket expenses, as may be determined and approved by the Board."

Special Business:

- To consider and approve the payment of remuneration to Mr. Parag Bhise, Whole Time Director and CEO of the Company, in the event of inadequacy or absence of profits in**

any financial year during his tenure and if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V and rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for payment of remuneration to Mr. Parag Bhise (DIN: 08719754) CEO & Whole Time Director, w.e.f. April 1, 2021 on the terms and conditions as approved by the Board of Directors.

RESOLVED FURTHER THAT In the event of inadequacy or absence of profits in any financial year during the remaining period of his present tenure, Mr. Parag Bhise will be entitled for the payment of such remuneration and/or any subsequent increase thereon along with perquisites/benefits as mentioned in the explanatory statement, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013.

RESOLVED FURTHER that the Board with the recommendation of the Nomination & Remuneration / Compensation Committee be and is hereby authorised and empowered to approve annual increments in Fixed Salary along with increase in allowances, perquisites and benefits, etc., as considered appropriate from time to time, subject to requisite approval(s), if so required, or otherwise as may be permissible under relevant laws, rules, regulations, guide lines or instructions as may be promulgated or issued after the date of issuance of this notice and in force from time to time and to make such improvements, alterations, amendments or variations in the terms and conditions.

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."

- To consider and approve the payment of remuneration to Mr. Anurag Mantri, Whole Time Director and CFO of the Company, in the event of inadequacy or absence of profits in any financial year during his tenure and if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):**

"RESOLVED THAT pursuant to the provisions of Sections 152, 161, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with rules

made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded to pay such remuneration to Mr. Anurag Mantri (DIN: 09002894), Whole Time Director and CFO, w.e.f. April 1, 2021 on the terms and conditions as approved by the Board of Directors.

RESOLVED FURTHER THAT In the event of inadequacy or absence of profits in any financial year during the remaining period of his present tenure, Mr. Anurag Mantri will be entitled for the payment of remuneration and any subsequent increase thereon along with perquisites/benefits as mentioned in the explanatory statement, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013.

FURTHER RESOLVED that the Board with the recommendation of the Nomination & Remuneration / Compensation Committee be and is hereby authorised and empowered to approve annual increments in Fixed Salary along with increase in allowances, perquisites and benefits, etc., as considered appropriate from time to time, subject to requisite approval(s), if so required, or otherwise as may be permissible under relevant laws, rules, regulations, guide lines or instructions as may be promulgated or issued after the date of issuance of this notice and in force from time to time and to make such improvements, alterations, amendments or variations in the terms and conditions.

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."

7. **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 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 and pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and other applicable Regulations including any statutory amendments, modifications or re-enactment thereof and subject to such other requisite approvals, as may be required in this regard, the consent of the members be and is hereby accorded for the payment of remuneration to Mr. Vishnu R Dusad, Managing Director of the Company, in the event of inadequacy or absence of profits in any financial year during his tenure, on the terms and conditions as recommended by the Nomination and Remuneration/ Compensation Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement forming part of this resolution.

RESOLVED FURTHER THAT Mr. Vishnu R Dusad will be entitled for the payment of the said remuneration and/or any

subsequent increase thereon along with perquisites/benefits as mentioned in the explanatory statement, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013.

RESOLVED FURTHER that the Board with the recommendation of the Nomination & Remuneration / Compensation Committee be and is hereby authorised and empowered to approve annual increments in Fixed Salary along with increase in allowances, perquisites and benefits, etc., as considered appropriate from time to time, subject to requisite approval(s), if so required, or otherwise as may be permissible under relevant laws, rules, regulations, guide lines or instructions as may be promulgated or issued after the date of issuance of this notice and in force from time to time and to make such improvements, alterations, amendments or variations in the terms and conditions.

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 the payment of remuneration to Dr. Ritika Dusad, Whole Time Director of the Company, in the event of inadequacy or absence of profits in any financial year during her tenure 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 and pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and other applicable Regulations including any statutory amendments, modifications or re-enactment thereof and subject to such other requisite approvals, as may be required in this regard, the consent of the member be and is hereby accorded for the payment of remuneration to Dr. Ritika Dusad, Whole time Director of the Company in the event of inadequacy or absence of profits in any financial year during her tenure, on the terms and conditions as recommended by the Nomination and Remuneration/Compensation Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement forming part of this resolution .

RESOLVED FURTHER THAT In the event of inadequacy or absence of profits in any financial year during the remaining period of her present tenure, Dr. Ritika Dusad will be entitled for the payment of remuneration and/or any subsequent increase thereon along with perquisites/benefits as mentioned in the explanatory statement, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013.

RESOLVED FURTHER that the Board with the recommendation of the Nomination & Remuneration / Compensation Committee be and is hereby authorised and empowered to approve annual increments in Fixed Salary along with increase in allowances,

perquisites and benefits, etc., as considered appropriate from time to time, subject to requisite approval(s), if so required, or otherwise as may be permissible under relevant laws, rules, regulations, guide lines or instructions as may be promulgated or issued after the date of issuance of this notice and in force from time to time and to make such improvements, alterations, amendments or variations in the terms and conditions.

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 payment of remuneration to Mr. R. P. Singh, Whole Time Director of the Company, in the event of inadequacy or absence of profits in any financial year during his tenure and if thought fit, pass the following resolution as a Special Resolution, with or without modification(s):**

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 161, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, including any statutory amendments, modifications or re-enactment thereof and subject to such other requisite approvals, as may be required in this regard, the consent of the member be and is hereby accorded for the payment of remuneration to Mr. R P Singh, Whole Time Director of the Company in the event of inadequacy or absence of profits in any financial year during his tenure, on the terms and conditions as recommended by the Nomination and Remuneration/Compensation Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement forming part of this resolution .

RESOLVED FURTHER THAT In the event of inadequacy or absence of profits in any financial year during the remaining period of his present tenure, Mr. R P Singh will be entitled for the payment of remuneration and/or any subsequent increase thereon along with perquisites/benefits as mentioned in the explanatory statement, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013.

RESOLVED FURTHER that the Board with the recommendation of the Nomination & Remuneration / Compensation Committee be and is hereby authorised and empowered to approve annual increments in Fixed Salary along with increase in allowances, perquisites and benefits, etc., as considered appropriate from time to time, subject to requisite approval(s), if so required, or otherwise as may be permissible under relevant laws, rules, regulations, guide lines or instructions as may be promulgated or issued after the date of issuance of this notice and in force from time to time and to make such improvements, alterations, amendments or variations in the terms and conditions.

RESOLVED FURTHER THAT the Board of Directors of the Company are hereby authorized or further delegate such authority as may be required to take such steps as may be

necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and sign and execute all applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), which sets out details relating to Special Business (being considered unavoidable by the Board of Directors) at the meeting, is attached with this Notice of AGM.
2. All documents referred to in the accompanying Notice and the Explanatory Statement are available on website of the Company for inspection by the Members up to the date of AGM.
3. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General 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", General Circular no. 20/2020 dated May 5, 2020, General Circular nos. 02/2021 and 21/2021 dated January 13, 2021, December 14, 2021 and 02/2022 dated May 05, 2022 and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 respectively in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)", 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, the AGM 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. Since the AGM is being held in accordance with the Circulars through VC/ OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. 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.
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. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

8. The Register of Members and Share Transfer Books of the Company will be closed on July 2, 2022, to July 8, 2022
9. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business set out under the notice is annexed hereto.
10. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, KFin Technologies Limited at einward.ris@kfin.tech, to receive copies of the Annual Report 2021-22 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report and update of bank account details for the receipt of dividend.

Type of Shareholder	Process to be followed
PHYSICAL	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, KFin Technologies Limited either by email to einward.ris@kfin.tech , com or by post to Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032.
	PAN
	Postal Address with PIN
	Email Address
	Mobile Number
	Bank Account Details (Name of the Bank, branch, account number and IFS Code)
	Update of signature of securities holder
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee
	Declaration to opt out nomination
DEMAT	Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form
	The forms for updating the above details are available at https://www.nucleussoftware.com
	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.

11. 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.
12. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2014-15 onwards for the Company, are requested to lodge their claims, It may be noted that the unclaimed Final

Dividend for the financial year 2014-15 declared by the Company on July 8, 2015, can be claimed by the Members by July 07, 2022. Member's attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

13. Details in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting as required under the provisions of Secretarial Standards- 2 issued by the Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
14. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 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 2021-22 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.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
17. 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.
18. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
19. Members are requested to address all correspondence, including dividend-related matters, to RTA, KFin Technologies Limited (formerly known as Kfin Technologies Private Limited), Unit: Nucleus Software Export Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032.
20. 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. Therefore those Members, whose email 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.

21. 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.
22. 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 two working days from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same
23. 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.

24. 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 5, 2022 (9:00 a.m. IST) and ends on Thursday, July 7, 2022 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, July 1, 2022, 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 meetings 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
<u>Individual Shareholders holding securities in demat mode with NSDL</u>	User already registered for IDeAS facility: - Visit URL: https://eservices.nsdl.com - Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section. - On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting” - 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. 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. 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.
<u>Individual Shareholders holding securities in demat mode with CDSL</u>	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. 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 Alternatively, by directly accessing the e-Voting website of CDSL - Visit URL: www.cdslindia.com - Provide your demat Account Number and PAN No. - System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. - After successful authentication, user will be provided links for the respective ESP, i.e., KFintech where the e- Voting is in progress.
<u>Individual Shareholder login through their demat accounts /Website of Depository Participant</u>	- You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. - 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. - 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.

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/>

- i. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 6644 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.
- ii. After entering these details appropriately, click on "LOGIN".
- iii. 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.
- iv. You need to login again with the new credentials.
- v. On successful login, the system will prompt you to select the "EVEN" i.e., Nucleus Software Exports Limited- AGM" and click on "Submit"
- vi. 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.

- vii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - viii. 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.
 - ix. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - x. 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).
 - xi. 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/mobilereg/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 4, 2022 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 cast 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 be opened from July 4, 2022 to July 6, 2022. 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 be opened from July 4, 2022 to July 6, 2022.
- 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. 1-800-3094-001 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**

The Statutory Auditors of the Company M/s BSR & Associates, LLP have tendered their resignation before the Audit Committee Meeting held on May 12, 2022, effective from conclusion of the Board meeting of the Company held on May 17, 2022 wherein the results for the quarter and financial statements for year ended 31st March 2022 were approved. Consequent upon the same, the Board of Directors recommended appointment of M/s. ASA & Associates LLP, Chartered Accountants as Statutory Auditors for the term of five consecutive years, from the conclusion of this Annual General Meeting (33rd AGM) till the conclusion of the sixth Annual General Meeting (38th AGM) of the Company. The Company has received consent and eligibility certificate from M/s. ASA & Associates LLP, Chartered Accountants, to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013. Further, the said Firm is Peer Reviewed. Brief Profile of the Firm is mentioned below:

Credentials:

ASA & Associates LLP ('ASA') is the Chartered Accountant Firm, specialize in audits, compliance and taxation services. Have own offices in New Delhi, Ahmedabad, Bengaluru, Chennai, Gurgaon, Hyderabad, Kochi and Mumbai with over 700 in-house professionals and over 31 years of experience across varied industries. Service offerings include Audit & Assurance, Accounting and Business Support, Taxation, Business Advisory and Transaction Advisory. ASA has extensive experience in auditing of listed companies, the BFSI sector and a large number of SMEs.

Terms and Conditions

The terms and conditions of Appointment of the statutory auditors and the proposed fees are as follows:

- The Board of Directors at their meeting held on May 17, 2022 at the recommendation of Audit Committee members approved appointment of M/s. ASA & Associates LLP, Chartered Accountants as statutory auditors of the Company for a term of five years 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 2027, 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 ASA & 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 ASA & Associates LLP shall be fixed by the Board of Directors of the Company.

Resolution No. 5

The Board based on the recommendation of the Nomination and Remuneration committee, appointed Mr. Parag Bhise as a Whole time Director of the Company w.e.f. July 31, 2020 till July 30, 2025

Further considering the contribution of Mr. Parag Bhise and the

progress made by the Company under his leadership and guidance and as per recommendation of Nomination and Remuneration/ Compensation Committee, the Board approved the revision in the remuneration of Mr. Parag Bhise at the meeting held on January 12, 2022. Pursuant to the provisions of Schedule V of Companies Act, the revised remuneration of Mr Parag Bhise as decided by the Board is required to be approved by the shareholders.

Further the Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved that Mr. Parag Bhise during the tenure of his appointment, will be entitled to receive the revised remuneration, and/or any subsequent increase thereon along with perquisites/benefits, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013. The revised remuneration components are as below

1. Fixed Salary: ₹ 15,868,366/- p.a. (Comprising primarily of Basic salary, House rent allowance, Medical allowance, Leave travel allowance, Refreshment allowance and others) to be paid in accordance with Company's policy and subject to withholding tax.
2. Performance bonus /Special bonus/ Variable payout: Annual Variable pay/Special bonus for each fiscal year subject to Company's achievements or as determined by the Board or its committee.
3. Employee benefits: Benefit Plans as maintained by the Company including Provision of Company Cars with Driver, Communication facilities at office and/or residence for official purposes, Personal accident insurance/ Group life insurance, contribution to retirement benefits such as Provident fund, Pension fund, Gratuity, etc.
4. Leave with full pay and allowances shall be allowed per the Rules of the Company.
5. Commission: Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Sections 196 and 197 of the Companies Act 2013 and rules made thereunder.

Periodic increment: The components of Mr. Parag Bhise compensation as set above may be revised from time to time, by the Board or Committee at its sole discretion

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. Parag Bhise is in any way, concerned or interested, in the Special Resolution set out at item No. 5 of the Notice.

The Board of Directors recommends the Resolution No. 5 for Shareholders consideration and approval as a Special Resolution.

Resolution No. 6

The Board based on the recommendation of the Nomination and Remuneration committee, appointed Mr. Anurag Mantri as a Whole time Director of the Company with effect from December 19, 2020.

Pursuant to recommendation of the Nomination & Remuneration Committee, the Board of Directors, approved to pay the following remuneration to Mr. Anurag Mantri (DIN: 09002894), Whole Time Director and CFO, w.e.f. April 1, 2021 and on the terms and conditions as approved by the Board of Directors.

Further the Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved that Mr. Anurag Mantri during the tenure of his appointment, will be entitled to receive the current remuneration, and/or any subsequent increase thereon along with perquisites/benefits, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013. The remuneration components are as below:

1. Professional Charges: ₹14,306,822 p.a.
2. Other allowances: Such remuneration by way of commission/ other allowances in addition to the Professional charges as payable, 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
3. Periodic increment: The components of Mr. Anurag Mantri compensation as set above may be revised from time to time, by the Board or Committee at its sole discretion

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. Anurag Mantri is in any way, concerned or interested, in the Special Resolution set out at item No. 6 of the Notice.

The Board of Directors recommends the Resolution No. 6 for Shareholders consideration and approval as a Special Resolution.

Resolution No. 7

Mr. Vishnu R Dusad, Managing Director of the Company was reappointed by the Board as Managing Director w.e.f. Jan 1, 2022 till Dec 31, 2026. The terms and conditions of his appointment including remuneration as drawn by him w.e.f. Jan 1, 2022, 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 23 July, 2021.

Further the Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved that Mr. Vishnu R Dusad, during the tenure of his appointment, will be entitled to receive the current remuneration, and/or any subsequent increase thereon along with perquisites/benefits, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013. The remuneration components are 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.
- 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.
- Periodic increment: The components of Mr. Vishnu R Dusad compensation as set above may be revised from time to time, by the Board or Committee at its sole discretion

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.

Pursuant to the provisions of Regulation 17(6)(e) of SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, Annual remuneration payable to promoters directors is herewith placed for

the approval of the Shareholders in the Annual General Meeting.

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 Dr. Ritika Dusad and Mr. Vishnu R 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

Dr. Ritika Dusad joined Nucleus Board as a Non-Executive Director in July 2016. The Board of Directors on the recommendation of Nomination and Remuneration/Compensation Committee, approved the appointment of Dr. Ritika Dusad as a Whole Time Director w.e.f. August 7, 2020. The terms and conditions of her appointment including remuneration as drawn by her, 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 23 July 2021.

Further the Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved that Dr. Ritika Dusad, during the tenure of her appointment, will be entitled to receive the current remuneration, and/or any subsequent increase thereon along with perquisites/benefits, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013. The remuneration components are as below:

1. Fixed Salary: ₹ 5,000,000/- 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.

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.

Pursuant to the provisions of Regulation 17(6)(e) of SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, Annual remuneration payable to promoters directors is herewith placed for the approval of the Shareholders in the Annual General Meeting.

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. The application with the Central Government 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. 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

Mr. Ravi Pratap Singh, Whole time Director was reappointed by the Board as Whole time Director w.e.f. July 26, 2019 till July 25, 2024. The terms and conditions of his appointment including remuneration as drawn by him w.e.f. July 26, 2019, is in accordance, with the than prevailing Section II of Part II of Schedule V of the Companies Act, 2013.

Further the Board of Directors, on the recommendation of Nomination and Remuneration Committee, approved that Mr. R P Singh, during the tenure of his appointment, will be entitled to receive the current remuneration, and/or any subsequent increase thereon along with perquisites/benefits, by way of minimum remuneration, which may exceed 10% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act 2013. The remuneration components are as below

1. Fixed Component: ₹7,000,000/- 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 Mr. R P Singh 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.

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. R.P. Singh, 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 2021-22" 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. Parag Bhise	Mr. Anurag Mantri	Mr. Vishnu R Dusad	Dr. Ritika Dusad	Mr. R P Singh
Age	56 Years	52 Years	65 Years	32 Years	59 Years
Qualifications	Master's Degree in Computer Applications from BIT Mesra and MBA from the Management Development Institute – Gurgaon	Master's Degree in Statistics and Computer Science from Banaras Hindu University	Bachelor's Degree in Technology from the Indian Institute of Technology (IIT), Delhi	Graduated from University of California, Los Angeles and PhD in Physics at Ivy League- Cornell University, USA	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
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
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
Date of first appointment On the Board	March 16, 2020	December 19, 2020	Jan 01, 1989	July 20, 2016	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
Number of shares held in the Company	28,959	Nil	1,603,492	1,000,000	153,177
Directorship held in other Companies	Nucleus Software Japan Kabushiki Kaisha	NA	- Nucleus Software Limited - Karmayogi Holding Pvt. Ltd. - 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	Karmayogi Holdings Private Limited	- 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.	NA	NA	Dr. Ritika Dusad (Daughter)	Mr. Vishnu R Dusad (Father)	NA
Number of Meetings of the Board attended during the Year	12	12	12	12	12
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders/Investor Grievance Committee)	NA	NA	Nucleus Software Ltd.	NA	NA
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:	NA	NA	NA	NA	NA

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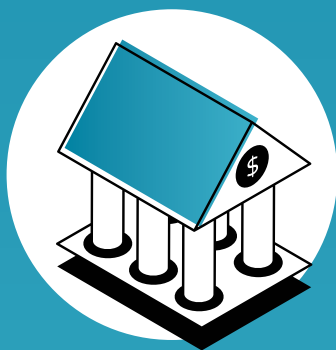
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