



June 20, 2023

NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307. India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

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

Dear Sir,

Sub: Annual Report FY-2022-23

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

With reference to the above mentioned subject, Please find the enclosed herewith the Annual Report of the Company for FY-2022-23.

You are requested to take note of the above.

This for your information and records.

Thanking You

Yours Sincerely

FOR NUCLEUS SOFTWARE EXPORTS LIMITED

**(POONAM BHASIN)
COMPANY SECRETARY**

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872

Revolutionizing
the Global Financial Ecosystem
with Indian Intellectual Property

30

• Celebrating 30 Years of Indian IP • Celebrating 30 Years of Indian IP • Celebrating 30 Years of Indian IP

What's inside?

Perspectives

- 03 Chairman's Message
- 04 MD's Message
- 07 CEO's Message

Our Offerings

- 09 FinnOne Neo™
- 10 FinnAxia™
- 11 Services

About Us

- 12 Board of Directors
- 13 Performance at Glance

Empowering People & Communities - The Nucleus Story

- 15 Lean Principles and Operational Excellence: Nucleus Software's Pursuit of Perfection
- 16 30 years of Building IP Innovation - Creating Value, Empowering Self-Reliance
- 18 Discovering the Promise of Every Nucleite: Leading the way in Gender Equality, Diversity and Inclusion
- 19 Finding the Balance within you: Achieving harmony between work and life at Nucleus Software
- 20 Crossing Borders, Uniting the best minds in Fintech: Expanding Horizons and Connections
- 21 Smart Innovation for the Future: Driving Growth through Strategic Initiatives and Technological Innovation



Financial Statement

22	Year at a Glance
24	Director's Report
60	Report on Corporate Governance
97	Management's Discussion and Analysis of the Financial Condition and Results of Operations
112	Risk Management Report
115	Business Responsibility & Sustainability Report
137	Auditor's Report
148	Balance Sheet
149	Profit & Loss Account
152	Statement Cash Flow
154	Notes forming part of the Financial Statements
217	Management's Discussion and Analysis of Financial Condition and Results of Consolidated Operations
230	Auditor's Report
238	Consolidated Financial Statements
311	Shareholders' Referencer
314	Segment Information and Ratio Analysis
316	Notice of Annual General Meeting

Chairman's Message



It gives me immense pleasure to present to you our Annual Report for Financial Year (FY) 2022-23 and reflect upon the remarkable journey that Nucleus Software Exports Ltd. (Nucleus Software) has embarked upon over the past year. We have overcome significant challenges, including the global pandemic and the wave of resignations that swept across the entire IT industry. Today, I stand before you with immense pride as I announce that Nucleus Software has emerged stronger and more resilient than ever.

Despite the turbulence and uncertainties that the world faced, Nucleus Software has achieved outstanding growth in terms of revenue and profitability. Our unwavering commitment to innovation, customer satisfaction, and operational excellence has played a pivotal role in our success. Our dedication to delivering cutting-edge software solutions and our ability to adapt to evolving market needs have propelled us to new heights. This year's strategy was driven by a heightened focus on creating innovative solutions, resolving customer concerns, and building better quality product.

Our Corporate Social Responsibility (CSR) activities, environmental initiatives, and ethical corporate governance are focused on delivering our Environmental, Social, and Governance (ESG) responsibilities. We are proud of the progress we have made so far in providing sustainable solutions for our communities around healthcare, education, and community development. We have ensured our product lines deliver sustainable, secure, and dependable solutions to our customers and they in turn are able to contribute towards a circular economy. The commitment to maintaining product quality is a testament to the valuable contributions of our esteemed customers, diligent workforce, dependable suppliers, loyal shareholders, and above all, the beneficiaries of the unparalleled products that Nucleus Software delivers.

I would like to express my deepest gratitude to our shareholders, clients, and employees for their unwavering support and trust. I also extend my appreciation to our partners and stakeholders for their invaluable contributions to our growth story.

SM Acharya
Chairman

We are thrilled to have completed 30 years of creating an Indian IP product, wholly designed, architect-ed and built from Indian soil. Three decades later we can proudly say that 40 lakh crores (\$ 500 Bn) worth of India's retail assets are managed on our software. We have played a major role in making India Atmanirbhar (Self-reliant), by providing the Indian financial industry an Indian origin IP that has cutting edge revolutionary technology and invaluable cost and service benefits.

We have made meaningful progress in expanding our reach across various geographies, including Australia and Europe, and have taken up strategic initiatives to research and plan entry into other aligned markets with our pioneering digital technology. Our innovative solutions are built with a composable architecture that boasts over 520 APIs, enabling us to keep pace with the disruption caused by Open Banking and cater to the ever-evolving needs of our customers.

Diversity and Inclusion is a key pillar for us, and we are proud to have undertaken several successful initiatives focused on providing equal opportunities to individuals from diverse backgrounds. We are committed to continuing our efforts to create a more equal, inclusive, and diverse fintech workspace.

Delighted to share that we have recently been awarded two patents for our first offline and online Financial Inclusion platform. It was developed as a financial inclusion enabler to address the significant challenges that banks, and financial institutions face in providing financial services to the people at the bottom of the pyramid. This unique solution is capable of carrying out transactions in completely offline mode and addresses all the challenges faced by consumers in rural areas, such as financial illiteracy, lack of internet connectivity, no access to smartphones, and commute to bank branches. This accomplishment reinforces our mission to build intellectual property from Indian soil and serve global markets with our innovative solutions.

We sincerely thank you for your trust in us and our ability to deliver sustainable value to all our stakeholders. Your continued support and confidence inspire us to push boundaries, drive innovation, and create an inclusive society. We continue to strive to live our values of Respect, Collaboration, Innovation, Integrity and Respect in our day to day life.

Vishnu R. Duzad

Managing Director

MD's Message



CEO's Message



We are delighted to share the remarkable achievements of the past financial year and express our gratitude for the trust and support bestowed upon us. It gives us immense pride to announce the successful implementation of our product suites in prominent financial institutions, enabling them to embrace the digital-first era. Also, we secured orders from renowned conglomerates who have wholeheartedly embraced our solutions, validating the exceptional value of our advanced technology and deep domain expertise.

Our next major objective is to drive customer transformation towards true digitization. We are committed to engaging all our existing customers, regardless of their geographic location, to innovatively propel them towards competitiveness, sustainability, and relevance in this new digital age. We are passionate about assisting our clients in navigating this transformative journey.

In line with our resource augmentation strategy, we recruited 400 talented freshers from across 45 cities in India. We are proud to share that they have quickly become integral members of our productive workforce, consistently delivering value to our customers. We strongly believe in nurturing young talent and providing them with opportunities to contribute to our collective success.

Adopting lean technology and methodologies is a key priority for us as we strive for continuous improvement and an exceptional customer experience. Throughout our organization, we are implementing lean methodology to enhance productivity and achieve outstanding business performance. This strategic approach will enable us to stay agile and responsive to the evolving market dynamics.

We extend our heartfelt appreciation to each and every one of you for your unwavering support. With your trust and partnership, we are confident in our ability to deliver outstanding results and create innovative solutions that enable a paradigm shift in the financial services industry.

Thank you once again for being an integral part of our journey towards excellence.

Parag Bhise

Chief Executive Officer

Our Offerings



Our Offerings • Our Offerings • Our Offerings • Our Offerings • Our Offerings • Our Offerings

FinnOne Neo™

The FinnOne Neo™ suite is an end-to-end solution for Lending Businesses.

The Customer Acquisition System (CAS) module covers the entire customer on-boarding and evaluation process for retail and corporate customers, with a multi-channel front end and a solid credit process back end.

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 multiple channels.

The Collections module optimally manages defaulters and possible defaulters efficiently managing NPA's.

The Collaterals Management System (CMS) takes care of the entire collateral life cycle management. The Sales Assist is a specialized loan sourcing channel for sales staff empowering them for super quick and easy loan sourcing.

The Enterprise Content Management (ECM) module 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 the increasingly digitised world, integrability and compatibility of a software solution with other software solutions is becoming increasingly critical.

Nucleus Software's FinnOne Neo™ has been a front runner in this regard as it carries an incredible number of APIs: 470+ in its API stack that facilitate robust, secure, easy, quick, and agile integrations. FinnOne Neo™ supports both cloud, hybrid and on-premise deployments and can be deployed quickly in partnership with leading cloud providers.

FinnOne Neo™ Product Suite Holds



Customer Acquisition System (CAS)



Collateral Management System



Payout



Loan Management System (LMS)



Enterprise Content Management (ECM)



API Center



Collections



Sales Assist



Portal: eApply & eServe



Mobility Apps: mCAS, mApply, mCollect, mServe & mFin

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 via 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 APIs to serve their corporate customers with a single stop solution platform, which 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 Holds



Global Receivables



e-Trade Finance



Global Payments



Global Liquidity Management



Virtual Account Management (VAM)



Electronic Bill Presentment and Payment (EBPP)



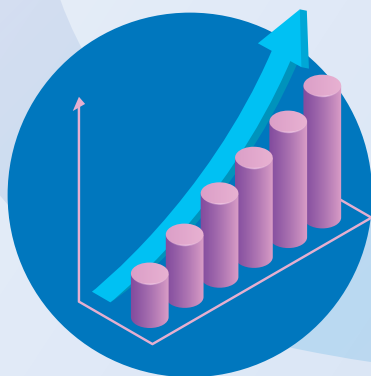
Digital Compass – Corporate Front End Channel



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

Services

The Services division of Nucleus Software plays a crucial role in digital transformation of organizations by delivering seamless customer experiences, operational and cost 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, Southeast Asia, Japan, Middle East, and Europe.



01

Achieved 86.5% operational efficiency by implementing Robotics Process Automation for a top Japanese NBFC for their identity and access management processes.



02

Accomplished Process Automation of the Risk Evaluation Management system for a large regional bank in Europe.



03

Facilitated the Digital transformation of a Large Asian bank by developing open banking API's as per the central bank guidelines.



Data Engineering & Analytics



Cloud Services



Application Modernization



Infra Services

Board of Directors



Mr. Vishnu R. Dusad
Managing Director

M M M



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

M M M C C



Mr. Prithvi Haldea
Non-Executive, Independent Director

M M C



Prof. Trilochan Sastry
Non-Executive, Independent Director

M M C



Mrs. Elaine Mathias
Non-Executive, Independent Director

M M C



Dr. Ritika Dusad
Executive Director

M M



Mr. Parag Bhise
Chief Executive Officer & Executive Director

M M



Mrs. Yasmin Javeri Krishan
Non-Executive Independent Director

M M C



Mr. Anurag Mantri
Chief Financial Officer & Executive Director

M



Mr. Ravi Pratap Singh
Executive Director

M M

Board Committees

- Culture Committee
- Nomination & Remuneration / Compensation Committee
- Audit Committee

- Member
- Chairperson
- Risk Management Committee
- Corporate Social Responsibility Committee
- Stakeholder Relationship Committee

Performance at Glance

634.46

Revenue (In ₹ Crore)

155.75

Operating Profit
(EBITDA) (In ₹ Crore)

171.08

Profit Before Tax
(PBT) (In ₹ Crore)

127.79

Profit After Tax (PAT)
(In ₹ Crore)

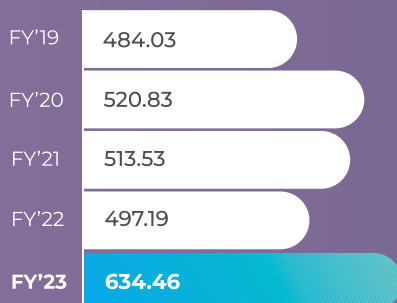
610.66

Net Worth (In ₹ Crore)

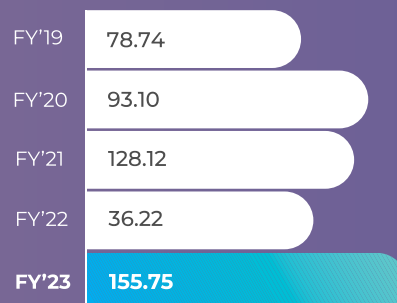
47.73

Earnings Per Share
(In ₹ Per Share)

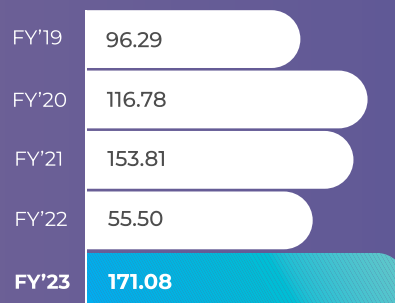
Revenue (In ₹ Crore)



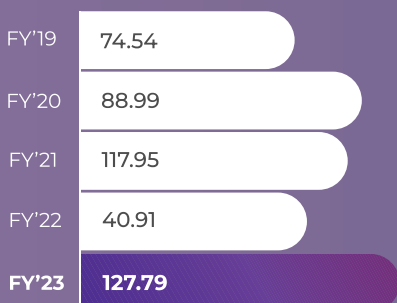
Operating Profit (EBITDA) (In ₹ Crore)



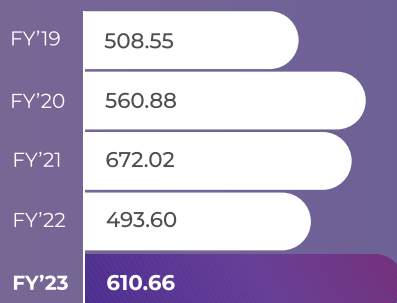
Profit Before Tax (PBT) (In ₹ Per Share)



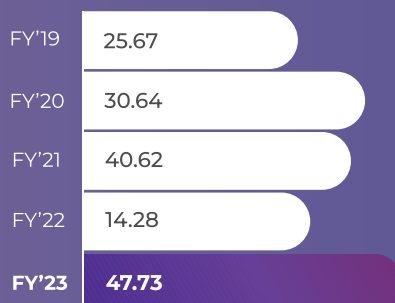
Profit After Tax (PAT) (In ₹ Crore)



Net Worth (In ₹ Crore)



Earnings Per Share (In ₹ Per Share)



Empowering People & Communities

The Nucleus Story



Empowering People & Communities • Empowering People & Communities • Em

Lean Principles and Operational Excellence: Nucleus Software's Pursuit of Perfection

In pursuit of quality and operational excellence, Nucleus Software Exports Ltd. (Nucleus Software) has always been determined to deliver a state-of-the-art experience to its customers. Nucleus Software engaged in extensive research to explore effective strategies to procure **Orders of Magnitude**. The company adopted Lean principles, a well-established methodology in the manufacturing industry, and applied its principles to software development, venturing into uncharted territories. Establishing a practical adoption of Lean will enable the company to visualize the constraints from **Concept to Cash**. Nucleus Software is enthusiastic about laying down a radical yet detailed action plan to set up Lean Work Culture and apply **TOC** (Theory of Constraints) to day-to-day life.

Nucleus Software has a longstanding tradition of hosting the annual Nucleus Tech event, which has played a vital role in embracing and promoting innovative ambitious initiatives. Beginning last year, Nucleus Tech has transitioned into quarterly events that are carefully refined to foster conceptualization, experimentation, and widespread implementation of Lean methodologies.

The company continually reassess and optimizes its "**Value Streams**" to enhance the value delivered from customer's perspective and has adopted the ATDD methodology (Acceptance Test Driven Development) to align precisely with customer needs, emphasizing automation. TDD (Test Driven Development) and ACST (Automated Continuous Security Testing) bolster product confidence and reliability while prioritizing quality and security. Implementing CI (Continuous Integration) enables shorter release cycles and facilitates swift end-to-end deliveries, aligning with the **Lean-flow** principle. End-to-end CI empowers the system for desired results, enabling value chain automation from Concept to Cash. Automation of Scrum and **Lean-pull** mechanism through agile planning and development ensures an efficient value chain. Implementing Lean work culture integrates Volume, Quality, and Speed to meet diverse demands and generate higher ROI for both the organization and customers.

As a torch bearer of Lean in the Fintech Industry, Nucleus Software is identifying and mitigating all bottlenecks for operational excellence and enhanced customer experience.



30 Years of Building IP Innovation – Creating Value, Empowering Self-reliance

**1986-
1994**

Nucleus Software began its journey over three decades ago with a single minded and dedicated focus on the banking and financial industry. The founder had a very clear vision that stated, “Making Financial Services Access Easy and Enriching Worldwide”, which laid the foundation for Nucleus Software Exports Ltd. The company has been consistently recognized as a niche player in the

banking space, particularly in the lending and transaction banking domain. Starting operations in 1986 in New Delhi, India, by developing software for one of the leading bank's online ATM operations involving touchscreen-based self-service kiosk for branch operations, card management system, unitized time deposit software, and email system. The company also developed software for documentation, signature retrieval, and wealth management for an overseas entity. The first 7-8 years were spent working on technological advancements and functional software centered around core banking, credit cards, and channels. The company launched its first product “LeaseWare” in the lending space in 1993 and deployed in Indonesia with both lease and loan functions.



**1995-
2000**



In 1996, the organization developed another product called “Finness”, recognized as an ERP for financial institutes. It was developed on Oracle Forms Technology having a typical 2 tier architecture of thick client and backend. In 1998, the organization helped one of the major banks in India to launch its India retail banking operations. This involved providing ATM solutions, generating card numbers and PINs, as well as retrieving information from mainframes using screen scraping technology. Finness was also deployed at prominent banks in India. Around 1999, the company adopted new technologies and transitioned its application to applet-based technologies to provide a web experience. Additionally, the company began exploring other tech stacks like Visual Basic and ASP, introducing them in certain product areas.



2000-
2012

During this period, the company registered its trademark FinnOne™, which became the flagship product. The company expanded into the Japanese market and formed partnerships with various global and Japanese banks. Additionally, the company developed "Cash@Will," a product that handled Corporate Cash Management specifically catering to the Transaction Banking space. Payment, Receivable, and Liquidity Management modules were added to Cash@Will, and through multiple upgrades, the product successfully served a leading bank across 12 countries.

The company also ventured into experimenting with new technologies and developed a Loan Origination System based on a 3-tier architecture. In 2004, the company established a partnership with a captive auto finance company. FinnOne™ had gained popularity and was deployed by a financial firm in 10 countries across Europe, Latin America, and China.

The deployment utilized a single code base, with FinnOne™ accommodating local regulatory compliance, bilingual requirements, specific UI field needs, interface/reporting for regulators, payment interfaces like SEPA, and specialized handling such as BIN.

Nucleus Software recognized early on that monolithic based applications would not sustain the changing industry perspective. The company anticipated banks' and financial institutions' need for Agility, Scalability, Security, High Configurability, Cloud deployment and Reduced total cost of ownership (TCO). With this insight, the company started rearchitecting products from scratch and started evaluating prominent tech stacks.



2012-
2022

In 2014, the flagship products, FinnOne Neo™ and FinnAxia™ were launched. FinnOne Neo™ was designed as a lending software that helps financial companies leverage digitization, manage credit risk, and stay competitive. It offered a comprehensive range of software solutions for loan origination, servicing, collections, enterprise content management, collateral management, lending analytics, mobile apps, web portals, API management, and chatbots. FinnOne Neo™ Digital Channels comprised of mobile apps and web portals for self-service, loan origination, and delinquency management, as well as an AI-powered chatbot for instant messaging platforms like WhatsApp. In 2015, PaySe™, the world's first offline digital cash solution was developed with an aim to democratize money and to make a 100 Rupee loan possible and profitable. In 2018, the company introduced Real-time Payment Fraud Detection using AI.

We are a 10-time winner of the World's Best Selling Lending Solution award. Our products and solutions have been transforming banking globally, providing uninterrupted digital customer experience for over 87,600 hours and facilitating more than 26 million transactions each day. Nucleus Software powers the operations of over 200 financial institutions in more than 50 countries, supporting a wide range of business areas in the BFSI industry, including retail lending, corporate banking, cash management, mobile and internet banking, automotive finance, and many others.

Discovering the promise of every Nucleite: Leading the way in Gender Equality, Diversity and Inclusion

Nucleus Software is committed to recognize a diverse workplace encompassing a variety of perspectives, backgrounds, and experiences. The company is dedicated to establishing equity between genders and provide a healthy environment to all Nucleites to equip them to break through all barriers and stretch themselves to new possibilities.

The company's objective with D&I initiatives is to achieve a work environment that provides equal access to opportunities and resources for all Nucleites; fair and respectful treatment, gender diversity, and enables employees to contribute fully to the success of the organization and themselves.

Listed below are some notable previous year moments:

- 01** As part of the Gender Sensitization Program, a session for the Leadership Team was held in July'22.
- 02** An Executive Leadership session for Women Leaders was launched in July 2022. Multiple sessions were conducted between August to October 2022.
- 03** Starting 27th September 2022, the company introduced Reserved Parking for Self-driving Expectant Mothers and Specially Abled employees.
- 04** A series of connect with Leaders was organized for sharing insights. The first session was addressed by Dr. Ritika Dusad, Executive Director and Chief Innovation Officer, conducted in November'22 while the second session was addressed by Ms. Yasmin Javeri, Independent Director, held in February'23.
- 05** A three-day D&I celebration program was completed in December 2022. Each day a different program was organized for example, Inauguration, Open House, P&L connects, and Diversity Flower creation.



Finding the Balance within you: Achieving harmony between work and life at Nucleus Software



Nucleus Software prioritizes employee engagement and well-being through various initiatives.

These include business unit parties for team bonding, Diwali Mela and Nucleus Day celebrations with cultural programs and games, an on-site creche for working parents, gym, music room, and sports facilities for employees to stay physically active and de-stress.

The company also launched the Yammer tool to facilitate sharing of personal experiences and hobbies which created communities dedicated to Nucleus Tech, Music, Fitness, and Photography. Additionally, Nucleus Premier League, our home-grown cricket tournament, was reinstituted and ran for over two months.

Crossing Borders, Uniting the Best Minds in Fintech: Expanding Horizons and Connections

As a company dedicated to providing technology solutions to the BFSI industry, Nucleus Software recognizes the importance of effectively communicating its value-driven offerings to stakeholders. With a single-minded focus, the company is able to leverage decades of industry expertise and bring it to the innovation table. Throughout the year, Nucleus Software's teams have actively showcased the company's products and capabilities at various industry events, roundtables, and briefings worldwide, including in the Middle East, India, Southeast Asia, and ANZ. Despite the challenges posed by the pandemic, the company has continued to highlight its unique selling points (USPs) both virtually and physically, demonstrating the innovative ways in which its solutions transform the BFSI landscape.

Below are some of the key industry participations during the year 2022-23:



- ✔ Nucleus Software was a Platinum Sponsor to the Middle East Banking Innovation Submit (MEBIS) in Dubai.
- ✔ Silver Sponsor to the Fintech Festival India held in Delhi, India.
- ✔ Gold Sponsor to the World Financial Innovation Series event held in Philippines.
- ✔ Participated in the 2022 Australian Finance Industry Association (AFIA) Conference held in Australia.
- ✔ Gold Sponsor to the Singapore Fintech Festival 2022.
- ✔ Gold Sponsor to the Future of Financial Services summit in Australia.

Smart Innovation for the Future: Driving Growth through Strategic Initiatives and Technological Innovation

With 'Innovation' as one of our key values, we strive to incorporate innovative thinking in everything we do, including offering inventive solutions to the myriad problems which our customers depend upon us to solve across our product suite. We have setup a focused team to unlock unrealized revenue potential and prepare the company for the continuous digital evolution that will shape the needs and expectations of customers both present and future.

Some of the key initiatives which are underway to support the Innovation charter include:

- ✔ Looking at existing codebase with a fresh perspective to discover new use cases and business models. This includes looking at use cases of FinnOne Neo™ modules beyond lending. One of the ideas which we have successfully piloted internally has led to digitization of employee documentation and records, and we look forward piloting it externally.
- ✔ Modernising data pipelines to drive analytics and decisioning with both internal as well as customer use cases – Data has come a long way since the first big data models were created in the 2000s and there are established methods and tools now which technology companies use to drive data driven decisions.



Years at a Glance

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

Consolidated Performance

For the Year Ended March 31,	2023	2022	2021	2020	2019
Revenue from Operations	634.46	497.19	513.53	520.83	484.03
Operating Profit (EBITDA)	155.75	36.22	128.12	93.10	78.74
Depreciation	18.73	15.38	13.87	13.55	9.93
Other Income (inclusive of foreign exchange gain/loss)	34.06	34.66	39.56	37.23	27.48
Tax expense	43.29	14.59	35.86	27.79	21.75
Profit After Tax (PAT)	127.79	40.91	117.95	88.99	74.54
EBITDA as a % of Revenue from Operations	24.55	7.29	24.95	17.88	16.27
PAT as a % of Revenue from Operations	20.14	8.23	22.97	17.09	15.40
As at March 31,	2023	2022	2021	2020	2019
Share Capital	26.77	26.77	29.04	29.04	29.04
Reserves and Surplus	583.89	466.83	642.98	531.84	479.51
Net Worth	610.66	493.60	672.02	560.88	508.55
Property, Plant and equipment and Other intangible assets	26.59	38.20	24.97	31.01	46.53
Cash & Cash Equivalents including Current Investments and Other Bank Balances	277.43	341.94	502.82	332.18	259.00
Working Capital	250.42	237.71	417.03	256.57	190.73
No. of Shares (Face Value of ₹ 10)	26,773,324	26,773,324	29,040,724	29,040,724	29,040,724
Market Capitalisation	1,711.62	1,109.01	1,397.29	521.72	987.09
No. of Shareholders	31,606	38,713	28,170	16,236	14,856
Per Share data					
Earning Per Share (in ₹)	47.73	14.28	40.62	30.64	25.67
Dividend Per Share (in ₹)	10.00	7.00	9.00	-	9.00
Book Value Per Share (In ₹)	228.09	184.35	231.41	193.14	175.12

Notes:

1. While calculating figures of group, intergroup transactions have been ignored.
2. Previous year figures have been regrouped/reclassified wherever necessary.
3. The Company has adopted Indian Accounting Standards (Ind-AS) with effect from April 1, 2017. Consequently the results for the year ended March 31, 2021 have been restated to comply with Ind-AS to make them comparable.

Years at a Glance

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

Consolidated Performance

For the Year Ended March 31,	2023	2022	2021	2020	2019
Revenue from Operations	78,746	65,601	69,593	73,751	70,015
Operating Profit (EBITDA)	19,331	4,779	17,363	13,183	11,390
Depreciation	2,325	2,029	1,880	1,919	1,436
Other Income (inclusive of foreign exchange gain/loss)	4,228	4,573	5,361	5,272	3,975
Tax Expense	5,373	1,926	4,860	3,935	3,146
Profit After Tax (PAT)	15,860	5,398	15,985	12,601	10,782
EBITDA as a % of Revenue from Operations	24.55	7.29	24.95	17.88	16.27
PAT as a % of Revenue from Operations	20.14	8.23	22.97	17.09	15.40
US\$ Exchange Rate (In ₹)*	80.57	75.79	73.79	70.62	69.13
As at March 31,	2023	2022	2021	2020	2019
Share Capital	3,258	3,599	3,972	3,838	4,199
Reserves and Surplus	71,059	62,746	87,947	70,284	69,333
Net Worth	74,317	66,345	91,919	74,122	73,532
Property, Plant and equipment and Other intangible assets	3,574	5,231	3,415	4,098	6,728
Cash Equivalents & Current Investments	33,763	45,960	68,776	43,899	37,450
Working Capital	30,476	31,950	57,041	33,906	27,578
No. of Shares (Face Value of ₹ 10)	26,773,324	26,773,324	29,040,724	29,040,724	29,040,724
Market Capitalisation	208,302	149,060	191,122	68,947	142,726
US\$ Exchange Rate (In ₹)#	82.17	74.40	73.11	75.67	69.16
Per share					
Earning Per Share	0.59	0.19	0.58	0.43	0.37
Dividend Per Share	0.12	0.09	0.13	-	0.13
Book Value Per Share	2.83	2.43	3.14	2.73	2.53

Notes:

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

Directors' Report

Dear Members,

We are pleased to present your Company's Thirty-Fourth Annual Report, together with the Audited Statement of Accounts, for the year ended March 31, 2023.

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 unaudited 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 ₹ 634.46 crore, as compared to ₹ 497.19 crore in the previous year, an increase of 27.61%. 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 ₹ 478.71 crore, against ₹ 460.97 crore in the previous year. The Operating Profit (EBITDA) was significantly higher at ₹ 155.75 crore, 24.55% of revenue, against ₹ 36.22 crore, 7.28% of revenue in the previous year. Profit after Tax for the year was at ₹ 127.79 crore, 20.14% of revenue, against ₹ 40.91 crore, 8.23%, of revenue in the previous year.

Consolidated financial results are as below:

(₹ in crore)					
For the Year Ended March 31,	2023	% of Revenue	2022	% of Revenue	Growth (%)
Revenue From Operations	634.46	100.00	497.19	100.00	27.61
Expenses					
a) Employee benefit expense	393.99	62.10	394.09	79.26	(0.02)
b) Operating and other expenses	83.70	13.19	66.07	13.29	26.68
c) Finance costs (Bank charges)	1.02	0.16	0.81	0.16	25.80
Total Expenses	478.71	75.45	460.97	92.71	3.84
Operating Profit (EBITDA)	155.75	24.55	36.22	7.28	329.98
Depreciation	18.73	2.95	15.38	3.09	21.79
Operating Profit after Interest and Depreciation	137.02	21.60	20.84	4.19	557.27
Other Income	34.06	5.36	34.66	6.97	(1.72)
Profit Before Tax	171.08	26.96	55.50	11.16	208.24
Taxation	43.29	6.82	14.59	2.93	196.62
Profit After Tax	127.79	20.14	40.91	8.23	212.38
Other Comprehensive Income	8.01	1.26	(10.79)	(2.17)	(174.14)
Total Comprehensive Income for the Year	135.80	21.40	30.12	6.05	350.84

b) Standalone Operations

Revenue from the standalone operations for the year was ₹ 584.73 crore against ₹ 448.06 crore in the previous year, an increase of 30.50%. Total Operational Expense for the year was ₹ 428.44 crore against ₹ 412.04 crore in the previous year, an increase of 3.98%. The

Operating Profit (EBITDA) for the year was significantly higher at ₹ 156.29 crore, 26.73% of revenue, against ₹ 36.02 crore, 8.04% of revenue, in the previous year. Profit after Tax for the year was at ₹ 130.37 crore, 22.29% of revenue, against ₹ 42.10 crore, 9.40% of revenue in the previous year.

Standalone financial results are as below:

					(₹ in crore)
For the Year Ended Mar 31,	2023	% of Revenue	2022	% of Revenue	Growth (%)
Revenue from Operations	584.73	100.00	448.06	100.00	30.50
Expenses					
a) Employee benefit expense	338.37	57.87	335.88	74.96	0.74
b) Operating and other expenses	89.30	15.27	75.77	16.91	17.86
c) Finance costs	0.77	0.13	0.39	0.09	97.44
Total Expenses	428.44	73.27	412.04	91.96	3.98
Operating Profit (EBITDA)	156.29	26.73	36.02	8.04	333.90
Depreciation	17.06	2.92	13.23	2.95	28.95
Operating Profit after Interest and Depreciation	139.23	23.81	22.79	5.09	510.93
Other Income	34.16	5.84	34.07	7.60	0.26
Profit Before Tax	173.39	29.65	56.86	12.69	204.94
Taxation	43.02	7.36	14.76	3.29	191.46
Profit After Tax	130.37	22.29	42.10	9.40	209.67
Other Comprehensive Income	6.94	1.19	(11.18)	(2.50)	162.07
Total Comprehensive Income for the Year	137.31	23.48	30.92	6.90	344.08

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 this Annual Report.

2. TRANSFER TO RESERVES

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, 2023, as per financial statements are as under:

(₹ in crore)		
Particulars	2023	2022
Opening balance	433.67	600.78
Add: Profit for the year	130.37	42.10
<i>Less: Appropriations</i>		
Final dividend paid	(18.74)	(17.42)
Buyback of Equity shares	-	(151.12)
Transaction tax on Buyback of Equity shares	-	(32.40)
Remeasurement of the defined benefit plans, net	3.04	(8.27)
Closing balance	548.34	433.67

3. SHARE CAPITAL

Issued and Paid-up Share Capital

During the year under review, there has been no change in the Paid-Up Share capital of the Company. As on March 31, 2023, the Paid-Up Share Capital of the Company is 26,773,324 equity shares of ₹ 10 each.

The Company has not issued shares with differential voting rights or sweat equity shares during FY'23.

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, 26,721,954 shares (99.81%) are in dematerialized form as of March 31, 2023. The International Securities Identification Number (ISIN) allotted to the Company's shares is INE096B01018.

Directors' Report

4. LISTING

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

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

5. LIQUIDITY AND CASH EQUIVALENTS

Your Company continues to retain its debt-free status and maintains sufficient cash and cash equivalents to meet the 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.
- Invest surplus funds in low-risk bank deposits, debt schemes of mutual funds and tax-free secured bonds of Public Sector Enterprises.

Cash and cash equivalents along with other bank balances including current investments at a consolidated level of ₹ 277.43 crore, constitute 45% of the shareholders' funds at the year end, against ₹ 341.93 crore, 69% of the shareholders' funds at the close of the previous year.

The Company has a well-defined Forex policy, based on which its currency exposure is closely monitored to hedge the forward risk in a more structured and timely manner.

6. DIVIDEND

The Board of Directors of the Company at their meeting held on May 26, 2023, has recommended a Final Dividend for its shareholders. The Proposed Final Dividend is 100% (₹ 10.00 per equity share of ₹ 10 each), for FY 2022-23. This Dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting. If approved, the total dividend pay-out for FY 2022-23 will be ₹ 26.77 crore.

The Register of Members and Share Transfer Books of the Company will be closed on July 8, 2023, to July 14, 2023 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for FY 2022-23, if approved by the members at the forthcoming Annual General Meeting.

7. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

8. DEPOSITS FROM PUBLIC

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

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company policy for determining 'Material Subsidiaries' and on 'Related Party Transactions', as approved by the Board can be accessed on the Company website link: https://investor.nucleussoftware.com/files/Nucleus_Policy_on_material_subsidiaries.zip and https://investor.nucleussoftware.com/files/Policy_on_Related_Party_Transactions.zip respectively.

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

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

11. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR 2023 AND DATE OF THIS REPORT

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

12. CHANGE IN THE NATURE OF BUSINESS

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

13. MANAGEMENT DISCUSSION & ANALYSIS

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

14. REVIEW OF BUSINESS & OUTLOOK

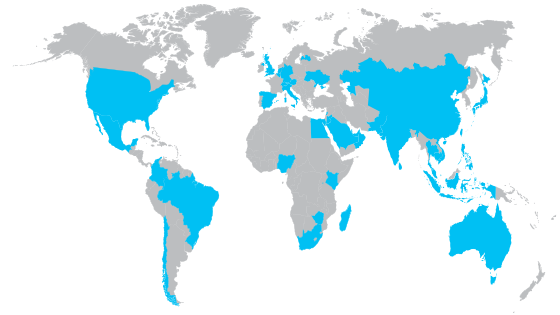
The banking industry has undergone significant disruption and transformation in the recent years, fuelled by a series of global challenges that have had far-reaching implications. From geopolitical tensions, such as Russia's invasion of Ukraine, to supply chain disruptions, inflationary pressures, and the tightening of monetary policies, have collectively impacted the overall banking system in a significant manner.

Your Company understands the multifaceted nature of these challenges and is committed to supporting clients in navigating the emerging complex environment. The digital revolution continues to reshape the banking sector, driving the need for innovative solutions that enhance customer experiences, streamline operations, and ensure regulatory compliance. Your Company has been at the forefront of this transformation, providing cutting-edge software solutions that empower financial institutions to stay ahead in the digital era.

Regulatory compliance remains a critical area for financial institutions, and your Company recognises the importance of providing solutions that help our clients navigate the complex and ever-changing regulatory landscape. Your Company's commitment to staying abreast of regulatory changes and continuously enhancing our software offerings positions us as a trusted partner in ensuring compliance while not affecting operational efficiency.

Looking ahead, your Company will continue to invest in research and development to stay ahead of market trends and maintain our competitive edge. Your Company aims to be a preferred partner to financial institutions worldwide by providing them with innovative services, pioneering products, and digital solutions that meet their ever-evolving business needs. With your Company's growth across geographies, we are confident in our ability to deliver optimum value to our customers as they embark on their digital transformation journeys.

Nucleus Software - Worldwide Presence



In addition to several 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 Industry 5.0. Your Company, with its talent focussed on innovation, is aptly poised to seize opportunities that come up in the future.

15. 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. Your Company has 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.

The FinnOne Neo™ suite is an end-to-end solution for Lending Businesses, Your Company released FinnOne Neo 6.0 in July 2021 and FinnOne Neo 6.5 in January 2022. In the increasingly digitised world, integrability and compatibility of a software solution with other software providers become more and more critical. Nucleus' 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.

The FinnAxia™ suite offers an enterprise solution for the Transaction Banking operations of corporate banks. The last release - FinnAxia 8.5 in FY 21-22 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

Directors' Report

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 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.

There has been no product release post FinnAxia 8.5, and your Company is working to deliver immediate needs of the customer only.

Our financial inclusion product, PaySe™, which digitizes last-mile users on the ground, has been granted multiple patents for its unique offline and online payment processing capabilities. These capabilities aim to achieve real financial inclusion at the grassroots level. PaySe™ currently addresses the needs of the SHG (Self Help Group) ecosystem by enabling them with an easy and convenient way to conduct digital transactions. Additionally, it addresses challenges faced by people in rural areas, including financial illiteracy, limited internet connectivity, lack of access to smartphones, and the need to travel to banks.

The following table provides a list of all these subsidiaries as on March 31, 2023:

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 AOC1 is provided as **Annexure A** to this Directors' Report. The statement also provides the details of performance, financial position of each of the subsidiaries.

16. NOTABLE ACCOLADES RECEIVED DURING THE YEAR

- Annual Report for the Year ended March 31, 2022, 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 49th amongst the World's Top 100 Annual Reports within the Technology-Software industry by LACP.
- Nucleus Software received **IBSi Global Fintech Innovation Awards 2023** for Most Effective Digitization/Paperless Initiative – Best Project Implementation for Mirae Asset Financial Services
- Nucleus Software earned the **IBSi Global Fintech Innovation Awards 2023** under category Best Transaction Banking implementation for BRAC Bank Ltd

17. 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").

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

d) 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.

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.

18. 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, 2023, 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	38.39	1
	Sydney, Australia	130	2
	New Jersey, USA	146	4
	Total	267,089	2,352

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

19. 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 areas for this year was to continue to improve delivery quality through various analytical dashboards at all levels, process improvement initiatives and enabling project teams and 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 was initiated along with global market leader with broader yet focused approach. Learning sessions on Program and Project Management got conducted and 110+ associates got trained

A dedicated Quality Assurance team handles the process change management, implementation, and its adherence across the organization. This team

Directors' Report

monitors quality and productivity improvements through regular facilitations, trainings, audits and reviews.

20. BRAND VISIBILITY

Throughout FY 2022-23, your Company experienced consistent growth and actively bolstered its brand and market presence through a variety of marketing channels. By leveraging our thought leadership and emphasizing our product excellence, your Company successfully generated brand visibility across a diverse range of industry platforms. Additionally, your Company is engaged with global media outlets, including television, print, wires, and online portals, while also capitalizing on unique media opportunities in geographies such as Australia and our home country, India. Our product brands have established a strong reputation for delivering exceptional quality and customer service, resulting in high-quality leads from our target segments worldwide. Moving forward, your Company remains committed to maintaining this focus and continuing our efforts to expand brand visibility in the upcoming year.

Industry Interactions

Communicating the business benefits of our solutions, our decades of industry expertise and focus, is of vital importance. With this in mind, our teams demonstrated our expertise and showcased our product offerings at key industry events, roundtables, and briefings throughout the year. Your Company effectively highlighted our unique selling points (USPs) and capabilities, both virtually and physically, in various regions worldwide, including the Middle East, India, Southeast Asia, and ANZ.

Some of the key industry connects during FY 2022-23 are furnished below:

- Was Platinum Sponsor to the **Middle East Banking Innovation Summit (MEBIS) in Dubai**. This event brought together 400+ senior bankers from across the Middle East & North African regions, all under one roof, to explore advances in banking and technology, network with industry peers, and engage in forward-looking business conversations.
- Presented How **technology can play a vital role for financial inclusion in emerging economies** and laid emphasis on the importance of reinventing the understanding of the financial ecosystem to make **BNPL (Buy Now Pay Later) profitable** as the Silver Sponsor at the **Fintech Festival India** held in Delhi, India. This event brought together experts and thought leaders to discuss the emergence of innovations in the financial services industry and the Fintech ecosystem's preparation for streamlined growth.
- Participated as the Gold Sponsor to the **World Financial Innovation Series event** held in Philippines. This event brought together over 400+ in-person and 200+ virtual pre-qualified Technology & Business Heads from leading Banks, Insurance & Micro-finance Institutions spread across Philippines. Presented on **"How Digital Lending can contribute in economic upshift of Southeast Asia"** and received numerous inquiries regarding our digital lending technology.
- Engaged in the **2022 Australian Finance Industry Association (AFIA) Conference** that brought together industry peers, influential thought leaders, policymakers, and regulators across the Finance Industry to share ideas and learnings, and to reflect on how the finance community can learn from the successes and mistakes of the past and be prepared to achieve change differently.
- Supported and participated as the Gold Sponsor to the **Singapore Fintech Festival 2022**, presented the topic **"Do financial institutions really understand the needs of SMEs?"**. The event brought together the global Fintech community to engage, connect, and collaborate on issues relating to the development of financial services, public policy, and technology. As the world's largest Fintech festival, last year's edition brought together over 60,000 participants from 160 countries.
- Joined as the Gold Sponsor to the **Future of Financial Services Summit** in Australia; the event brought together C-suite executives, business leaders, and decision-makers from the financial industry to discuss the emerging trends and topics in the disciplines of technology, innovation, digitalization, and strategy. Shared insights on the topic **"Digital transformation in lending domain"** and received an overwhelming response.
- Attended **FIBAC 2022**, the annual banking conference jointly organized by Federation of Indian Chambers of Commerce and Industry (FICCI) and Indian Banks' Association (IBA), where the theme was 'Helping India step change its growth: How tech enabled banking can contribute to realization of \$5tn economy goal'.

- Participated in **Gartner IT Symposium 2022 Conference** which explored innovative and transformational opportunities with a global community of experts and peers in IT. CIOs and IT leaders came together in Kochi, India, to explore technology, insights, and trends shaping the future of IT and business, including innovative ideas on accelerating digital business, the future of work, data, analytics and artificial intelligence, cybersecurity, executive leadership and more.

While virtual and physical events are significant methods to exhibit the contributions to banks and financial institutions, your company employ other channels to communicate the competencies. Company's expertise is disseminated through blogs, whitepapers, and articles in distinguished publications worldwide and engage in regular exchanges with industry analysts and consultants to maintain the leadership position.

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

21. HUMAN RESOURCE MANAGEMENT

The rapidly evolving landscape of the IT industry calls for continuous adaptation, and your Company is committed to keeping pace with the technological advancements and evolving employee needs. With flexible work models extended to our people, backed by business needs and employee preferences, your Company's employee-centric focus continues to cater to the growing demand for work-life balance in the post-pandemic era.

As part of the broader efforts to address the high rate of attrition in the industry's great resignation wave, your Company made significant strides in providing a secure and satisfying work environment for its customers and employees alike. Over 500+ new hires joined our global employee strength of 1,782 with campus hiring through the Nucleus School of Banking Technology (NSBT) specifically targeting tier 2/3 cities and top institutes, creating a diverse talent pool. Initiated in 2010, NSBT remains a flagship program for developing professionals in banking technology, with over 2,500 young minds nurtured to perform at their best.

Learning and Development

Your Company lays high emphasis on continuous learning and growth for every individual. Your Company offers a comprehensive package of learning and development opportunities in technology, processes, functional domain, our products, and leadership training. Nucleus Employee Assistance Policy provides financial

support and encourages employees to take up industry certification programs in technology, domain, project management, soft skills and related areas. Leadership Programs from global premier institutes are offered to our senior leaders.

Our online learning platform iLearn, powered by Skillsoft, has 10,000+ courses to help people hone their business skills, technology, and leadership skills. The courses are continuously updated with the latest trends and technologies. The "Career Aspire" journeys and key industry certifications help the employees for their career growth and development. The leadership courses in the 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.

Focus on leadership development for young leaders and mid-level managers continue through our flagship programs – LEAD (Leadership Engagement Action & Development) and YLP (Young Leaders Program). These programs are based on our Core Values and 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, there have been focused development sessions for Program and Project Managers during the year. This is done in association with QAI Global and Project Management consultants, which come with 35+ years of Thought Leadership in Project Management areas globally.

22. 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

Directors' Report

in the Corporate Governance section of the Annual Report. A certificate issued by the Statutory Auditors of the Company under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure) Regulations 2015, confirming compliance of the conditions of Corporate Governance, is provided as **Annexure C** to this Directors' Report. The auditors' certificate for fiscal 2023 does not contain any qualifications, reservations or adverse remark.

23. 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.

The date of appointment of the Directors are given below:

Mr. Prithvi Haldea and Prof. Trilochan Sastry had been reappointed as Independent Directors w.e.f. July 26, 2019, for a term of 5 years.

Mrs. Elaine Mathias had been reappointed as an Independent Director w.e.f. September 20, 2019, for a term of 5 years.

Mrs. Yasmin Javeri Krishan had been appointed as Independent Director w.e.f. July 30, 2020, for a term of 5 years.

Mr. S. M. Acharya had been reappointed as an Independent Director w.e.f. March 19, 2021, for a term of 5 years.

Mr. Ravi Pratap Singh had been reappointed as a Whole-Time Director w.e.f. July 26, 2019, for a term of 5 years.

Mr. Parag Bhise had been appointed as a Whole-Time Director w.e.f. July 31, 2020, for a term of 5 years.

Dr. Ritika Dusad had been appointed as a Whole-Time Director w.e.f. August 7, 2020, for a period of 5 years.

Mr. Anurag Mantri had been appointed as a Whole-Time Director w.e.f. December 19, 2020, for a period of 5 years.

Mr. Vishnu R. Dusad had been reappointed as the Managing Director w.e.f. January 1, 2022, for a period of 5 years.

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 Mrs. Poonam Bhasin, Company Secretary are the Key Managerial Personnel of the Company as on date of the report.

In accordance with the provisions of Companies Act 2013 and the Article of Association of the Company, Mr. Vishnu R Dusad, Executive Director and Mr. R P Singh, Executive Director, whose office are liable to retire, shall retire at the ensuing AGM and being eligible, these Directors seek reappointment.

24. 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 (NRC), 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. The feedback received from the Directors was discussed and reviewed by the Independent Directors at their separate meeting, and also shared with the NRC/Board.

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. <https://investor.nucleussoftware.com/files/CODE-OF-CONDUCT-FOR-DIRECTORS-SENIOR-MGT.zip>

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

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

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

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

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

The policy of the Company for "Policy for Appointment of Board and Senior Management" 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: https://investor.nucleussoftware.com/files/Nucleus_Remuneration_Policy_for_Board_Members.zip and <https://investor.nucleussoftware.com/files/CODE-OF-CONDUCT-FOR-DIRECTORS-SENIOR-MGT.zip>

26. 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.

27. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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: https://investor.nucleussoftware.com/files/NUCLEUS_FAMILIARISATION_PROGRAMME_FOR_INDEPENDENT_DIRECTORS.zip

28. MEETINGS OF THE BOARD OF DIRECTORS

The Board met 9 times during the year. The details are provided in the Report on Corporate Governance, a part of the Annual Report.

29. COMMITTEES OF THE BOARD

There are six Committees of the Board as on March 31, 2023, as follows:

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

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

Directors' Report

The Composition of Board Committees as on March 31, 2023, is as follows:

Name of Member	Audit Committee	Nomination & Remuneration / Compensation Committee	Stakeholder Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee	Culture Committee
Mr. S M Acharya	√	√		√	√	√
Mr. Vishnu R Dusad			√		√	√
Mr. Prithvi Haldea	√		√		√	
Mrs. Elaine Mathias	√	√			√	
Prof. Trilochan Sastry		√		√	√	
Mrs. Yasmin Javeri Krishan	√			√	√	
Mr. R P Singh			√		√	√
Dr. Ritika Dusad				√	√	
Mr. Parag Bhise				√	√	√
Mr. Anurag Mantri					√	

30. 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.

31. 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.

32. 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.

33. 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.

34. ADDITIONAL INFORMATION TO SHAREHOLDERS

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

35. AUDITORS

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act 2013 and the rules framed thereafter, M/s ASA & Associates LLP, (Firm Registration Number- 009571N/N500006) Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the Annual General Meeting (AGM) of the Company held on July 8, 2022 until the conclusion of Annual General Meeting of the Company to be held in Calendar year 2027. The requirement to place the matter relating to appointment of the statutory auditors for ratification by the Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

Secretarial Auditor

As per the Companies Act 2013, Secretarial Audit by a practicing Company Secretary has become mandatory for prescribed companies, and they are required to annex the Secretarial Audit report with their Board Report in the Annual Report.

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.

36. INTERNAL FINANCIAL CONTROLS

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

Your Company has appointed M/s Varma & Varma Chartered Accountants, an external professional firm as Internal Auditors. The Internal Audit of the Company is regularly carried out to review the internal control systems and processes. The Internal Audit Reports along with implementation and recommendations contained therein are periodically reviewed by Audit Committee of the Board.

M/s ASA & 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).

37. 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: <https://investor.nucleussoftware.com/files/CSRPolicyNucleus.zip>. The 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".

This year Company's CSR arm continued with the interventions in our focus areas of education and livelihood. Since situation had become normal so most interventions were in the field in a hands-on way. Online support methods were used for trainings and assessments.

The focus remained Education i.e., recovery of learning losses in early childhood education due to closure of schools due to Covid.

The students returned to normal schools after a long break and being from underprivileged backgrounds they suffered heavy learning losses as online support to them was limited. Our interventions were aimed at recouping the learning losses and mainstreaming these students.

At Noida while waiting for the government permissions to work at government schools, we started our work at Barola slums in Noida and organised summer camp for the kids of the area and did remediation work in Maths, Hindi, and English with them. Once we received the government permissions, we started our self- designed remediation program at 14 government schools of Noida in Maths and English and supported the government teachers in their Hindi remedial activities. We worked with around 750 students at these schools. We were able to motivate and retain them at schools and make them ready for grade level studies over a period of time.

NSF continued the support to an NGO school "Samridhhi" managed by Sandeepon music and educational trust (located in Ghaziabad Vaishali area of Uttar Pradesh). Their learning centre was operational, and they prepared their students like a mainstream school in all the required subjects. They support their elder students by enrolling them at a Centre for Open school Board exams. We also organised sports day for these students. During this sports day we included autistic kids with support from an association of parents with autistic kids. It was a great sensitization for all the volunteers of the foundation.

At Dehradun, the implementing partner Mountain's children foundation worked in an intensive manner to bring back kids to schools and assist in recovery of learning loss through the NSF remedial program. We worked at 27 learning centres in two different geographies close to Dehradun, Vikasnagar block and Bandalghati area in Raipur block of Dehradun. Our team also assisted people during time of natural disaster at Sarkhet of Bandalghati area.

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 25 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. We assisted them in opening recurring deposits at a bank and promoted regular savings.

The team also assisted in the running of 3 learning centres at 3 different villages in Chennai suburbs to

Directors' Report

assist students of the area in English speaking and computer studies.

The remedial program of Maths and English was continued in a very focussed manner at tribal dominated areas of the chosen five Districts of MP, Dewas, Khandwa, Betul, Chhindwara and Mandla, with the support of the implementing organisation Parivaar. We catered to 300 Learning centers (Commonly known as Seva Kutirs in the area). The Kutirs cater to the tribal students of pre-primary to middle school, in those remote areas.

NSF trainers trained the Kutir (Learning Centre) teachers and their coordinators, through on ground trainings and online trainings. NSF distributed Maths workbooks and English workbooks required for our remediation program to each student of these Kutirs. We reached out to around 20,000 students at the Kutirs and also measured the progress of these students. We aim to reach out to students at a few more districts soon.

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.

38. 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, 2023	-
(e)	(i) Options exercised during the year.	-
	(ii) Total number of shares arising as a result of exercise of above options during the year	-

Particulars		2015 Plan
(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, 2023	-

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.

39. PARTICULARS OF EMPLOYEES

The details required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part in **Annexure H** of this report. Further, the report and the accounts are being sent to the Members. In terms of Section 136 of the Act, the information on employee remuneration required under Rule 5(2) & (3) of Act is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary.

40. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors had prepared the annual accounts on a going concern basis.

- (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 2022-23

41. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is available on https://investor.nucleussoftware.com/AGM_EGM.aspx

42. 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.

43. 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.

44. 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.

45. 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.

The essence of the policy is communicated to all Company employees at regular intervals through assimilation and awareness programs.

During the FY23, the Company has not received any complaint on sexual harassment under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

46. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

The Listing Regulations mandate the inclusion of the Business Responsibility & Sustainability Report (BRSR) 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 BRSR disclosures into our Annual Report.

47. 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/-
Date: May 26, 2023
Place: Noida

S M Acharya
Chairperson

Directors' Report

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 Board and Senior Management Appointment
- 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.

For and on behalf of the Board of Directors

Noida
May 26, 2023

Sd/-
S M Acharya
Chairperson

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 2022-23 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

Noida
May 26, 2023

Sd/-
S M Acharya
Chairperson

Directors' Report

Annexure C

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF NUCLEUS SOFTWARE EXPORTS LIMITED

This certificate is issued in accordance with the terms of our engagement letter dated July 11, 2022.

We have examined the compliance of conditions of Corporate Governance by Nucleus Software Exports Limited ("the Company"), for the year ended March 31, 2023, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D 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 is 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 March 31, 2023.

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

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2023.

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 **ASA & Associates LLP**
Chartered Accountants
Firm's Registration No. 009571N/N500006

Sd/-
Parveen Kumar
Partner

Place: New Delhi
Date: May 26, 2023

Membership No. 088810
UDIN: 23088810BGTOQB3253

POLICY FOR BOARD AND SENIOR MANAGEMENT APPOINTMENT

A: OBJECTIVE.

The objective of this policy is to achieve an optimal structure of the Board of Directors for Nucleus Software Exports Limited (the Company) , to include varied expertise, diversity and independence to view issues without prejudice or bias and to set standards for Members of Senior Management who should have the capacity and ability to lead the Company.

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. **"KEY MANAGERIAL PERSON"** (KMP) means.
 - Chief Executive Officer or Managing Director or the Manager
 - Whole Time Director
 - Chief Financial Officer
 - Company Secretary
5. **"SENIOR MANAGEMENT"** shall be as defined under Regulation 16(1) (d) of Listing Regulations.
6. **"The ACT"** means the Companies Act, 2013 and Rules and Regulations thereunder, as amended from time to time;
7. **"The BOARD"** means the Board of Directors of the Company;
8. **"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
9. **"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(a): Selection Process of Directors:

- 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.

Directors' Report

- v: Screening of proposed candidates require the Committee to cover:
 - 1. Qualifications, experience and skills.
 - 2. Potential contribution the candidate can bring to the Board.
 - 3. The time the candidate can give for Board work.
 - 4. The extent of independence that can be exercised by the candidate being considered to act as an Independent Director; and
 - 5. The candidate conforms to the requirements of the Act, Rules, Regulations and obligations of the Listing Agreements.
- vi: The Committee may interview the candidate, if it 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.

In addition to the above criteria, the Company may also refer "*Board Diversity Policy*."

2 (b): Selection Process of Senior Management

The Committee/Company may consider following criteria for assessing prospective candidates for a Senior Management position:

- i. highest levels of personal and professional ethics and integrity.
- ii. demonstrable leadership skills; managerial abilities such as effective communication skills, people engagement, team player, strategic thinking, cultural diversity etc.
- iii. specialist knowledge and/or experience required for the Senior Management position in question.
- iv. sharing and demonstrating the values of the Company.

In case of any vacancy in Senior Management positions, the Executive Directors shall identify and short list employees to fill such vacancy; based on above criteria prescribed by the Committee. Senior Management Personnel shall be appointed by the Company as per Company policies.

E: APPOINTMENT OF A DIRECTOR.

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

F: TERM/TENURE OF A DIRECTOR:

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

The Board shall appoint any person as a Managing Director, Chief Executive Officer or Whole-Time Director for a term not exceeding five years at a time.
- 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: REMOVAL

Due to reasons of any disqualification mentioned in the Act or any other applicable law, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director/ KMP subject to the provisions and compliance of the said Act, laws, rules and regulations.

Removal of Senior Management shall be as per Company's policies and process.

I: POLICY REVIEW:

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

For and on behalf of the Board of Directors

Noida
May 26, 2023

Sd/-
S M Acharya
Chairperson

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"** shall be as defined under Regulation 16(1) (d) of Listing Regulations.

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

C. REMUNERATION TO EXECUTIVE DIRECTORS

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

1. Remuneration structure of the Executive Directors shall include following components:
 - a. Fixed Pay
 - b. Perquisites and allowances
 - c. Commission
 - d. Stock Options

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

D. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTORS

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

1. Commission-based payment

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

2. Sitting Fees

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

3. Employee Stock Option(ESOP)

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

4. Pension

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

5. Reimbursement of expenses

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

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

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

The Remuneration shall consist of the following components:

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

F. POLICY REVIEW

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

For and on behalf of the Board of Directors

Noida
May 26, 2023

Sd/-
S M Acharya
Chairperson

FORM NO. MR - 3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration 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")**. The Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon for the financial year ended on March 31st, 2023 ("**Audit Period**"). 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.

Limitation of the Auditors

- (i) Based on our verification of the Company's books, papers, minute books, forms and returns filed, and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the Audit Period, complied with the statutory provisions listed hereunder; and
- (ii) Based on the management representation, confirmation and explanation wherever required by us, the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors Responsibility

- (i) Our responsibility is to express the opinion on the compliance with the applicable laws and maintenance of records based on audit. We conducted our audit in accordance with the Guidance Note on Secretarial Audit ("**Guidance Note**") and Auditing Standards issued by the Institute of Company Secretaries of India ("**ICSI**"). The Guidance Note and Auditing Standards require that we comply with statutory and regulatory requirements and also that we plan and perform the audit so as to obtain reasonable assurance about compliance with applicable laws and maintenance of records.
- (ii) Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
- (iii) Our audit involves performing procedures to obtain audit evidence about the adequacy of compliance mechanism exist in the Company to assess any material weakness, and testing and evaluating the design and operating effectiveness of compliance mechanism based upon the assessed risk. The procedures selected depend upon the auditor's judgement, including assessment of the risk of material non-compliance whether due to error or fraud.
- (iv) 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 Board processes and compliance-mechanism.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period, 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 and 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 the 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 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable to the Company during the audit period)**
 - i. The Securities and Exchange Board of India (Buy - back of Securities) Regulations, 2018; **(Not applicable to the Company during the audit period)**
 - j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations').

It is further reported that with respect to the compliance of other applicable laws, we have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances under general laws (including Labour Laws, Tax Laws, etc.) and as informed to us, there are no laws which are specifically applicable to the Company.

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

- (i) Secretarial Standards issued by the ICSI wherein the Company is generally complying with the standards; and
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) and Listing Regulations.

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

We further report that:

- (i) The Board of Directors of the Company was duly constituted with proper balance of Executive Director(s), Non-Executive Directors and Independent Directors during the Audit Period. There were Nil changes in the composition of the Board of Directors of the Company during the period under review.
- (ii) Further, the composition of all statutory committees was also in compliance with the Act and applicable Rules and Regulations.
- (iii) Adequate notice was given to all directors to schedule the Board Meetings, Statutory Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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.
- (iv) The majority of decisions were carried through and there were no instances where any director expressed any dissenting views.

Directors' Report

We further report that in our opinion, the Company has, in all material respects, adequate systems and processes commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period there are **Nil** events occurred in the Company having major bearing on the Company's affairs.

**For PI & Associates,
Company Secretaries**

Sd/-

**Nitesh Latwal
Partner**

ACS No.: 32109

CP No.: 16276

Peer Review No.: 1498/2021

UDIN: A032109E000342727

Date: 26th May 2023

Place: New Delhi

To,
The Members,
Nucleus Software Exports Limited

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

- (i) 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.
- (ii) 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 sampling 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.
- (iii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (iv) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
- (v) The compliance of the provisions of corporate and other sector specific laws as applicable on the Company, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on sampling basis.
- (vi) 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/-
Nitesh Latwal
Partner
ACS No.: 32109
CP No.: 16276**

**Date: 26th May 2023
Place: New Delhi**

**Peer Review No.: 1498/2021
UDIN: A032109E000342727**

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".

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	-
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.

 CSR Policy: <https://investor.nucleussoftware.com/files/CSRPolicyNucleus.zip>

 CSR Projects: <https://investor.nucleussoftware.com/CorporateSocialResponsibility.aspx>
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).

In pursuance of the sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 the Impact assessment is *Not Applicable* on the Company, but the Company along with Nucleus Software Foundation has been conducting 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) : ₹ 87.51 crore

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 1.75 crore
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
 (c) Amount required to be set off for the financial year, if any: Nil
 (d) Total CSR obligation for the financial year (7a+7b- 7c) : ₹ 1.75 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
1.75	Nil	NA	NA	Nil	NA

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes / No)	(5) Location of the project.		(6) Project duration	(7) Amount allocated for the project (in crore)	(8) Amount spent in the current financial Year (in ₹ crore)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ crore)	(10) Mode of Implementation- Direct (Yes /No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Directors' Report

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

1	2	3	4	5		6	7	8	
				State.	District.			Name	CSR registration number
1	Education of underprivileged kids (School for Underprivileged)	2	Yes	UP	Ghaziabad	0.13	No	Sandeepon music and educational trust	CSR00025187
2	Education for underprivileged Kids Learning centres for Remediation	2	No	Uttarakhand	Dehradun	0.15	No	Mountains children foundation	CSR00002578
3	Education for tribal kids (Educational quality improvement and remediation)	2	No	MP	Dewas, Khandwa, Mandla, Betul, Chhindwada	0.17	No	Parivaar	CSR00000052
4	Scholarships for Martyr kids	2	No	UP	Ghaziabad, Moradabad, Lucknow, Unnao, Meerut	0.15	Yes	Nucleus Software Foundation	CSR00013556
5	Remedial education at Government schools and local community centers	2	Yes	UP	Noida	0.08	No	Sandeepon music and educational trust	CSR00025187
6	Women empowerment Tailoring and Embroidery course	2	No	Tamil Nadu	Chennai	0.27	No	Sevai Karangal	CSR00020375
7	Teaching and learning material distribution for educational quality improvement	2	No	Madhya Pradesh, Uttarakhand, Uttar Pradesh	Dewas, Khandwa, Mandla, Betul, Chhindwada, Dehradun, Noida	0.23	Yes	Nucleus Software Foundation	CSR00013556
8	English Math remedial program design trainings and implementation (Shantanu, Manoj, Himanshu)	2	No	Madhya Pradesh, Uttarakhand, and Uttar Pradesh	Dewas, Khandwa, Mandla, Betul, Chhindwada, Dehradun, Noida	0.57	Yes	Nucleus Software Foundation	CSR00013556
Total 1.75									

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
				State	District			Name	CSR registration number
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (e) Amount spent in Administrative Overheads : ₹ 0.006 crore
 (f) Amount spent on Impact Assessment, if applicable: Nil
 (g) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 1.75 crore
 (h) Excess amount for set off, if any :

Sl. No.	Particular	Amount (₹ in crore)
(i)	Two percent of average net profit of the company as per section 135(5)	1.75
(ii)	Total amount spent for the Financial Year	1.75
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
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)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in crore)	Amount spent on the project in the for the preceding Financial Year (in crore)	Cumulative amount spent at the end of reporting Financial Year (in crore.)	Status of the project -Completed / Ongoing
1.	NA	Nil	Nil	Nil	Nil	Nil	Nil

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/-
 Mr. Vishnu R Dusad
 Managing Director
 Date: May 26, 2023
 Place: Noida

Sd/-
 Mrs. Yasmin Javeri Krishan
 Chairperson CSR Committee
 Date: May 26, 2023
 Place: New York

Directors' Report

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 (FY23)
Mr. S.M. Acharya	3.21
Mr. Prithvi Haldea	3.89
Mrs. Elaine Mathias	3.96
Prof. Trilochan Sastry	3.28
Mrs. Yasmin Javeri Krishan	3.81

Executive directors	Ratio to median remuneration (FY23)
Mr. Vishnu R. Dusad	9.63
Mr. Ravi Pratap Singh	6.02
Mr. Parag Bhise	16.03
Dr. Ritika Dusad	3.69
Mr. Anurag Mantri	12.89

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

Name	Remuneration in fiscal 2023 (in ₹)	Remuneration in fiscal 2022 (in ₹)	No. of stock options/ RSUs granted in fiscal 2023	% increase of remuneration in 2023 as compared to 2022	Excl. WTD	Incl. WTD	Revenues (fiscal 2023)	Ratio of remuneration to	
					% of remuneration to MRE	% of remuneration to MRE and WTD		Revenues (fiscal 2022)	Net Profit (fiscal 2023)
Mr. Vishnu R. Dusad	12,748,800	7,978,800	Nil	59.78	9.64	9.63	0.22	0.18	0.98
Mr. Ravi Pratap Singh	7,969,606	11,707,073	Nil	(31.92)	6.02	6.02	0.14	0.26	0.61
Mr. Parag Bhise	21,229,441	23,165,304	Nil	(8.36)	16.05	16.03	0.36	0.52	1.63
Dr. Ritika Dusad	4,882,572	4,882,572	Nil	-	3.69	3.69	0.08	0.11	0.37
Ms. Poonam Bhasin	5,127,161	5,232,469	Nil	(2.01)	3.88	3.87	0.09	0.12	0.39
Mr. Anurag Mantri	17,064,370	14,306,822	Nil	19.27	12.90	12.89	0.29	0.32	1.31

RSU - Restricted Stock Units

WTD - Whole-time Director

MRE - Median Remuneration of Employees

remuneration paid to Independent Director

(Amount in ₹)

Name of the Director	Remuneration in fiscal 2023	Remuneration in fiscal 2022	Number of Stock Options/ RSU's granted in fiscal 2023	% increase of remuneration (2023 over 2022)
Mr. S.M. Acharya	4,250,000	3,240,000	-	31%
Mr. Prithvi Haldea	5,150,000	3,660,000	-	41%
Mrs. Elaine Mathias	5,250,000	3,640,000	-	44%
Prof. Trilochan Sastry	4,350,000	2,360,000	-	84%
Mrs. Yasmin Javeri Krishan	5,050,000	3,460,000	-	46%

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 ₹, 13,22,845/- and ₹ 11,57,173/- in fiscal 2023 and fiscal 2022 respectively. The increase in MRE (excluding WTDs) in fiscal 2023, as compared to fiscal 2022 is 23.17%.

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹ 13,24,277 /- and ₹ 11,60,062/- in fiscal 2023 and fiscal 2022 respectively. The increase in MRE (including WTDs) in fiscal 2023, as compared to fiscal 2022 is 23.20%.

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

The number of permanent employees on the rolls of the Company as of March 31, 2023 and March 31, 2022 was 1782 and 1508 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 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

Noida
May 26, 2023

Sd/-
S M Acharya
Chairperson

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 kwh 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 PACs 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.

The overall effect of the above measures combined with the work from home situation has led to the reduction by about 45%.

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 highlights of the activities are:

- The establishment of a dedicated team which continuously researches technology and business trends in the global marketplace in order to ensure that your Company builds new innovative capabilities.

- The Company retains a key focus 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 TM

FinnOne Neo is an end-to-end solution for Lending Businesses. Your Company 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 TM

The FinnAxiaTM suite offers an enterprise solution for the Transaction Banking operations of corporate banks. The last release i.e. FinnAxia 8.5 in FY 21-22 enabled corporate to make informed decisions on their cash positions and banks to seamlessly provide integrated one stop secured solution to their corporate.

Release Highlights

Global Payments v8.5

- 27 APIs on Payment Initiation (STP & NSTP), Authorization
- LEI - Legal entity identifier to control high value payments

Directors' Report

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
-

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

Research & Development Expenditure

The Company has a in house R&D unit located in the corporate office in Noida, The R&D expenditure for FY 2023 and FY 2022 is as follows:

	(₹ in crore)	
For the Year ended March 31,	2023	2022
Revenue expenditure	24.33	35.56
R&D expenditure/Total revenue	4.16%	7.94%

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.

Web 3.0, blockchain, digital currency, Hyperledger, quantum computing and the Metaverse are just some of the buzzwords associated with what is now referred to as 'The Fourth Industrial Revolution' or Industry 4.0.

Industry 4.0 is the culmination of digital advances made over the past 35 years and will be the foundation on which customer experience and business models will be laid for the next 35 and beyond.

The financial services industry is not just one of the sectors that is disrupted by these advances but have been one of the core drivers. Nowadays every major bank, financial institution and NBFC have either already begun to incorporate Web 3.0 technologies such as blockchain into their business model or plan to do so. And as Nucleus has been at the forefront of providing digital solutions to bankers since our inception, we have created a roadmap of how we can support our customers adjust to this new normal as well.

With 'Innovation' as one of our key values, we strive to incorporate innovative thinking in everything we do, including offering inventive solutions to the myriad problems which our customers depend upon us to solve across our product suite.

To institutionalise Innovation within the organization, we have set it up as an independent function, under a separate department. The role of this department is to collect, track and program manage the execution of ideas at all levels across products and teams. The key charter is to unlock unrealized revenue potential and prepare the company for the continuous digital evolution that will shape the needs and expectations of customers both present and future.

Some of the key initiatives which are underway to support the Innovation charter include:

- Looking at existing codebase with a fresh perspective to discover new use cases and business models. This includes looking at use cases of FinnOne Neo modules beyond lending. One of the ideas which we have successfully piloted internally has led to digitization of employee documentation and records and will be ready to be piloted externally with the 2023-24 FY's mid-year GA release.

- Modernising data pipelines to drive analytics and decisioning with both internal as well as customer use cases – Data has come a long way since the first big data models were created in the 2000s and there are established methods and tools now which technology companies use to drive data driven decisions. We at Nucleus use a number of tools to manage data such as product usage statistics and are experimenting with approaches that will automate the collection, storage and usage of internal product data and add a high-fidelity analytics layer for customer data, thereby eliminating manual processing and/or use of third-party tools.
- Research the applications of emerging technologies such as digital currencies and quantum computing to make our solutions ready to use for customers as and when they want to start embracing them. The RBI has already piloted the Digital Rupee and while several of our customers are looking forward to understanding what formal adoption of a CBDC (central bank digital currency) means for lending and transactions, we have also parallelly initiated the process of getting our products ready for this instrument envisaged to replace cash.

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

In FY 2023 foreign exchange earnings from software products and services were at ₹ 254.75 crore, 44_% of revenue against ₹ 233.09 crore, 52% of revenue in FY 2022

2. Foreign Exchange Earned and Used

		(₹ in crore)	
For the Year ended March 31,		2023	2022
Foreign Exchange earnings			
<i>from software development of products and services</i>		254.75	233.09
<i>from dividend and interest income</i>		-	-
Foreign Exchange outgo (Including capital goods)		35.11	41.73

For and on behalf of the Board of Directors

Noida
May 26, 2023

Sd/-
S M Acharya
Chairperson

Report on Corporate Governance

Strong corporate governance practices help to build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies. All these pillars are critical in successfully running an entity and forming solid professional relationships among its stakeholders which include board of 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. Integrity and transparency are key to Company corporate governance practices and performance to ensure that we gain and retain the trust of our stakeholders at all times.

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

Corporate Governance Framework at Nucleus



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, 2023, 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. The Company does not have any pecuniary relationship with any of the non-executive directors

Composition of the Board as on March 31, 2023:

Name of Director	Position	Age in years
Mr. S.M Acharya (DIN 00545141)	Non-Executive, Chairman, Independent Director	74
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	66
Dr. Ritika Dusad (DIN: 07022867)	Executive Director	33
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	72

Name of Director	Position	Age in years
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	69
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	63
Mr. R. P. Singh (DIN 00008350)	Executive Director	60
Mr. Parag Bhise (DIN 08719754)	Executive Director & CEO	57
Mr. Anurag Mantri (DIN 09002894)	Executive Director & CFO	53
Mrs. Yasmin Javeri Krishan (DIN 08801422)	Non-Executive, Independent Director	63

Table 1

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 Defense 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.

Report on Corporate Governance

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 inception with his vision "To make financial services accessible and enriching worldwide". He has been the guiding light and one of the early pioneers of Intellectual Property (IP) industry in India which now delivers cutting-edge technologies to the global BFSI space. With his prior experience in product development, his expertise in creating industry-leading alliances and strategic planning, Mr. Dusad has led Nucleus Software to take flight and expand across 50 countries.

During the late 1980s, when India's financial services sector was still in its nascent stage, he partnered and worked closely with banks and financial institutions, providing them the technology edge. Way before the inception of the current usage of the word 'Atmanirbharta' (Self-Reliant), Mr. Dusad grasped the importance of making India Atmanirbhar and created IP products for the BFSI industry on Indian soil saving the country billions of foreign exchange. His vision to use technology to enable efficient lending operations drove him to establish world-class teams, create expertise and expand.

His passion for building products to improve business processes created a huge impact. The vision that Mr. Dusad charted out during the formative years also helped roll out several customer-focused products. His commitment to building future-proofed products and services has led Nucleites to adopt best practices, which in turn enrich the value derived by customers. His mission is to inculcate excellence within every Nucleite, in their chosen work area. His expertise encompasses software development, creation of strategic alliances, business development and strategic planning. An alumnus of Indian Institute of Technology (IIT), Delhi, he completed his bachelors in 1980 and master's degree 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, 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, 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 revamped website www.divest.nic.in for the Department of Disinvestment, and the PE/VC Directory for the Indian Venture Capital Association His areas of expertise include

Finance, Capital Markets, Governance, Global Business, Strategy, Planning and Sales and Marketing.

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

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

Mrs. Elaine Mathias, Independent Director

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

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

Report on Corporate Governance

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

Professor Trilochan Sastry, Independent Director

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

Mr. R. P. Singh, Executive Director

Mr. Ravi Pratap Singh 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 250 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 area of expertise includes Global Business, Technology, Strategy and Planning, Governance 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 & Chief Executive Officer

Mr. Parag Bhise, the CEO, has been a transformational leader and has successfully led Nucleus Software through the pandemic and post pandemic years. His three decades of experience in leveraging technology to solve business problems have been instrumental in the company's growth journey. He lays a strong focus on Operational Excellence across all domains, to continue providing greater value to customers and to expand global footprint.

Throughout his career, he has been responsible for a range of areas – including software development, delivery and quality assurance. Hence, he brings a unique perspective to ensure that the company's products are of high quality, resilient and future-proof. He has spent considerable time in global markets like Japan, Indonesia and Saudi Arabia, bringing in best practices from different countries to build the company's flagship products. Mr. Bhise led Nucleus Software's first initiative of creating, selling, and implementing a lending product in Indonesia in the early 1990s.

A strong advocate of lifelong learning and continuous improvement, Mr. Bhise has completed MIT's Professional courses in Digital Transformation and Innovation & Technology, which complement 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. In his most recent role 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, Executive Director & Chief Innovation Officer

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. thesis 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 product roadmap, innovation, marketing, recruitment, women empowerment and 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 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 heads the Company's Digital Services Business as well as Cloud Technology Business. In addition to providing executive oversight to Customer Engagements, Anurag is also responsible for the championing the strategy of both Services and Cloud Businesses. Anurag is also the Chief Financial Officer for Nucleus Software. Anurag also leads the Quality Assurance and Voice of Customer 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 had also managed the Global Customer care Centre of Excellence for Transaction Banking and led sales for Nucleus's flagship products FinnOne Neo and FinnAxia in Southeast Asia. Anurag is a postgraduate 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 providing thought partnership and high-quality experiential certainty to his customers. Anurag has joined the Board in December 2020. His areas of expertise include Business Transformation, Complex Program Management and Spawning successful 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.

Report on Corporate Governance

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.

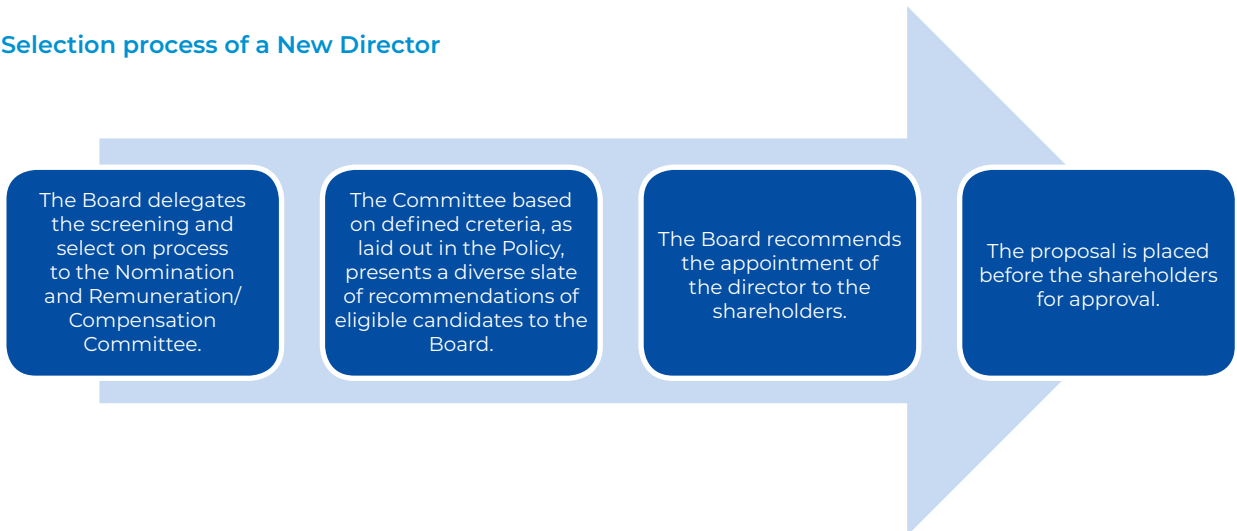
Certificate from Company Secretary in practice

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).

Selection process of a New Director



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

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, and fulfill the conditions as specified in the regulations 16(1)(b) of the SEBI Listing Regulations, 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 Programs for Board members

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

The familiarization programs 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

programs can be accessed on the Company website link: https://investor.nucleussoftware.com/files/NucleusSoftware_Familiarisation_programme_for_directors.zip

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 Managing Director/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.

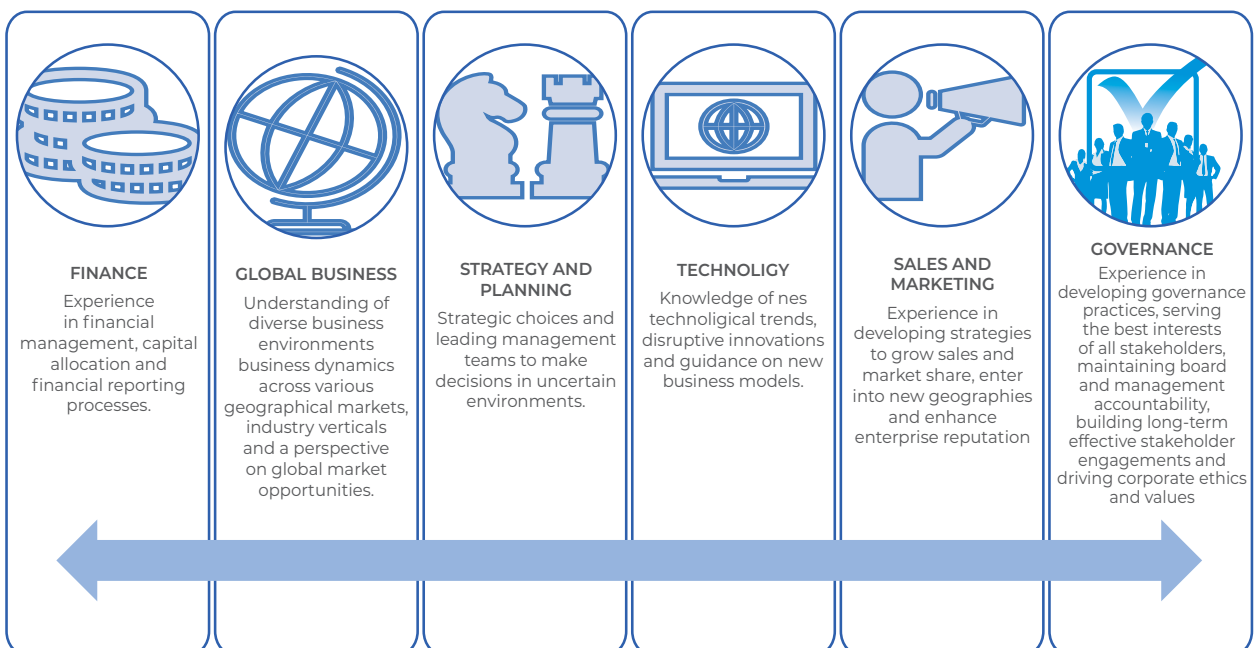
The primary role of the Chairman of the Company is to provide leadership to the Board. The Chairman of the Board presides over its meetings and leads and assists the Board in setting and realizing the Company's vision and related short and long term goals.

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 comprised 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.



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 circulated the evaluation forms to all the Directors, including Executive Directors. These filled-in forms had been received back by the Chairman and the responses were tabulated and analysed.

The performance of the Board was evaluated on the basis of various criteria such as composition and functioning of the Board, information flow between management and Board and its dynamism, effective participation in deliberations, strategic issues, flow of agenda and other related papers, updating the Board with the outcome of meeting of Board committees, remuneration framework for Independent Directors, etc. The performance of the Committees was evaluated after seeking the inputs of Committee members on the criteria such as composition and structure of Board committees, their functioning and effectiveness, conduct of meetings, understanding the terms of reference, Independence, flow of agenda & other related documents, etc.

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 performance of the Board Chairman was evaluated after seeking the inputs from all the Directors other than the Board Chairman about the criteria such as vision for the Company, standards of Board's governance, experience and knowledge, interests of shareholders, other stakeholders and the Company during discussions and while taking decisions at the Board meetings, oversight on the business of the Company, etc. The evaluation of the Board and the Directors for fiscal 2023 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 2022 to March 2023

(Amount in ₹)

Name of Director	Position	Salary	Company's Contribution to Provident and other funds	Perquisites/ Allowances	Commission	Sitting Fees	Total Compensation
Mr. S M Acharya	Chairman, Non-Executive, Independent Director	-	-	-	2,950,000	1,300,000	4,250,000
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	12,000,000	720,000	28,800	-	-	12,748, 800
Mr. Prithvi Haldea	Non-Executive, Independent Director	-	-	-	2,950,000	2,200,000	5,150,000
Mrs. Elaine Mathias	Non-Executive, Independent Director	-	-	-	2,950,000	2,300,000	5,250,000
Prof. Trilochan Sastry	Non-Executive, Independent Director	-	-	-	2,950,000	1,400,000	4,350,000
Mr. R. P. Singh	Executive Director	7,510,006	420,000	39,600	-	-	7,969,606
Dr. Ritika Dusad	Executive, Director	4,589,616	292,956	-	-	-	4,882,572
Mr. Parag Bhise	Executive Director	20,162,368	353,292	713,781	-	-	21,229,441
Mrs. Yasmin Javeri Krishan	Non-Executive, Independent Director	-	-	-	2,950,000	21,00,000	5,050,000
Mr. Anurag Mantri	Executive Director	17,064,370	-	-	-	-	17,064,370
Total		61,326,360	1,786,248	782,181	14,750,000	9,300,000	87,944,789

Table 2

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, 2023.

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, 2023. 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

Report on Corporate Governance

an ordinary resolution. No such instances were reported during fiscal 2023.

Details of Equity Shares held by Non-Executive Directors as on March 31, 2023

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, 2023 is mentioned in the table below:

Name of Director	Position	Relationship with other Directors	Directorships Held of Other Companies			Committee Positions held as a		Directorship in other Listed Company
			Public	Private	Section 8 Company	Chairperson	Member	(Category of Directorship)
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	Non-Executive, Independent Director	None	2	3	-	1	2	-
Mrs. Elaine Mathias	Non-Executive, Independent Director	None	-	-	-	1	-	-
Prof. Trilochan Sastry	Non-Executive, 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	Non-Executive, 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) 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.

(ii) 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.

(iii) 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.

(iv) Scheduling of Board Meetings and Attendance during FY 2022-23

- 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 2022-23, 09 Board meetings were held by your Company and the maximum gap between two Board meetings during the year was 87 days.
- The dates on which the Board meetings were held during FY 2022-23, and the attendance record of the members in these meetings is provided in a table.

Name of Directors	Attendance of the Board meeting Held in FY 2022-23										AGM held for FY 2021-22
	17 May 2022	06 June 2022	11 August 2022	07 November 2022	09 December 2022	31 January 2023	14 February 2023	02 March 2023	30 March 2023	8 July 2022	
Mr. S M Acharya	☒	☒	☒	✓	👤	👤	✓	👤	👤	☒	
Mr. Vishnu R Dusad	👤	👤	👤	✓	✓	👤	✓	✓	👤	👤	
Dr. Ritika Dusad	👤	👤	👤	✓	✓	👤	✓	✓	👤	👤	
Mr. Prithvi Haldea	👤	👤	👤	✓	✓	👤	👤	👤	👤	👤	
Mrs. Elaine Mathias	👤	👤	👤	✓	✓	👤	✓	👤	👤	👤	
Prof Trilochan Sastry	👤	👤	👤	✓	✓	👤	👤	👤	👤	👤	
Mr. R. P. Singh	👤	👤	👤	✓	✓	👤	✓	👤	👤	👤	
Mr. Parag Bhise	👤	👤	👤	✓	✓	👤	✓	✓	👤	👤	
Mrs. Yasmin Javeri Krishan	👤	👤	👤	✓	✓	👤	✓	👤	👤	👤	
Mr. Anurag Mantri	👤	👤	👤	✓	✓	👤	✓	👤	👤	👤	

Table 5

✓ Physically available

👤 / 🗣️ Through Web Conference

☒ Leave of Absence

Report on Corporate Governance

(v) 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 Limited. to provide e-voting facility to all the members. Members whose names appear on the register of members as on July 7, 2023 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.

(vi) Postal Ballot During the year

No Resolution was Passed through Postal Ballot during the Year.

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

The Company Secretary, who is present in each Board/Committee meeting, records the minutes of the proceedings. The draft minutes are circulated to all Board members for their comments.

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

(viii) 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.

Nucleus Board Committees

The Board as on March 31, 2023 had six committees. The Composition of the Board Committees is as follows:






























Name of Directors	Audit Committee	Nomination & Remuneration/ / Compensation Committee	Stakeholder Relationship Committee	Corporate Social Responsibility Committee	Culture Committee	Risk Management 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 6

l) 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.

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 entry, if any involving estimates based on the exercise of judgment by management
 - ✓ Significant adjustments, if any 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, if any
- 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,

Report on Corporate Governance

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

Following information is required to be mandatory reviewed by Audit Committee

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;

- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the 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 Chairperson of the Audit committee

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

a) Powers of the Audit committee

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

Composition of the Audit Committee and Meetings Held during FY 2022-23

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 09 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 84 days).

The Composition of the Audit Committee as on March 31, 2023 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mrs. Elaine Mathias	Committee Chairperson, Non-Executive, Independent Director	9	9
Mr. S.M Acharya	Non-Executive, Independent Director	9	3
Mr. Prithvi Haldea	Non-Executive, Independent Director	9	9
Mrs. Yasmin Javeri Krishan	Non-Executive, Independent Director	9	9

Table 7

The Chairperson of the Audit Committee was present at the previous year Annual General Meeting held on July 08, 2022 to answer shareholders' queries

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

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

Separate Meetings of the Audit Committee Members with the Auditors

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

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, KMP 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

Report on Corporate Governance

- between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals
- d) recommend to the board, all remuneration, in whatever form, payable to senior management and Key Managerial Personnel
- o Formulating criteria for evaluation of Independent Directors and the Board and carrying out evaluation of each Director's performance
 - o Ensuring that there is an appropriate induction program 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 2022-23

Prof. Trilochan Sastry is the Chairman of the Nomination and Remuneration / Compensation Committee. As of March 31, 2023, 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.

Director	Position	No. of Meetings	
		Held	Attended
Prof. Trilochan Sastry	Committee Chairman, Independent Director	2	2
Mrs. Elaine Mathias	Independent Director	2	2
Mr. S.M Acharya	Independent Director	2	1

Table 8

The Chairman of the Nomination and Remuneration / Compensation Committee attended the previous year Annual General Meeting held on July 08, 2022.

(iii) Remuneration Policy

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

- The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission to its Managing Director (an Executive Director).
- The Nomination and Remuneration/ Compensation Committee decides the commission payable to the Executive Directors and the Non-Executive Directors out of the profits for the financial year and within the ceilings prescribed under the

Companies Act, 2013 and as approved by the shareholders at a General Meeting.

- Non-Executive Directors of the Company are paid sitting fees for attending meetings of the Board and meetings of Committees of the Board, as per the Companies Act, 2013 and as prescribed in the Articles of Association of the Company.
- The Company reimburses expenditure reasonably incurred by the Directors in the performance of their duties as per the provisions of the applicable laws Companies Act 2013 and in conjunction with the rules and policies of the Company.
- The Nomination and Remuneration/ Compensation Committee reviews and finalizes the remuneration of the key executives on an annual basis, or earlier if deemed necessary.

c) Stakeholder Relationship Committee

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

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

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

- To approve/ reject registration of transfer/transmission/transposition of shares.
- To authorize issue of Duplicate Share Certificates and Share Certificates after Split/Consolidation/Rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit or worn out
- To monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provide continuous guidance to improve the service levels.

- To monitor and review the mechanism for redressal of shareholders'/ investors' grievances
- To authorise Managers/Officers/ Signatories for signing Share Certificates;
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- Resolving the grievances of the security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

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

(ii) Composition of the Stakeholder Relationship Committee and Meetings Held during FY 2022-23

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.

Report on Corporate Governance

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 08, 2022.

(iii) Details of investor complaints/requests received and resolved during FY 2022-23 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	11	11	Nil	Nil
Duplicate/Revalidation of Dividend warrants	15	15	Nil	Nil
Issue of duplicate share certificates	04	04	Nil	Nil
Non receipt of share certificate	01	01	Nil	Nil
Non-Receipt of Annual Report	01	01	Nil	Nil

Table 10

d) Corporate Social Responsibility (CSR) Committee

The CSR Committee is responsible for overseeing the activities/functioning of the Nucleus Software Foundation, in identifying areas of CSR activities and programs, and execution of the initiatives as per its defined guidelines. 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 <https://investor.nucleussoftware.com/files/CSRPolicyNucleus.zip>.

(ii) Composition of the Corporate Social Responsibility Committee as on March 31, 2023 and details of attendance of the members in the meetings are as follows:

Mrs. Yasmin Javeri Krishan is the Chairperson of the Committee as on March 31, 2023. 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.

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

Table 11

e) Culture Committee

The Board of Directors during FY 2020-21 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, 2023 and details of attendance of the members in the meetings are as follows:

Director	Position
Mr. S M Acharya	Committee Chairman, Independent Director
Mr. R P Singh	Executive Director
Mr. Vishnu R Dusad	Managing Director (MD), Promoter & Executive Director
Mr. Parag Bhise	CEO and Executive Director

Table 12

No meeting of the Committee was held during FY 2022-23.

f) Risk Management Committee

The Board of Directors had 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:

- Provides 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

Report on Corporate Governance

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 2022-23 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	2
Mr. Vishnu R Dusad	Managing Director (MD), Promoter & Executive Director	2	2
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
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

C. Shareholder Information

a) Means of Communication

(i) Quarterly/Annual Results

- 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).
- 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/investors, for public information.
- The Company publishes official news releases and they are also uploaded on the website www.nucleussoftware.com/investors.

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

(ii) Newspapers for publication of financial results

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

(iii) Investor Section at Company's website

The investor section at our website www.nucleussoftware.com/investors 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.

(iv) Annual Report

The Company's Annual Report containing, inter alia, Letter from the Chairman, Letter from the CEO, Letter from Managing Director, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, Report on Corporate Governance, Business Responsibility and sustainability Report, 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; in a downloadable pdf format.

(v) Dedicated Email id for shareholders

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

(vi) Letters/e-mails to Investors:

The Company continuously send investor-centric letters / e-mails to its shareholders reminding them for claiming unclaimed/unpaid dividend from the Company, dematerialization of shares, updating e-mail, PAN, address and bank account details.

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

The Company values transparent relationship with the shareholders, prospective investors and the wider investment community. The Investor Relations (IR) team at Nucleus manages

these relationships with high standards of clarity and transparency. It proactively interacts with the investors through meetings, investor conference calls, investor meets, conferences and mails. Dedicated Investors' page on corporate website of the Company provides an efficient medium of information to the investors. The IR team can be reached at ir@nucleussoftware.com.

(viii) NSE Electronic Application Processing System (NEAPS)

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

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

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

(x) SEBI Complaints Redress System (SCORES)

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

b) Corporate Identity Number (CIN)

Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, Government of India is L74899DLI989PLC034594 and the Company Registration Number is 55-034594. The Company is registered in the State of New Delhi.

Report on Corporate Governance

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-21-22, July 08 2022, 11.00 a.m.	VIAVIDEOCONFRENCING/AUDIO VISUAL MEANS	<p>Adoption of Annual Accounts for the year ended March 31, 2022</p> <p>Declare Final Divided on Equity Shares</p> <p>To Re-appoint Mr. Anurag Mantri (DIN 09002894), as Director of the Company who retires by rotation and being eligible offers himself for re-appointment.</p> <p>To Re-appoint Dr. Ritika Dusad (DIN 07022867), as Director of the Company who retires by rotation and being eligible offers herself for re-appointment.</p> <p>Appointment of Statutory Auditor</p>	<p>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.</p> <p>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.</p> <p>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</p> <p>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</p> <p>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</p>

Financial Year, Date, Time	Venue	Ordinary Resolution	Special Resolution
FY-20-21, July 23 2021,11.00 a.m.	VIAVIDEOCONFRENCING/ AUDIO VISUAL MEANS	<p>Adoption of Annual Accounts for the year ended March 31, 2021</p> <p>To take note of Interim Dividend Declared</p> <p>To Declare Final Dividend for the Year.</p> <p>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</p> <p>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.</p> <p>To appoint Retiring Auditors M/s BSR & Associates LLP, Chartered Accountants as Statutory auditors.</p>	<p>To consider and approve Re-appointment of Mr. S M Acharya (DIN: 00545141) as an Independent Director</p> <p>To consider and approve appointment of Mrs. Yasmin Javeri Krishan (DIN: 08801422) as an Independent Director</p> <p>To consider and approve the appointment of Dr. Ritika Dusad (DIN 07022867), as a Whole Time Director</p> <p>To consider and approve Re-Appointment of Mr. Vishnu R Dusad (DIN: 00008412) as Managing Director of the Company</p> <p>To consider and approve the appointment of Mr. Anurag Mantri, as a Whole Time Director.</p>
FY-19-20, July 31 2020,11.00 a.m.	VIAVIDEOCONFRENCING/ AUDIO VISUAL MEANS	<p>Adoption of Annual Accounts for the year ended March 31, 2020</p> <p>Take Note of Revocation of Interim Dividend Declared by Company for FY-19-20.</p> <p>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.</p>	<p>To consider and approve the appointment of Mr. Parag Bhise, as a Whole Time Director and consider payment of remuneration in case of inadequacy of profits of the Company, if thought fit</p> <p>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.</p> <p>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</p>

Table 14

Report on Corporate Governance

D. Disclosures

(a) Disclosure on materially significant related party transactions:

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

(b) Compliances by the Company of Capital Market Guidelines

The Company has complied with all requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the capital market during the past, including the preceding three years.

(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 https://investor.nucleussoftware.com/files/Whistle_Blower_Policy.zip) 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:

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

(e) Code of Conduct

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

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

A copy of the Code of Conduct is made available on the website of the Company i.e. <https://investor.nucleussoftware.com/CorporateGovernance.aspx>

(f) Prevention of Insider Trading

The Company has 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://investor.nucleussoftware.com/CorporateGovernance.aspx>

(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. https://investor.nucleussoftware.com/files/Nucleus_Policy_on_material_subsidiaries_April_2019.zip

The following table provides a list of all these subsidiaries as on March 31, 2023

Nucleus Software Limited	Nucleus Software Solutions Pte Ltd	Nucleus Software Inc.	Nucleus Software Japan Kabushiki Kaisha	Nucleus Software Australia Pty Ltd	Nucleus Software South Africa Pty. Ltd	Nucleus Software Netherlands B.V
Location-India	Location-Singapore	Location-USA	Location-Japan	Location-Australia	Location-South Africa	Location-Netherland
Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary
(DOI- April 21, 2008)	(DOI- Feb 25, 1994)	(DOI- August 5, 1997)	DOI- November 2, 2001	DOI- Feb 3, 2014	DOI- Feb 10, 2015	DOI- Feb 3, 2006

Report on Corporate Governance

(I) Unlisted Indian Subsidiary Companies

The Company has one Indian Subsidiary Company i.e. Nucleus Software Limited as on March 31, 2023. 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.

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:

https://investor.nucleussoftware.com/files/Nucleus_Policy_on_material_subsidaries_April_2019.zip and https://investor.nucleussoftware.com/files/Policy_on_Related_Party_Transactions.zip

(iv) During the period under review, the NSE and BSE imposed penalty of ₹ 82,600 each on the account of delay in filing under Regulation 23 of SEBI (LODR) which is paid on time. No penalty was imposed in previous years.

- (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 at <https://investor.nucleussoftware.com/CorporateGovernance.aspx>
- (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://investor.nucleussoftware.com/files/Nucleus_Dividend_Policy.zip
- (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 <https://investor.nucleussoftware.com/files/CODE-OF-CONDUCT-FOR-DIRECTORS-SENIOR-MGT.zip>
- (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 14, 2023 at 11.00 a.m.
• Venue of Annual General Meeting	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated December 28, 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 8, 2023 to July 14, 2023
Annual General Meeting for the year ending March 31, 2024	July 2024
• 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 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 2023-24 have been paid to both the Stock Exchanges.

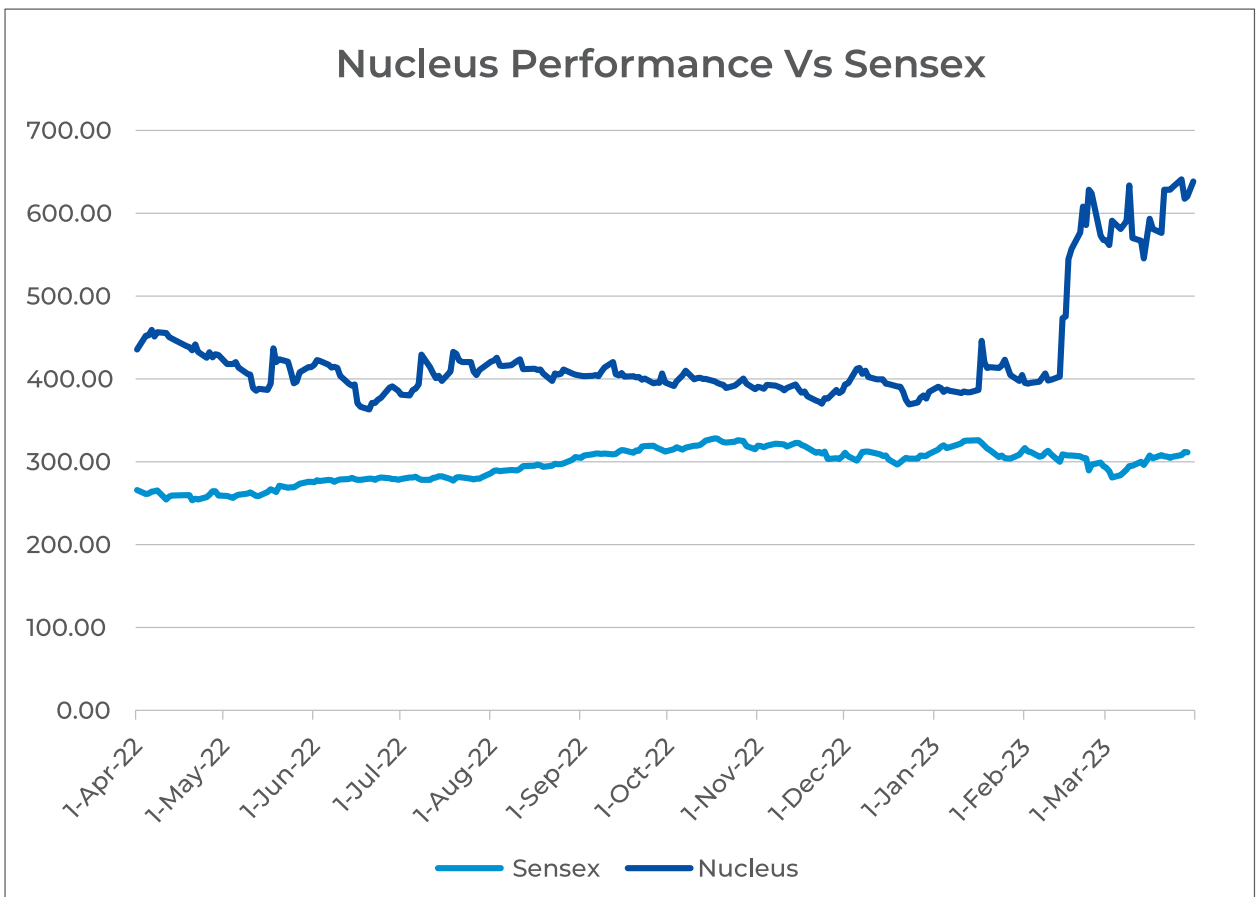
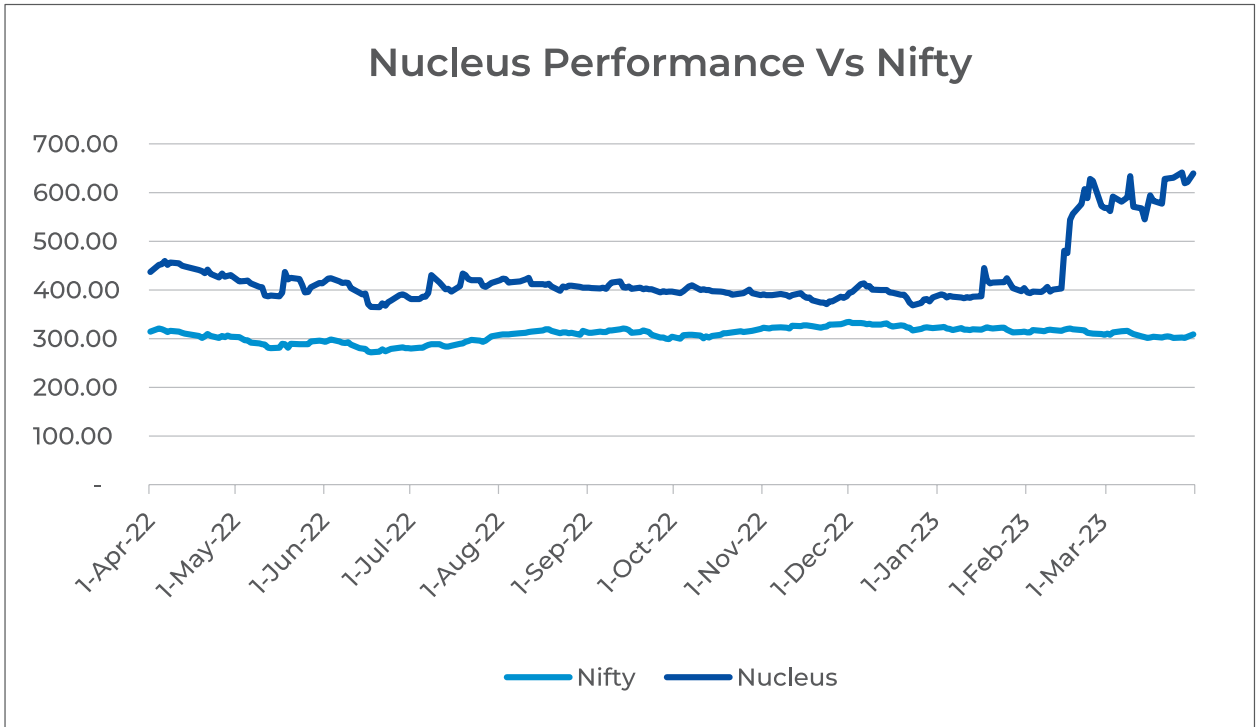
a) Market Price Data on NSE & BSE for the financial year 2022-23

Month	NSE					BSE				
	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume	Open (₹)	High (₹)	Low (₹)	Close (₹)	Total Volume
Apr-22	416.90	466.00	416.05	430.25	585,672	417.45	465.00	417.45	429.00	80,772
May-22	428.00	460.00	380.35	413.50	754,953	425.20	459.65	381.00	414.20	66,715
Jun-22	413.50	436.75	351.35	384.30	243,536	414.20	437.40	355.10	385.70	32,478
Jul-22	380.00	481.00	375.25	413.90	1,370,999	379.15	450.55	375.00	413.25	88,522
Aug-22	419.00	450.00	373.65	404.90	858,565	424.00	440.55	391.00	405.10	55,745
Sep-22	406.95	421.70	391.10	396.25	389,254	403.05	424.90	390.00	395.60	41,500
Oct-22	391.10	416.50	386.00	388.90	232,258	393.00	413.50	385.00	387.85	29,362
Nov-22	390.85	400.00	368.95	386.55	345,400	388.90	400.00	368.10	385.40	29,790
Dec-22	391.00	419.20	365.00	376.05	426,097	389.00	419.95	365.00	384.15	44,053
Jan-23	386.60	454.00	378.00	404.15	669,960	387.10	452.00	381.20	404.80	50,241
Feb-23	406.00	641.95	389.65	568.00	7,763,671	405.00	642.50	388.70	567.65	481,170
Mar-23	577.00	668.85	534.05	639.30	5,260,851	562.15	668.15	534.05	638.50	444,515
Total Shares traded during the year					18,901,216					1,444,863

Table 16

Report on Corporate Governance

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



b) Share Transfer System

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

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

c) Reconciliation of share capital

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

d) Dematerialization of Shares

The Equity shares of the Company are under compulsory dematerialization ("Demat") category and can be traded only in electronic form. The Company has De-materialised 26,721,954 shares (99.81%) of the paid up share capital) as at March 31, 2023.

f) Shareholding Pattern of the Company as at March 31, 2023

Category	As on March 31, 2023		
	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	30,611	5,260,059	19.65
Bodies Corporate/NBFC Registered with RBI/IEPF	210	4,07,147	1.52
NRI's and Foreign Nationals	729	274,886	1.03
FII's	43	1,124,859	4.20
Banks and Financial Institutions	2	88,197	0.32
Total	31,606	26,773,324	100.00

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.

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

g) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2023, 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 2022-23.

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 , 2013-14, 2014-15 and 2015-16 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, 2022	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	17	871
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on March 31, 2023 shall remain frozen till the rightful owner of such shares claims the shares

k) Details of total fees paid to Statutory Auditors

ASA & Associates LLP, Chartered Accountants have been appointed as the Statutory Auditors of the Company at the Annual General meeting held on July 8, 2022. The particulars of payment of Statutory Auditors' fees, on consolidated basis to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

(Amt in Lacs)

Particulars	Amount
Services as statutory auditors (including quarterly audits)	36.00
For other Services	2.00
Re-imbusement of out-of-pocket expenses	2.00
Total	40.00

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) London (UK) and Overseas.

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

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

PARENT COMPANY	
Nucleus Software Exports Ltd.	
Registered Office 33-35, Thyagraj Nagar New Delhi-110 003 India	Corporate Office A-39 Sector 62 Noida-201 307 India

SUBSIDIARIES
Nucleus Software Solutions Pte. Ltd.

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

Nucleus Software Japan Kabushiki Kaisha

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

Nucleus Software Inc.

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

Nucleus Software Netherlands B.V.

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

Nucleus Software Ltd.

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

Nucleus Software Australia Pty. Ltd.

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

Nucleus Software South Africa (Pty) Ltd.

28 Front Street, Brinam, Gauteng
2196
South Africa

Branch Offices in India
A. Mumbai

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

B. Chennai

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

C. Pune

Kumar Business Court,
7th Floor, K B C, S. No. 362/3,
Bund Garden Road,
Pune - 411001

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.

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, 2023. 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

- We communicate with investors regularly through e-mail, telephone in investor

conferences. We also leverage the Internet in communicating with our investor base.

- The announcement of quarterly/annual results is followed by:
 - o Media interactions, wherein business television channel in India telecasts discussions with our Managing Director.
 - o Earnings conference calls are conducted after announcement of quarterly/annual results wherein the Management updates investor community on the progress made by the Company and answers their queries. The audio as well as the transcript of the call is uploaded on the website www.nucleussoftware.com/investors 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 Highlights of the results along with a comparison with previous quarters/years, all financial press releases, information on Board of Directors, FAQ for shareholders and other related information on Corporate Governance etc. are also available on the Company website.

b. Modified opinion(s) in audit report

The Company is in the regime of unmodified audit opinion.

c. 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 31, 2023 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 (incl. date of re-appointment)
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.	07022867	Dr. Ritika Dusad	20/07/2016	07/08/2020
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.	08719754	Mr. Parag Bhise	16/03/2020	31/07/2020
8.	08801422	Mrs. Yasmin Javeri Krishan	30/07/2020	30/07/2020
9.	09002894	Mr. Anurag Mantri	19/12/2020	19/12/2020
10.	00008350	Mr. Ravi Pratap Singh	26/07/2014	26/07/2019

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: A032109E000342782

Date: 26th May 2023
Place: New Delhi

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, 2023 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.

Noida
26 May 2023

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, 2023, received from its Board members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

Noida
26 May 2023

Sd/-
Parag Bhise
CEO

Management's

Discussion and Analysis

of the Financial Condition and Results of Operations

Forming Part of the Standalone Financial Statement for the year ended March 31, 2023

Management's discussion and analysis of the financial condition and results of operations include forward-looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the Management has considered future risks as part of the discussions, future uncertainties are not limited to Management perceptions.

A. Industry Structure and Development

The technology industry has played a pivotal role in shaping the global and Indian business landscape, acting as an elixir for end-user enterprises worldwide. It has not only enabled companies to maintain operations but also facilitated their adaptation to dynamic market forces and evolving customer needs. FY 2023, India's technology industry experienced remarkable growth, as evidenced by its record-breaking 15.5% increase, reaching \$227 billion in revenue, according to NASSCOM's India Annual Technology Performance Report. This growth can be attributed to the successful amalgamation of digitalization and innovation, with platformization and XaaS serving as key drivers in accelerating technology adoption.

Moreover, the report highlights the significant contribution of start-ups in scaling up their operations and further propelling industry growth. Another milestone for the industry was the addition of 445,000 professionals to the workforce, pushing the total direct workforce past the 5 million mark. This achievement is a testament to the industry's people-first, employee-centric approach, which facilitated a seamless transition to hybrid work models and the expansion of digital capacity-building programs.

India's position as a global digital talent hub is further underscored by the fact that one in three employees possesses digital skills. This demonstrates the country's prowess in nurturing a skilled workforce that aligns with the demands of the digital era. With digital revenue accounting for 30-32% of the nation's total revenue, India continues to solidify its position as a leader in the global sourcing market, commanding a 59% share.

These achievements not only validate India's new technology value proposition but also highlight the industry's role in shaping the broader business landscape. As Nucleus Software continues to navigate this ever-evolving industry, we are well-positioned to capitalize on the digital transformation opportunities that lie ahead and further strengthen our market presence.

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 customers in 50+ countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

Nucleus Software is known for its world-class expertise and innovation in lending and transaction banking technology. The Company flagship products, built on the latest technology are:

- FinnOne Neo™: The next-generation digital lending solution that is built on an advanced technology platform.
- FinnAxia™: An integrated global transaction banking solution used by banks worldwide.
- PaySe™: The world's first online & offline digital payment solution created with an aim to democratize money.

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.

Management’s Discussion and Analysis

Over the years we have gained deep experience working closely with Global leaders in the Banking and Financial Services industry. Headquartered in Delhi, India, the Company has seven subsidiaries, as described in table 1 below.

Table 1

Date of Incorporation/	Name of Subsidiary Company	Location	Percentage of Shareholding
February 25, 1994	Nucleus Software Solutions Pte. Ltd.,	Singapore	100%
August 5, 1997	Nucleus Software Inc.	USA	100%
November 2, 2001	Nucleus Software Japan Kabushiki Kaisha	Japan	100%
February 3, 2006	Nucleus Software Netherlands B.V.	Netherlands	100%
April 21, 2008	Nucleus Software Ltd.	India	100%
February 3, 2014	Nucleus Software Australia Pty. Ltd.	Australia	100%
February 10, 2015	Nucleus Software South Africa (Pty) Ltd.	South Africa	100%

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

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 Annual Report for the Year ended March 31, 2022 from League of American Communication Professionals (LACP). We won the **“Platinum Award for Excellence within the Technology-Software industry and “Technical Achievement Award”**. The Annual Report was also ranked 49th amongst the World’s Top 100 Annual Reports within the Technology-Software industry by LACP.
- Nucleus Software received **“IBSi Global Fintech Innovation Awards 2023”** for Most Effective Digitization/Paperless Initiative – Best Project Implementation for Mirae Asset Financial Services
- Nucleus Software earned the **“IBSi Global Fintech Innovation Awards 2023”** under category Best Transaction Banking implementation for BRAC Bank Ltd
- Nucleus Software was awarded the **“Best Technological Innovation in Payments (B2B)” award** at the Seamless Middle East 2020 conference in Dubai
- Nucleus Software received first position at the **“Corporate Governance and Sustainability Vision Awards 2021”**, held by Indian Chamber of Commerce
- Nucleus Software received an award for the Annual Report (for FY 20-21) from League of American Communication Professionals (LACP). We also won the **“Platinum Award for excellence within the Industry for FY 2020-21 - Technology-Software and the Technical Achievement Award”** for overall excellence in the art and method of Annual Report communications.
- FinnOne Neo has been recognized as the **“#1 Leader in the Lending Solutions Category in the Indian Domestic Sales League Table 2019”** and recognized as **“#2 Leader in the Lending Solutions Category in the Global Sales League Table 2019”** by IBS Intelligence.
- FinnOne Neo also wins the **“Best Lending Implementation”** award for the project at Roha Housing Finance in the IBS Intelligence FinTech Innovation Awards 2019. Powered by our solution, RattanIndia Finance wins the Celent Model Bank Award 2020 for Retail Lending powered by FinnOne Neo
- Our Annual Report 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).
- **“Best Lending Technology Implementation of the Year” award** at the BFSI Innovative Technology Awards 2018 for project Lending on cloud for Sai Point Finance with FinnOne Neo.

- Received an award in **Mid Corporate Segment- for Excellence in IT/ITES Sector**, at SME Business Excellence Awards, 2017 organized by Dun & Bradstreet Information Services India Pvt. Ltd (D&B).
- Annual Report for the Year Ended March 31, 2017 won the **Platinum Award for Excellence within the Technology Software industry** and ranked 7th amongst the World's Top 100 Annual Reports within the Technology-Software industry and by the League of American Communications Professional (LACP).
- bob Finance and FinnOne win **The Banking Technology Award 2016**, bob Finance AG, a financial service company in Switzerland deployed Nucleus Software's FinnOne for offering an innovative and completely digitized loan service. This implementation won The Banking Technology Award 2016 - Highly Commended for Best Use of IT in Lending.

C. The Way Forward

Despite the challenges presented by unpredictable global events and economic downturns, the technology landscape is poised for significant growth and expansion. The industry continues to innovate, driven by technological advancements and evolving consumer preferences. According to the Forbes report, 2023 will witness significant developments in key areas such as artificial intelligence, machine learning, blockchain technology, digital banking, mobile payments, cybersecurity, fraud prevention, open banking, and API integration. These trends have the potential to revolutionize the financial sector, offering customers more personalized, convenient, and secure services.

Looking ahead, Nucleus Software is well-positioned to capitalize on the growing demand for digital solutions in the financial sector. The increasing digitization in banking and lending is driving the need for advanced software platforms that can support these services while ensuring the highest levels of security and compliance.

Additionally, the Company is poised to benefit from the rising trend of open banking and API integration, which presents new opportunities for innovation and collaboration within the industry. Nucleus Software's expertise in this area will enable it to assist clients in navigating this complex landscape and seize the emerging opportunities it offers. Our product suites are enabled with over 520 APIs, providing extensive flexibility and agility.

Furthermore, Nucleus Software's focus on leveraging emerging technologies such as

artificial intelligence, data analytics, and machine learning will empower it to deliver even more personalized and efficient services to its clients, further strengthening its competitive position in the market.

Overall, Nucleus Software's strong reputation, deep expertise, and commitment to innovation make it a compelling choice for businesses seeking to stay ahead of the curve in the rapidly evolving financial services industry. With a solid business outlook, the Company is well-positioned for growth and success in the years to come.

D. Company Management

An active and well-informed Board is necessary to ensure the highest standards of corporate governance. At Nucleus, a well-qualified Board consisting of ten members manages the Company. Five Board members are Non-Executive Independent Directors including two women Directors, and the other five are Executive Directors, including one woman director. All Independent Directors, with their diverse knowledge and expertise, provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence. It develops and promotes the vision, culture and values of the Company and provides entrepreneurial leadership to the Company within a framework of prudent and effective controls. Only a strong global team can drive excellent performance especially in a challenging business environment.

During the year, the focus was on continuously improving and strengthening the leadership team and fostering a unique performance culture at Nucleus. Your Company lays high emphasis on continuous learning and growth for every individual. Your Company offers a comprehensive package of learning and development opportunities in technology, processes, functional domain, our products, and leadership training. Focus on leadership development for young leaders and mid-level managers continue through our flagship programs – LEAD (Leadership Engagement Action & Development) and YLP (Young Leaders Program). These programs are based on our Core Values and have contributed immensely towards building the organizational culture, individual effectiveness, and leadership competencies.

E. OPPORTUNITIES AND THREATS

The increasing adoption of digital banking and lending solutions presents significant opportunities for Fintech companies like Nucleus Software. As more consumers and banks shift towards digital platforms, there is a growing

Management's Discussion and Analysis

demand for innovative and user-friendly software solutions that were previously unavailable. Nucleus Software is well-positioned to capitalize on this trend by providing advanced software platforms that support digital banking and lending services while ensuring the highest levels of security and compliance. Additionally, emerging technologies such as artificial intelligence and machine learning offer opportunities to enhance credit risk assessments and improve the efficiency and accuracy of financial services.

While the Fintech industry is poised for growth, it also faces certain threats that need to be addressed. The industry is becoming increasingly crowded, with more competition for customer acquisition in 2023. Traditional banks and financial institutions are also entering the digital space, creating a competitive landscape for Fintech companies. To mitigate this threat, Nucleus Software needs to continue differentiating itself by delivering superior software solutions and maintaining its reputation for excellence and innovation.

Another potential threat is the risk of cybersecurity breaches. With more financial transactions taking place online, Fintech companies need to invest in robust security measures to protect customer data and maintain their trust. Nucleus Software recognizes the importance of cybersecurity and is committed to implementing stringent security protocols to safeguard sensitive information.

Moreover, the Fintech industry is subject to regulatory scrutiny as it disrupts the traditional financial sector. Navigating complex regulatory frameworks and complying with evolving regulations require ongoing efforts and resources. Nucleus Software is dedicated to ensuring compliance with regulations and proactively adapting to regulatory changes to operate within legal boundaries.

Additionally, Fintech companies could face challenges in an economic downturn, as consumers and businesses become more cautious with their spending. This may lead to a decrease in demand for financial services. To mitigate this threat, Nucleus Software will focus on enhancing its product offerings, exploring new markets, and strengthening customer relationships to weather potential economic challenges.

In summary, while the Fintech industry presents significant opportunities for growth, it also comes with certain threats. Nucleus Software is well aware of these challenges and is committed to leveraging opportunities, addressing threats, and continuously innovating to maintain its competitive edge in the dynamic financial services landscape.

F. OUTLOOK

According to NASSCOM Insights, the COVID-19 crisis has amplified the existing challenges faced by traditional banking business models. Factors such as revenue pressure, low profitability due to low-interest rates and high capital levels, stricter regulations following the previous financial crisis, and increasing competition from shadow banks and new digital entrants have become more pronounced.

The pandemic has accelerated the adoption of digital ecosystems, with more individuals incorporating electronic payment systems into their daily lives. Traditional financial services are undergoing a transformation through digitalization. Consequently, banks are facing greater pressure to become "digital-first" businesses and compete with established service providers.

By the end of 2023, many banks are expected to transition into pure technology businesses, leveraging their extensive customer bases and distribution networks to offer digital solutions. This transformation highlights the importance of partnering with the right company to successfully execute digital strategies. Nucleus Software has consistently been the preferred choice of banks, and we continue to be at the forefront of providing comprehensive solutions.

Our end-to-end product suites, FinnOne Neo™ and FinnAxia™, can be seamlessly deployed on both Cloud and On-premise platforms, delivering optimized value to our customers. We understand the evolving needs of the banking industry and remain committed to empowering banks with cutting-edge technology solutions.

Through our strategic partnerships and innovative approach, Nucleus Software is well-positioned to drive the digital transformation of the banking industry and remains the trusted partner for banks seeking to enhance their competitiveness in the digital era. With our strong track record, robust product suite, and customer-centric approach, we are confident in our ability to deliver value and support our clients' growth and success.

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, 2023.

M/s ASA & 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 M/s Varma & Varma Chartered Accountants as 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. The rapidly evolving landscape of the IT industry calls for continuous adaptation, and your Company is committed to keeping pace with the technological advancements and evolving employee needs.

As part of broader efforts to address high rate of attrition in the industry's great resignation wave, your Company made significant strides in providing a satisfying work environment for its customers and employees alike.

Your Company continuously review and improve the policies for attracting and retaining talent. The policies are aligned to the implicit and explicit needs of Company employees.

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.

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

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:

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

Management's Discussion and Analysis

Standalone financial results are as below:

(₹ in crore)

For the Year Ended Mar 31,	2023	% of Revenue	2022	% of Revenue	Growth (%)
Revenue from Operations	584.73	100.00	448.06	100.00	30.50
Expenses					
a) Employee benefit expense	338.37	57.87	335.88	74.96	0.74
b) Operating and other expenses	89.30	15.27	75.77	16.91	17.86
c) Finance costs	0.77	0.13	0.39	0.09	97.44
Total Expenses	428.44	73.27	412.04	91.96	3.98
Operating Profit (EBITDA)	156.29	26.73	36.02	8.04	333.90
Depreciation	17.06	2.92	13.23	2.95	28.95
Operating Profit after Interest and Depreciation	139.23	23.81	22.79	5.09	510.93
Other Income	34.16	5.84	34.07	7.60	0.26
Profit Before Tax	173.39	29.65	56.86	12.69	204.94
Taxation	43.02	7.36	14.76	3.29	191.46
Profit After Tax	130.37	22.29	42.10	9.40	209.67
Other Comprehensive Income	6.94	1.19	(11.18)	(2.50)	162.07
Total Comprehensive Income for the Year	137.31	23.48	30.92	6.90	344.08

Revenue from Operations

Our revenues from software development comprise of income from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the services are rendered and revenue from fixed price contracts comprising of license, related customization and implementation is recognised in accordance with the output method based on percentage completion. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.

During the year, the revenue from operations is ₹584.73 crore, against ₹448.06 crore for the previous year.

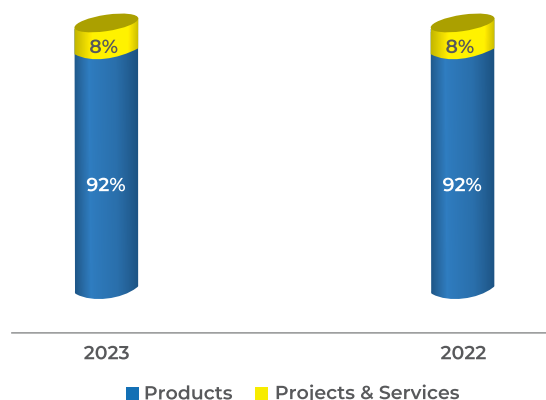
Revenue from Products

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 ₹ 537.68 crore, 92% of the total revenue, against ₹ 410.00 crore, 92% of total revenue, in the previous year.

Revenue from Projects and Services

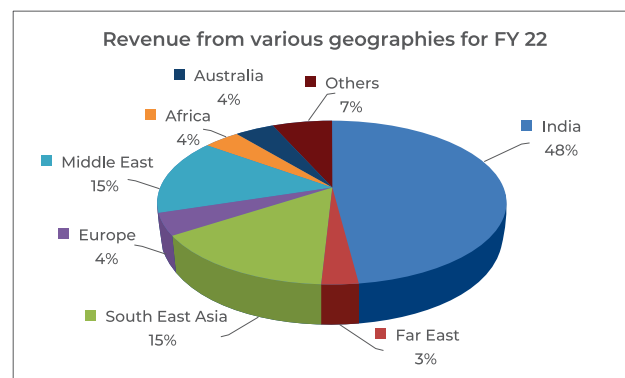
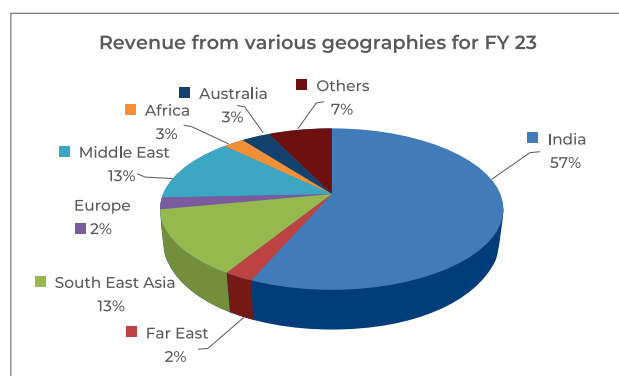
Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Software projects and services revenue for the year is ₹ 47.05 crore, 8% of the total revenue, against ₹ 38.06 crore, 8 % of the total revenue, in the previous year.

Revenue from Products and Services



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 43% revenue was derived from overseas. The graph below presents a geography-wise distribution for the year as well as the previous year.



EXPENSES

Employee Benefit Expense

Employee benefit expense includes salaries paid to employees in India, with fixed, variable and incentives components; provision for gratuity and compensated absence, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 0.74 % to ₹ 338.37 crore, 57.87% of revenue against ₹ 335.88 crore, 74.96% of revenue in the previous year. The increase is primarily due to increase in employee compensation.

(₹ in crore)

For the Year Ended March 31,	2023	% of Revenue	2022	% of Revenue	Growth
Salaries	307.78	52.64	311.19	69.45	(1.10)
Contribution to provident and other funds	19.36	3.31	15.51	3.46	24.80
Gratuity	5.96	1.02	4.51	1.01	32.10
Staff welfare	5.27	0.90	4.67	1.04	12.95
Total Employee Benefit Expenses	338.37	57.87	335.88	74.96	0.74
Revenue	584.73	100.00	448.06	100.00	30.50

Operating and Other Expenses

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

Operating and other expenses at ₹ 90.07 crore, 15.40% of revenue for the year, an increase of 18.30% against ₹ 76.15 crore, 17.00% of revenue in the previous year.

(₹ in crore)

For the Year Ended March 31,	2023	% of Revenue	2022	% of Revenue	Growth
Outsourced Technical Service Expense	12.41	2.12	16.32	3.64	(23.96)
Cost of software purchased for delivery to clients	0.63	0.11	1.03	0.23	(38.83)
Travelling	7.77	1.33	0.95	0.21	714.89
Power and fuel	2.86	0.49	2.67	0.60	7.12
Rent	0.55	0.09	0.34	0.08	60.69
Rates & Taxes	0.18	0.03	1.18	0.26	(85.10)
Repair and maintenance	4.06	0.69	3.86	0.86	5.28
Legal and professional	5.15	0.88	6.61	1.48	(22.08)

Management's Discussion and Analysis

For the Year Ended March 31,	2023	% of Revenue	2022	% of Revenue	Growth
Remuneration to Non-Executive Directors	2.41	0.41	1.64	0.37	47.00
Conveyance	0.45	0.08	0.36	0.08	24.68
Communication	1.17	0.20	1.09	0.24	6.98
Information technology expenses	25.33	4.33	18.39	4.10	37.76
Provision for doubtful debts/advances/other current assets	1.99	0.34	1.28	0.29	55.51
Commission to channel partners	0.70	0.12	0.47	0.10	50.38
Training and recruitment	4.11	0.70	2.47	0.55	66.72
Conference, exhibition and seminar	2.41	0.41	0.13	0.03	1721.04
Advertisement ,business development and promotion	1.30	0.22	1.00	0.22	29.69
Insurance	1.23	0.21	0.41	0.09	204.31
Finance Cost	0.77	0.13	0.39	0.09	97.75
Sales & marketing fee	7.59	1.30	8.75	1.95	(13.30)
Withholding tax charged off	2.43	0.42	2.48	0.55	-
Business Management & Consultancy Expenses	1.71	0.29	1.43	0.32	-
Miscellaneous expenses	1.11	0.19	0.88	0.20	26.83
Contribution to CSR activities	1.75	0.30	2.03	0.45	(13.71)
Total Operating and Other Expenses	90.07	15.40	76.15	17.00	18.30
Revenue	584.73	100.00	448.06	100.00	24.03

Finance cost includes bank charges and fee for issuance of bank guarantees.

The Company has setup Nucleus Software Foundation, a trust for the purpose of undertaking CSR activities of the company. During the year, the Company contributed ₹ 1.75 crore towards CSR activities of the Foundation. The details of CSR initiatives undertaken by the Foundation has been provided in a separate section in the Annual Report.

Operating Profit (EBITDA)

Operating Profit of ₹ 156.29 crore, 26.73 % of revenue against ₹ 36.02 crore, 8.04% of revenue in the previous year.

Depreciation

Depreciation on fixed assets is ₹ 17.06 crore, 2.92% of revenue for the year against ₹ 13.23 crore, 2.95% of revenue in the previous year.

Other Income

Other Income includes MTM gain on Mutual Fund investments, interest on fixed deposits and bonds, others and capital gains on the sale, redemption, maturity of investments, gain on foreign currency.

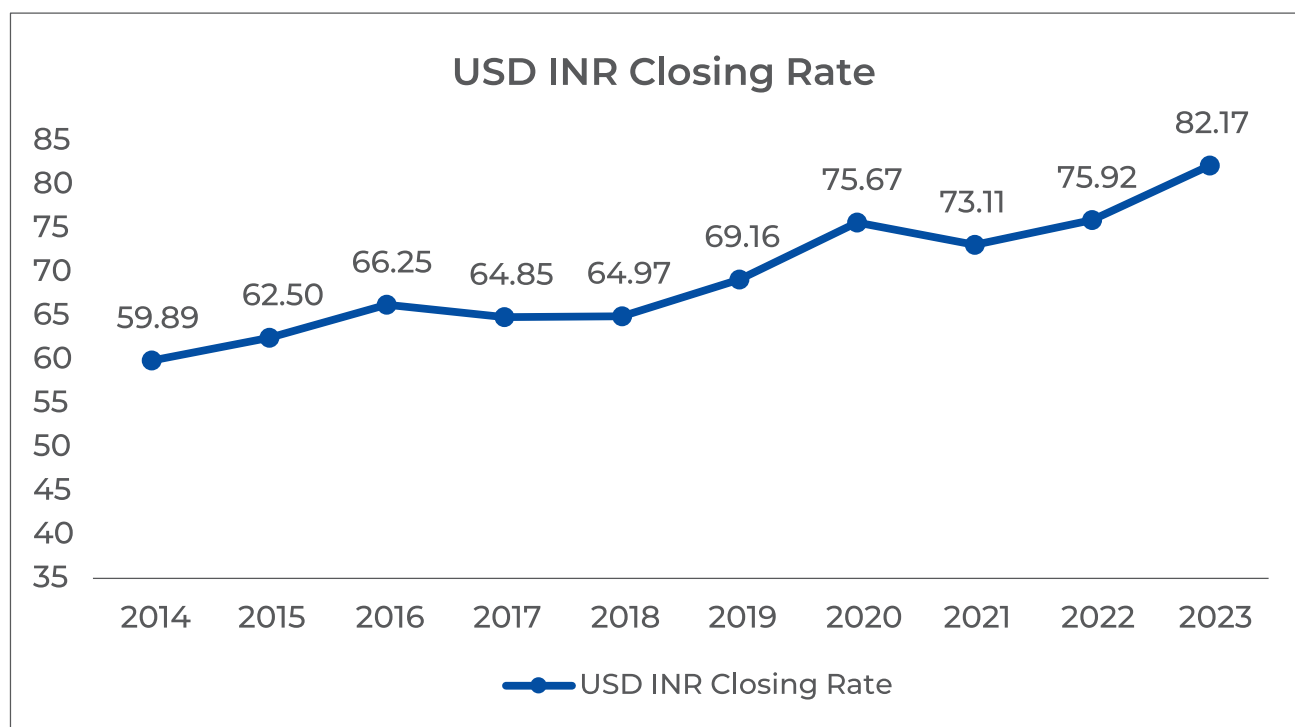
(₹ in crore)

For the Year Ended March 31,	2023	2022
Dividend	0.50	1.38
Interest income	7.31	9.74
Net Gain / (Loss) on foreign currency	3.96	1.33
Profit on sale of investments	1.00	0.95
MTM gain or (loss)	19.88	18.83
Others	1.51	1.84
Total	34.16	34.07

Other income for the year is ₹ 34.16 crore against ₹ 34.07 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 ₹ 3.96 crore against ₹ 1.33 crore for the previous year. We conduct significant portion of our business transactions in currencies other than the Indian Rupee. Nearly forty eight percent 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 graph same as standalone depicted in the below mentioned chart.



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,	2023	2022
- Current Tax Expense	41.90	12.86
- Deferred Tax Credit (net)	1.12	1.90
Total	43.02	14.76

Total effective tax for the year is 7.36% of revenue, in comparison to 3.29% of revenue for the previous year.

Profit After Tax

Our profit after tax for the year is ₹ 130.37 crore, 22.29% of revenue against ₹ 42.10 crore, 9.40% of revenue, during the previous year.

Management's Discussion and Analysis

Other Comprehensive Income (OCI)

Other comprehensive income represents

- Equity instruments through OCI – this is primarily on account of fair valuation of investment for which the company has made an irrevocable option to present the same in the OCI. For the year it is ₹ 3.85 crore, against ₹ (2.71) 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 ₹ 4.06 crore, against ₹ (11.06) crore 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 ₹ 0.05 crore net after Tax, against ₹ (0.19) crore net after Tax in the previous year.

Total other comprehensive income for the year is ₹ 6.94 crore, against ₹ (11.18) 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, 2023 is 26,773,324 equity shares of ₹ 10 each.

Retained Earnings

	(₹ in crore)	
Particulars	2023	2022
Opening balance	433.67	600.78
Add: Profit for the year	130.37	42.10
Less: Appropriations		
Interim dividend / Final dividend paid	(18.74)	(17.42)
Buyback of Equity shares 2021	-	(151.11)
Transaction tax on Buyback of Equity shares 2021	-	(32.40)
Remeasurement of the defined benefit plans, net	3.04	(8.28)
Closing balance	548.34	433.67

Reserves and Surplus

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

	(₹ in crore)	
As at March 31,	2023	2022
Capital Reserve	0.89	0.89
Retained Earnings	548.34	433.67
General reserve	-	-
Capital redemption reserve	5.61	5.61
Other Comprehensive Income		
Hedging Reserve	0.13	0.08
Equity instrument through other comprehensive income	6.15	2.30
Total	561.12	442.55

Property, plant and equipment and Intangible assets

As at March 31, 2023, Net carrying Amount of Property, Plant and Equipment and Intangible assets is ₹ 25.52 crore against ₹ 37.53 crore as on March 31, 2022.

(₹ in crore)

As at March 31,	2023	2022
Gross Carrying Amount		
Freehold land	0.34	0.34
Plant and equipment	5.18	5.14
Building	16.58	16.58
Office and other equipment	1.65	1.53
Computers	38.05	37.89
Vehicles	3.64	3.20
Furniture and fixtures	2.09	2.09
Software	20.93	19.82
Total	88.46	86.59
Less; accumulated depreciation	62.94	49.06
Net Carrying Amount	25.52	37.53

Changes in the carrying value of Right of use Assets

(₹ in crore)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Building	Lease hold land	Cars	Total	Building	Lease hold land	Cars	Total
Opening balance	0.71	5.13	-	5.84	3.08	5.21	-	8.29
Additions	6.77	-	0.77	7.54	-	-	-	-
Amortisation	2.34	0.08	0.05	2.47	2.37	0.08	-	2.45
Closing balance	5.14	5.05	0.72	10.91	0.71	5.13	-	5.84

The following is the movement in lease liabilities during the year ended 31 March 2023

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	0.77	3.26
Additions	7.19	-
Finance cost accrued during the Year	0.50	0.20
Payment of lease liabilities	(2.58)	(2.53)
Rent concession on lease liability	(0.03)	(0.16)
Closing balance	5.85	0.77

The Company has applied expedient to one of its lease contracts and accordingly an amount of ₹ 0.03 cr (previous year ended 31 March 2022 ₹ 0.16 cr) for rent concession has been recorded in the Interim Standalone Statement of profit and loss.

Management's Discussion and Analysis

Investments

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

i) **Non-current investments** totaling ₹ 313.79 crore as on March 31, 2023 against ₹ 208.48 crore as on March 31, 2022.

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

	(₹ in crore)	
	2023	2022
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
Total	14.85	14.85

b. **Investment in equity shares of a listed company at FVOCI** - ₹ 6.40 crore.

c. **Investment in bonds (quoted)**– ₹ 34.63 crore.

d. **Investment in mutual funds (quoted)** – ₹ 124.00 Crore

e. **Investment in mutual funds (unquoted)** – ₹ 133.91 crore.

ii) **Current Investments and Bank Balances**

Current Investments of ₹ 226.06 crore as on 31st March 2023, as per below table.

Investment in Mutual Funds (Unquoted)

	(₹ in crore)
Particulars	As on March 31, 2023
Mutual Funds at Fair Value through Profit or Loss(FVTPL)	
Aditya Birla Sun Life Arbitrage Fund -Direct Plan – Growth	6.99
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	32.26
DSP Low Duration Fund - Direct Plan – Growth	34.00
HDFC Money Market Fund - Direct Plan – Growth	23.77
HDFC Ultra Short term Fund - Direct Plan – Growth	17.57
ICICI Prudential Money Market Fund - Direct Plan - Growth	34.88
Nippon India Arbitrage Fund - Direct Plan – Growth	14.29
Tata Arbitrage Fund- Direct Plan – Growth	3.40
Tata Treasury Advantage Fund - Direct Plan - Growth	6.50
UTI Arbitrage Fund - Direct Plan – Growth	5.77
UTI Money Market Fund - Direct Plan – Growth	15.66
	195.09

(₹ in crore)

Particulars	As on March 31, 2023
Investment in bonds (quoted)	
<i>Bonds securities at Amortised cost</i>	
8.35% NHA1 Tax Free Bonds 2023	5.10
8.01% IIFCL Tax Free Bonds 2023	10.30
8.23% IRFC Tax Free Bonds 2024	5.40
8.51 HUDCO Tax Free Bond 2024	5.17
	25.97
Investment in Preference Shares (quoted)	
<i>Preference shares at Amortised cost</i>	
17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	1.00
Less: Expected Credit Loss on investment	(1.00)
	5.01
16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	5.01
Less: Expected Credit Loss on investment	(5.01)
	5.00
7.50% Tata Capital Ltd. (Preference Shares - 2024)	5.00
	5.00
	226.06

Aggregate amount of investment
226.06

As of March 31, 2023 Bank Balances stood at ₹ 33.41 crore as against ₹ 35.34 crore as on March 31, 2022.

(₹ in crore)

As at March 31,	2023	2022
Balances with Bank		
Balances with scheduled banks	16.49	6.88
Balance with non scheduled banks in current accounts	0.39	0.29
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	15.92	7.96
Balances with scheduled banks in earmarked accounts	0.32	0.34
Balances with scheduled banks in deposit accounts	0.29	19.87
Total	33.41	35.34

Operating Cash Flow

Our net cash flow from operating activities before working capital changes is ₹ 166.31 crore for the financial year, against ₹ 42.73 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 51.92 crore against ₹ 56.41 crore in the previous year. To summarize the Company's liquidity position, given below are a few ratios:

As at March 31,	2023	2022
Operating cash flow as % of revenue	8.88%	12.59%
Cash and Equivalents as % of assets	30.88%	45.79%
Cash and Equivalents as % of revenue	44.37%	71.54%
Current investments as % of assets	26.90%	40.74%
Current investments as % of revenue	38.66%	63.66%

Management's Discussion and Analysis

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2023 are ₹ 160.00 crore against ₹ 74.07 crore on March 31, 2022. The age profile of the debtors (net of provision) is given below:

As at March 31,	2023	2022
Less than six months	92.70%	90.18%
Between 6 months and 1 Year	7.12%	9.05%
More than 1 Year	0.18%	0.77%

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,	2023	2022
Non – Current		
Staff Loans	0.25	0.19
Loan to subsidiary credit impaired	3.82	3.82
Security deposits	1.88	0.74
Long-term bank deposits	25.66	10.20
Total	31.61	14.95
Current		
Staff Loans	0.50	0.18
Security deposits	0.28	1.95
Mark-to-market gain on forward contracts	0.17	0.11
Expenses recoverable from customers	0.14	-
Other recoverable from subsidiaries	-	0.02
Unbilled revenue	4.73	1.84
Total	5.82	4.10
Total Loans and Other Financial Assets	37.43	19.05

Security Deposits, utilised primarily for hiring of office premises and staff accommodation, amounts to ₹ 1.88 crore as on March 31, 2023 against ₹ 0.74 crore as on March 31, 2022. Long term bank deposits amounting to ₹ 25.66 crore as on March 31, 2023 include deposits held with bank for maturity more than 12 months from 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,	2023	2022
Non – Current		
Capital advances	0.38	0.04
Employee advances	-	0.37
Prepaid expenses	1.41	0.22
Total	1.79	0.63
Current		
Service income accrued but not due	8.15	10.02
Employee Advances	0.22	0.04
Prepaid Expenses	9.20	4.64
Contract Cost	0.17	0.19

(₹ in crore)

As at March 31,	2023	2022
Balances with Government authorities	0.35	0.33
Supplier advances	5.81	4.46
Deferred Expenses	0.09	0.04
Total	23.99	19.72
Total Other Assets	25.78	20.35

Current Liabilities

(₹ in crore)

As at March 31,	2023	2022
Financial liabilities		
Lease Liabilities	1.98	0.77
Trade Payables	11.22	11.44
Unpaid dividends	0.32	0.34
Payable for purchase of fixed assets	-	0.21
Employee payable	26.51	37.66
Other current liabilities		
Advances from customers/Advance Billing	83.59	57.44
Deferred Revenue	60.16	82.56
Statutory dues	23.29	12.57
Short term provisions		
Compensated absences	3.66	3.91
Provision for Tax	12.15	0.03
Total	222.88	206.93

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on March 31, 2023 the Current liabilities are ₹ 222.88 crore (₹ 206.93 crore as on March 31, 2022).

Trade payables represent the amount payable for providing goods and services and are ₹ 11.22 crore as on March 31, 2023 against ₹ 11.44 crore as on March 31, 2022.

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, 2023 it is ₹ 23.29 crore against ₹ 12.57 crore as on March 31, 2022.

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, 2023 are ₹ 3.66 crore against ₹ 3.91 crore as on March 31, 2022.

Non-Current Liabilities

Non-Current Liabilities as on March 31, 2023 were ₹ 29.48 crore against ₹ 23.78 crore as on March 31, 2022. The break-up of non-current liabilities at the year-end is given below:

(₹ in crore)

As at March 31,	2023	2022
Financial liabilities		
Lease liabilities	3.87	-
Non-current provisions	23.08	23.40
Deferred tax liabilities	2.53	0.38
Total	29.48	23.78

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.

Risk Management Report

At Nucleus Software (The Company), Enterprise Risk Management is an extremely important discipline, steered by Executive Sponsorship and driven by a robust governance, to keep identifying the possible risks related to our business strategy and business model, the qualitative assessment for exposures from these risks, effective prioritization of the risks and lay down the comprehensive mitigation processes and procedures to manage the emerging risks and ensure minimal impact to the company.

We strive to achieve an appropriate balance between business growth and robust 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.

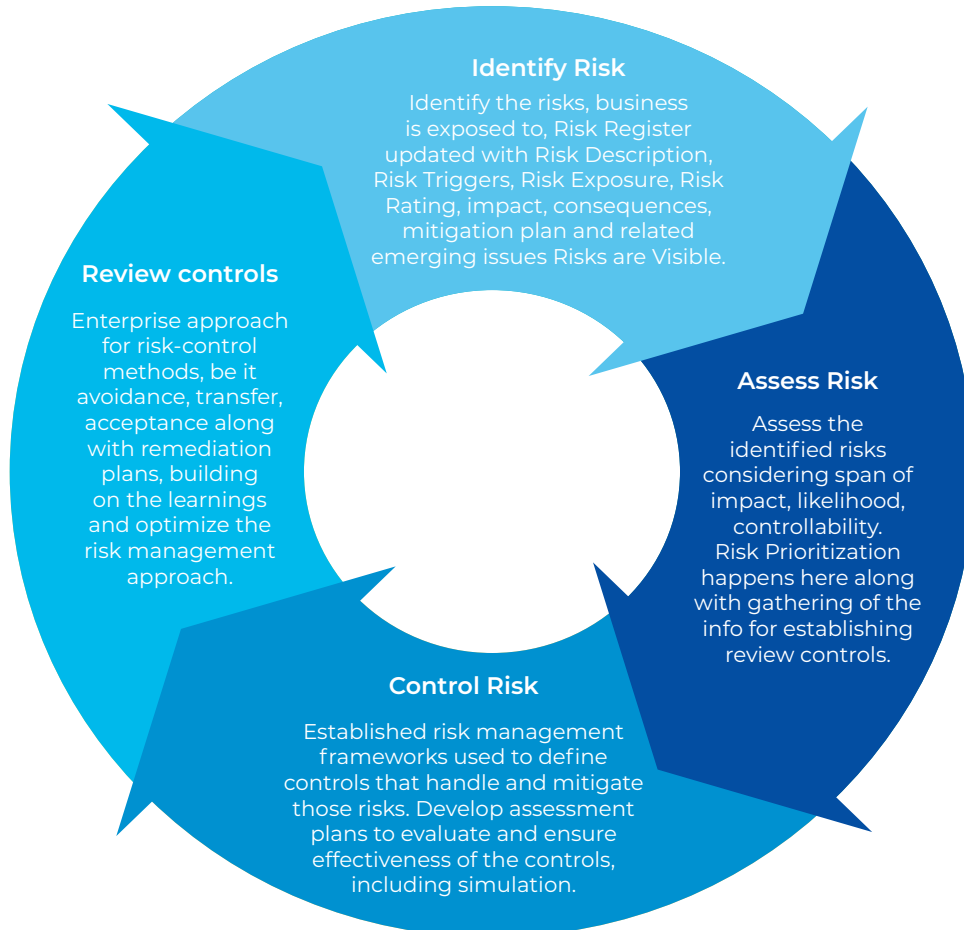
Risk Management Objectives

The three main objectives of Risk Management at Nucleus are:

1. Enable the organization to reduce/minimize the impact of risk events if they occur.
2. Empower the Management to take well informed decisions, under the guidance of our Board of Directors, to maximize value, reduce costs and balance risk with returns.
3. Promote confidence amongst the Company's stakeholders in the effectiveness of the Company's business management process and our ability to plan and meet strategic objectives.

We adopt a comprehensive approach to risk management that is conducted across the organisation at various levels.

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

The risks of cyber-attacks are emerging as complex, high impact and high probability risks due to unprecedented digitalization. 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 FY 21-22. The company had moved at a tremendous pace to take required steps to strengthen the security posture. Nucleus has become more resilient and continuous strengthening of the 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) Next Generation Firewall
- c) Focus on Network Security
- d) Multi Factor Authentication across enterprise
- 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) Engaged Retainer Services of world's leading Cyber Security Expert Organization

Risk Management Report

- j) Red Teaming Engagements
- k) Onboarding Cyber Threat Intelligence Services
- l) 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 now shifted on a hybrid work model since April 2023. Your Company continues to remain vigilant on the potential threats and have taken additional steps to ensure that there are enough safeguards to maintain security and confidentiality of our data during this phase of return to office.

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 considerable 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 managed 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 world class compensation and benefits.

We strongly believe in our strong value system. We have taken C&B of our associates to extremely high levels, launching intense employee engagements, enhancing the career opportunities available for the associates so associates can have crystalized career progression. As a step towards phased return to office post COVID, your Company is now operating on a hybrid model, this shift has enabled us to be more responsive to customer demands, more productive in our work, offering greater flexibility to our associates, characterized by empathy and flexibility.

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 conduct 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.

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. [Details of the listed entity](#)

Sl. No.	Corporate Identity Number (CIN) of the Listed Entity	L74899DL1989PLC034594
1.	Name of the Listed Entity	Nucleus Software Exports Limited
2.	Year of incorporation	1989
3.	Registered office address	33-35, Thyagraj Nagar Market, New Delhi-110003
4.	Corporate office address	A-39, Sector 62, Noida- 201307, Uttar Pradesh
5.	E-mail:	investorrelations@nucleussoftware.com
6.	Telephone	0120-4031-400
7.	Website	www.nucleussoftware.com
8.	Financial year for which reporting is being done	FY 22-23
9.	Name of the Stock Exchange(s) where shares are listed	National Stock exchange and Bombay Stock Exchange
10.	Paid-up Capital	₹ 26.77 Crore
11.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Poonam Bhasin, Company Secretary and Compliance Officer 0120-4031-400 poonam@nucleussoftware.com
12.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures under this report are made on a standalone basis

II. [Products/services](#)

13. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	IT Software, Services and related activities	Service Provider of leading & transaction banking products to financial service industry	100%

14. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total contributed Turnover
1.	Software application development and maintenance, IT consulting Service	2601	100%

III. [Operations](#)

15. Number of locations where plants and/or operations/offices of the entity are situated:

Locations	Number of plants	Number of offices	Total
National	NA	5	5
International	NA	2	2

Business Responsibility & Sustainability Report

16. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	15+
International (No. of Countries)	50+

b. What is the contribution of exports as a percentage of the total turnover of the entity?

43.6%

c. A brief on types of customers

Nucleus provides lending and transaction banking products to global financial leaders. It powers the operations of 200+ Financial Institutions in supporting retail and corporate lending, cash management, mobile and internet banking.

IV. Employees

17. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	1,717	1,284	75%	433	25%
2.	Other than Permanent (E)	25	22	88%	3	12%
3.	Total employees (D + E)	1,742	1,306	75%	436	25%
WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	Total workers (F + G)	-	-	-	-	-

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	6	2	33%	4	67%
2.	Other than Permanent (E)	NIL	NIL		NIL	
3.	Total differently abled employees (D + E)	6	2	33%	4	67%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	Total differently abled workers (F + G)	-	-	-	-	-

18. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	3	33%
Key Management Personnel (KMP)*	1	1	100%

- Key Management Person excludes Board of Directors

19. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023 (Turnover rate in current FY)			FY 2022 (Turnover rate in previous FY)			FY 2021 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	15%	17%	16%	35%	37%	36%	15%	14%	15%
Permanent Workers	-	-	-	-	-	-	-	-	-

V. Holding, Subsidiary and Associate Companies (including joint ventures)
20. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Nucleus Software Solutions Pte. Ltd.	Subsidiary	100%	No
2.	Nucleus Software Inc.	Subsidiary	100%	No
3.	Nucleus Software Japan Kabushiki Kaisha	Subsidiary	100%	No
4.	Nucleus Software Netherlands B.V.	Subsidiary	100%	No
5.	Nucleus Software Ltd.	Subsidiary	100%	yes
6.	Nucleus Software Australia Pty. Ltd.	Subsidiary	100%	No
7.	Nucleus Software South Africa Pty. Ltd.	Subsidiary	100%	No

VI. CSR Details
21. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in Crores) – ₹ 584.73 Crores

(iii) Net worth (in Crores) – ₹. 587.89 Crores

VII. Transparency and Disclosures Compliances
22. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, a mechanism is in place to interact with community leaders to understand and address their concerns, if any at ir@nucleussoftware.com	Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)	Yes, a mechanism is in place to interact and to understand and address their concerns, if any at ir@nucleussoftware.com	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes, Shareholder can register their grievances at designated email Id i.e. investorrelations@nucleussoftware.com They can also register grievance at https://scores.gov.in/scores/Welcome.Html	32	Nil	Nil	23	Nil	Nil

Business Responsibility & Sustainability Report

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	The Company following policies to address grievance of employees i.e. - Employees Grievance Redressal Policy - Whistle Blower policy - Policy on Prevention of Sexual Harassment. The link to Whistle Blower Policy is www.nucleussoftware.com	Nil	Nil	Nil	Nil	Nil	Nil
Customers	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 and can reach us at voc@nucleussoftware.com	Nil	Nil	Nil	Nil	Nil	Nil
Value Chain Partners	Yes, a mechanism is in place to interact with community leaders to understand and address their concerns, if any at marketing@nucleussoftware.com	Nil	Nil	Nil	Nil	Nil	Nil
Other (please specify)	-	-	-	-	-	-	-

23. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications.

Please refer Risk Management Report forming part of this Annual Report

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	www.nucleussoftware.com								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	N	N	N	N	N	N	N	N	N

4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	-ISO/IEC: 27001: 2013 -Export Promotion Council																	
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Department wise specific commitments, goals and targets have been identified at the time of finalisation of annual business plan. Performance against this specific goal and targets are being monitored continuously.																	
Governance, leadership and oversight																			
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	Please refer ESG Section printed elsewhere in this Annual Report																	
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors of the Company.																	
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues?	Yes, the Company has committee of Board of Directors for risk management and for making decisions on sustainability issues.																	
10.	Details of Review of NGRBCs by the Company:																		
	Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Performance against above policies and follow up action	Board of Directors									Annually								
	Compliance with statutory requirements of relevance to the principles and, rectification of any non-compliances	Board of Directors									Annually								
11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	No, the Company has evaluated the working of its policies internally								

Business Responsibility & Sustainability Report

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles									
The entity does not have the financial or/human and technical resources available for the task									
It is planned to be done in the next financial year									
Any other reason									

The Company is continuously reviewing its policies to align with the BR principles in full spirit. The assessment for adoption/ implementation of these policies will be continued in next financial year also.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by awareness programmes
Board of Directors	6	New Amendments in Laws, Risk Monitoring and mitigation plan, Regulatory updates, Cyber security and Code of conduct.	100%
Key Managerial Personnel*	10	Risk Monitoring and mitigation plan, Code of conduct (business), business ethics, Diversity and Integrity, POSH, Cyber security, Goal Setting, Leadership, Team Building	100%
Employees other than BoD and KMPs	10	Risk Monitoring and mitigation plan, Code of conduct (business), business ethics, Diversity and Integrity, POSH, Cyber security, Goal Setting, Leadership, Team Building	100%
Workers	-	-	-

*KMP includes Board of Directors of the Company.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.

There are no monetary or non-monetary actions on the Company or its directors/ KMPs with regulators /law enforcement agencies /judicial institutions, in the financial year.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Policy is available at Company's Intranet.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

No such disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

6. Details of complaints with regard to conflict of interest:

	FY 2023 (Current Financial Year)		FY 2022 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMP	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

Leadership Indicators
1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Yes

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. The Company receives periodic / ongoing declarations from its Board members, on the entities they are interested in and ensures requisite approvals, as required under the statute as well as the Company's policies, are in place before transacting with such individuals / entities.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe Essential Indicators
1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Year Financial	Previous Year Financial	Details improvements of in environmental social impacts and social impacts
R&D	-	-	We at present do not separately track R&D spend on ESG. However, our IP and new solution offerings encompass a range of sustainability offerings across sectors.
Capex	0.11%	Nil	We are constructing our own in-house Sewage Treatment Plant

2. a. Does the entity have procedures in place for sustainable sourcing? If yes, what percentage of inputs were sourced sustainably?

Yes, 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

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Not Applicable

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable

Business Responsibility & Sustainability Report

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details?

Life Cycle Perspective / Assessments is not applicable to us since we are not in the product manufacturing segment.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed.

Not Applicable

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	1,284	1,284	100%	1,284	100%	-	-	1,284	100%	1,284	100%
Female	433	433	100%	433	100%	433	100%	-	-	433	100%
Total	1,717	1,717	100%	1,717	100%	433	100%	1,284	100%	1,717	100%
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

- b. Details of measures for the well-being of workers:

NA

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	1,717	100%	Y	1,436	100%	Y
Gratuity	1,717	100%	Y	1,436	100%	Y
ESI	-	-	-	-	-	-
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, our offices have accessible infrastructure: accessibility principles are integrated into the building and campus infrastructure as part of the design. It is treated as an essential aspect along with other key principles such as productivity, health and wellness, and sustainability. From parking spaces to campus entrances and building-level interventions, accessibility in our infrastructure goes beyond regulatory requirements to ensure our buildings cater to the needs of all users and society.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, We have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016 available on Company's Intranet.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	-	-
Female	100%	100%	-	-
Total	100%	100%	-	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes
Other than Permanent Employees	Yes

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

NA

8. Details of training given to employees and workers:

Category	FY 2023 Current Financial Year					FY 2022 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	1,284	1,284	100%	1,284	100%	1,052	1052	100%	1052	100%
Female	433	433	100%	427	98.6%	384	384	100%	384	100%
Total	1,717	1,717	100%	1,711	99.6%	1,436	1,436	100%	1,436	100%
Workers										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

Business Responsibility & Sustainability Report

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (E)	% (E / D)
Employees						
Male	931	931	100%	872	872	100%
Female	329	329	100%	341	341	100%
Total	1,260*	1,260	100%	1,213	1,213*	100%
Workers						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	-	-	-	-	-	-

* This is for eligible employee upto certain grade excludes contract, trainees.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. Occupational Health and Safety Management System has been implemented. Occupational Health and Safety protection is an integral component of the business. The Company herewith :

- a) conducts Health Check ups for its employees at different intervals and also arranges re-creational activities for Employees well being in office premises.
- b) arranges re-creational activities for Employees well being in office premises such as yoga, zumba and gym.
- b) complies with all applicable legal, statutory & regulatory and other required regulations related to Health and Safety;
- c) ensures proper disposal of waste/pollutant/e-waste to minimise impact on environment and risk to employees;

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We identify occupational health and safety risks proactively, for all existing / new / modified activities, processes, products or services and regulatory changes including routine such as Fire Detection Protection System Management, Hazard Identification, Risk Assessment and Risk Management, People Competency Behaviours etc. As an IT / ITES company, there are no product risks, but there are those related to the provision of services like ergonomics in work and those associated with the operation of utilities and employee commute. Participation and consultation with relevant personnel involved in the activities is ensured during the risk assessments.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks.

Yes

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?

Yes

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023 Current Financial Year	FY2022 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
	Employees	Nil	Nil
Total recordable work-related injuries	Workers	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Our offices are designed with ergonomic workstations and furniture, provision of breakout, recreational and collaboration space as we strive to provide a stress-free work environment to our employees. In our office location, we have provision and maintenance of fire detection alarm, and suppression systems. We also conduct regular mock drills for fire evacuation as well as medical emergencies.

13. Number of Complaints on the following made by employees and workers:

Category	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Our Office is ISO compliant and have been audited during FY 2023 by qualified internal auditors.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

No such incident took place during the year.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders
Essential Indicators
1. Describe the processes for identifying key stakeholder groups of the entity.

The Company has identified all the individuals, organisations and Institutions who are associated with the Company as its Stakeholders

Business Responsibility & Sustainability Report

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors	Quarterly publication of results, Newspaper advertisements, Email, Website, Analysts/Investor Calls, Annual General Meetings, Stock Exchange intimations etc.	Annually/Half yearly/ Quarterly/ Event basis	Compliance, Governance practices
Employees	Open house, one-on-one counselling, Conference Calls, team meetings, Phone calls, Meetings, operations and assessments reviews etc.	Regularly	Day to day activities / Conduct of business
Customers	Email, Meetings, Project-related calls and meetings; project management reviews; relationship meetings and reviews; executive meetings and briefings; customer visits; responses to RFIs/RFPs; sponsored events; mailers; newsletters; brochures etc.	Regularly	Business/Project related
Suppliers, Service Providers	Email, Meetings, Phone calls, Websites empanelment process etc.	as and when required	Business/Project related
Regulatory Bodies	Emails, Meetings, Submission forms/ returns / intimations etc.	Annually/Half yearly/ Quarterly/ Event basis	In relation to Compliances with applicable laws

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Meeting Environment, Social and Governance criteria has been an important goal for the Company. With this belief in mind, the Company has set up Nucleus Software Foundation(NSF), a Trust. This Trust works along with CSR Committee of the Board of Directors on economic environment and social topics. The CSR Committee then places the feedback before the Board.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

The Company takes inputs from stakeholder consultation and continuous improvement of the policies are made accordingly.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Nil

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of / employees workers covered (D)	% (D / C)
Employees						
Permanent	1,717	1,717	100%	1,436	1,436	100%
Other than permanent	25	25	100%	305	305	100%
Total Employees	1,742	1,742	100%	1,741	1,741	100%
Workers						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
Total Workers	-	-	-	-	-	-

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023 Current Financial Year					FY 2022 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	1,717	-	-	1,717	100%	1,436	-	-	1,436	100%
Male	433	-	-	433	100%	384	-	-	384	100%
Female	1,284	-	-	1,284	100%	1,052	-	-	1,052	100%
Other than Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

3. Details of remuneration/salary/wages, in the following format:

	Number	Male	Number	Female
		Median remuneration/ salary/ wages of respective category		Median remuneration/ salary/ wages of respective category
Board of Directors* (BoD)	4	14,906,585	1	4,882,572
Key Managerial Personnel (excluded MD, CEO and ED)#	-	-	1	5,127,161
Employees other than BoD and KMP	1,302	1,416,900	434	1,123,934
Workers	-	-	-	-

*Remuneration to Chief Executive Officer and Managing Director (CEO and MD) has been included in BOD

#Key Management Personnel includes Company Secretary (CS)

Business Responsibility & Sustainability Report

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

This is forming part of in the Equal opportunity policy and Grievance Redressal Policy.

6. Number of Complaints on the following made by employees and workers:

	FY 2023 Current Financial Year			FY 2022 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour/Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The following policies govern the mechanism of redressing complaints

- a. *Policy on Prevention of Sexual Harassment*
- b. *Equal Opportunity Policy*
- c. *Grievance redressal Policy*

8. Do human rights requirements form part of your business agreements and contracts?

Yes , as per applicable labour laws.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	We internally monitors compliance for all relevant laws and policies pertaining to these issues at 100% of its offices
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No concern/risk is identified during these assessment.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints

At Nucleus, our commitment to a values-based ethos is embodied in our Code of Conduct and Ethics. It is available at Nucleus Intranet. We want to continue to build a culture of compliance, where everyone feels they are doing the right thing and prioritizing legal and ethical choices.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

We adopt a zero-tolerance approach to issues related to human rights. We follow all government regulations and regulatory policies and comply with local laws through our policies and standards.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, premise/office of the entity is accessible to differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	All value chain partners are expected to adhere to the CoC, which does not tolerate any form of harassment, whether sexual, physical, verbal or psychological. However, Nucleus does not conduct any formal assessment for the same.
Discrimination at workplace	
Child Labour	
Forced Labour / Involuntary Labour	
Wages	
Others – please specify	Not Applicable

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

NA

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Total electricity consumption (A)	EB 1,621,824 Kwh	EB 1,533,184 Kwh
Total fuel consumption (B)	DG 121,420 Kwh	DG 96,000 Kwh
	174,013 Kwh Solar Generation	181,970 Kwh Solar Generation
Total energy consumption (A+B+C)	1,917,257 Kwh	1,811,154 Kwh
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.3 wh/ Rs	0.4 wh/ Rs
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

Business Responsibility & Sustainability Report

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

Being the technology solutions company, we do not fall under the PAT scheme as DCs

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	20,588 KL	18,292 KL
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	20,588	18,292
Total volume of water consumption (in kilolitres)	20,588	18,292
Water intensity per rupee of turnover (Water consumed / turnover)	0.004 Ltr/Rs	0.004 Ltr/Rs
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N).

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Waste water from the RO plant is being recycled to conserve water and used internally for horticulture irrigation. We are also constructing our in-house new Sewerage Treatment Plant in Noida premises, which will help treat water from the sewer discharge, sludge and the storm drainage and will be diverted to horticultural land for irrigation.

5. Please provide details of air emissions (other than GHG emissions) by the entity.

We being an IT consulting services and business solutions company does not have significant air emissions.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:

Since Nucleus is an IT Company, our production process involves the release only of a trace amount of GHGs which we are not tracking at present.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, we are taking following measures to ensure the reduction in Gas emissions

- 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.
- Installation of chillers graded with VFD in HVAC plant to reduce energy consumption immensely has been and is being done.
- Usage of Solar energy as a power source.
- We maintain a good tree to land ratio of 30 percent in Noida Campus where trees are planted to ensure greenery and maintain balance.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	NA	NA
E-waste (B)	5.274	0.69
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	NA	NA
Battery waste (E)	NA	NA
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G)	NA	NA
Other Non-hazardous waste generated (H) . Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	NA	NA
Total (A+B + C + D + E + F + G + H)	5.274	0.69

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste		
(i) Recycled	5.274	0.69
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Note: independent assessment/ evaluation/assurance has been carried out by an external agency (Y/N).

No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Being a financial software products and services company, we do not produce any hazardous and toxic chemicals in our product and processes. Only E-waste is generated, for which we have a policy with our vendor to buy back the waste and recycle it at their end.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details:

No

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

Business Responsibility & Sustainability Report

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances,

Yes

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

(Kwh)

Parameter	FY 2023 (Current Year) Financial	FY 2022 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	1,74,013 Kwh Solar Generation	1,81,970 Kwh Solar Generation
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	1,74,013 Kwh	1,81,970 Kwh
From non-renewable sources		
Total electricity consumption (D)	16,21,824 Kwh	15,33,184 Kwh
Total fuel consumption (E)	1,21,420 Kwh	96,000 Kwh
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)	17,43,244 Kwh	16,29,184 Kwh

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. Provide the details related to water discharged:

No wastewater is discharged as such. It is diverted to horticultural land for irrigation.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not Applicable, we are not in water stress areas.

4. Please provide details of total Scope 3 emissions & its intensity.

Since Nucleus is an IT Company, our production process involves the release only of a trace amount of GHGs which we are not tracking at present.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Outcome of the initiative
1.	Sewerage Treatment Plant is being constructed	This will help treat water from the sewer discharge, sludge and the storm drainage and will be diverted to horticultural land for irrigation.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Business continuity risk is a key risk for organizations like ours for successfully running our operations. We are working on putting in an effective Business Continuity Plan (BCP) to ensure the maintenance or recovery of operations, including service delivery to our customer, when confronted with adverse events such as a disruption or failure of our systems or operations in the event of a Fire, major earthquake, weather

event, cyber-attack, terrorist attack, or other catastrophic event which could cause delays in completing sales, providing services, or performing other mission-critical functions. A significant portion of our research and development activities and certain other critical business operations are located in Noida, India (our corporate headquarters) which is adjacent to the national capital of India, Delhi. Here it may be worthwhile to mention that, according to a seismic zoning map issued by the Bureau of Indian Standards and quoted in the National Disaster Management (NDM) report, Delhi belongs to Zone IV, a severe intensity seismic zone. Any catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations.

To counter this risk, we have setup an Online disaster recovery site to replicate our IPR (Source code) in different seismic zone and backup copy on tape. In addition to this we are also having Disaster Recovery setup for few customers in different seismic zone who has agreement with Nucleus for business continuity and uninterrupted support though this facility is not in place for all the customers. The Company is continuously investing in security of its operations & processes and evaluating the risks on periodic basis. We are an ISO 27001: 2013 (ISMS) certified organization, which reflects our focus and commitment to increase adherence to secure practices. More so for business continuity, the growth of any product business is directly linked to the install base and the feedback of existing customers. These two factors are key for the purchase decisions of prospective customers.

Hence a large negative impact on Company's reputation can be a big setback. The Company enjoys is well recognized to offer great business values to our customers enabled by our business platforms.

On the security front, strict procedures are in place to control the level of access to Data centers and other sensitive areas. Access to the premises is controlled through Biometric access control systems and proximity cards. The Company has invested significantly in a state-of-the-art network infrastructure for managing its operations and for establishing high-speed redundant links to overseas destinations. Additionally, the Internet filtering tools prevent any type of non-business usage over Internet within office and outside office. We have implemented Data loss prevention on mail gateway and laptops to safeguard the company IPR.

- 8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

Not Applicable

- 9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Not Applicable

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

- 1. a. Number of affiliations with trade and industry chambers/ associations.**

Detailed as below

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Software Technology Park of India.	National
2	Electronics and Computer Software, Export Promotion Council	National

- 2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.**

Nil

Leadership Indicators

- 1. Details of public policy positions advocated by the entity:**

No such policy advocated by the entity.

Business Responsibility & Sustainability Report

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not Applicable to the Company, however the Company along with Nucleus Software Foundation has been conducting internal assessments on voluntary basis to monitor and evaluate its strategic CSR programs.

The Company has set up the 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. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.**

Kindly refer Annexure- G of Director Report

3. **Describe the mechanisms to receive and redress grievances of the community.**

We have internal mechanisms to address employee and staff grievances using proper hierarchy and following escalation matrix. In addition to Grievance Redressal, the stakeholders also have the option of sharing their concerns with us via the email ir@nucleussoftware.com, also mentioned on our website. We have open-houses every quarter wherein all the queries and questions of the employees are discussed and addressed.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Name of authority	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs/ small producers	7.41%	5.21%
Sourced directly from within the district and neighbouring districts	We do not track this. Also this metric is not material for our sector	We do not track this. Also this metric is not material for our sector

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

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. During the year NSF took initiatives to teach in village areas of 5 districts in Madhya Pradesh namely, Dewas, Khandwa, Betul, Chhindwada, and Mandla. The remedial program of Maths and English was launched for a large number of Adivasi children at Madhya Pradesh through NSF partner organisation "Parivaar". Apart from the Khandwa district in Madhya Pradesh, the CSR projects undertaken by the Company do not fall under the purview of designated aspirational districts.

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?**

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. However, we do not have preferential policy in place to purchase from suppliers comprising marginalized/vulnerable groups.

- (b) **From which marginalized /vulnerable groups do you procure?**

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not Applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

No IP related disputes to report.

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Education of underprivileged – MP Parivaar Kutirs (300)- Dewas, Khandwa, Betul. Chhindwada, Mandla	20,000	100%
2	Education of underprivileged- 27 learning centers in Dehradun	600	100%
3	Education of underprivileged- Vaishali Ghaziabad at NGO- Samriddhi Vaishali	80	100%
4	Remedial Studies- 14 Government Schools at Noida	700	100%
5	Women empowerment- Villages in suburbs of Chennai	250	100%
6	Scholarships for kids of CRPF Martyrs	27	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Customers have multiple channels for raising complaints and feedback– account managers, client engagement managers, regular connects meetings, email and escalation matrix etc.

2. Turnover of products / services as a percentage of turnover from all products / services that carry information about Environmental and social parameters relevant to the product, Safe and responsible usage, Recycling and / or safe disposal.

Not Applicable

3. Number of consumer complaints in respect of data privacy, advertising, cybersecurity, delivery of essential services, restrictive trade practices, unfair trade practices: Nil

4. Details of instances of product recalls on account of safety issues: Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. Nucleus is committed towards protecting the data of customers and all its employees. The principles regarding data privacy are available on our website at <https://www.nucleussoftware.com/privacy-policy>.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

None

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information on our product & services offerings is available on our company's website: <https://www.nucleussoftware.com>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The Product team uses policy shared with customer during any new release. Support documents like product-write-ups, product usage manual is also shared with the customers during the implementation stage.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

We have a dedicated Cyber Information Security and Information Security Management System (ISMS) team who work on major incidents or disruption of services. CIS team inform the customer as per our internal incident management policy and process for any risk/disruption of service

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?

Not Applicable, being a technology solutions company, displaying product information on the product over and above what is mandated as per local laws is not applicable to us.

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 action.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact : Zero

b. Percentage of data breaches involving personally identifiable information of customers. Nil

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 accompanying Standalone Financial Statements of **Nucleus Software Exports Limited** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity, the Standalone Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Standalone Financial Statements").

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, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, 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 March 31, 2023, revenue amounting to ₹ 58,473 Lakh 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 on the basis of 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 March 31 2023.	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> 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.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' 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 ("the ICAI") 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit 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.

Independent Auditors' Report

	<ul style="list-style-type: none"> • Selected a sample of contracts, using a mix of quantitative and qualitative criteria, and performed the following procedures for each contract selected: <ul style="list-style-type: none"> o inspected key terms, including transaction price, deliverables, performance obligations, timetable, and milestones, set out in the contract; o inquired of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies, and billing schedules; o tested project management tool for budgeted efforts and related percentage completion milestones and verified accuracy of milestones based on actualization of efforts for delivered projects and past data; o verified the details of activities completed with those stated in the customer contract and confirmed by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmations which form the basis of percentage of completion; and o verified the ageing analysis and performed analytical procedures, based on revenue trends, to assess the movements in accruals.
--	---

Other Matter

The Standalone Financial Statements of the Company for the year ended March 31, 2022, were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 17, 2022.

Our opinion is not modified in respect of this matter.

Information other than the Standalone Financial Statements and Auditors' Report thereon

The Company's Board of Directors is 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 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 during the course of our 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.

Responsibilities of Management and Those Charged with Governance 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 financial position, financial performance, including 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, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 financial 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 system 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 management's and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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 sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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

Independent Auditors' Report

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 Standalone Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015 as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors is in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 on its financial position in its Standalone Financial Statements – Refer Note 2.31 to the Standalone Financial Statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in note 2.42

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 person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in note 2.42 to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement; and
- (v) The final dividend proposed in the previous year, declared, and paid by the Company during the year, is in accordance with Section 123 of the Act, as applicable.
- (vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under clause (g) of Rule 11 is not applicable.

For ASA & Associates LLP

Chartered Accountants
Firm Registration No. 009571N/
N500006

**Sd/-
Parveen Kumar**

Partner

Membership No. 088810
UDIN: 23088810BGTOPV1699

Place: New Delhi
Date: May 26, 2023

Annexure A to the Independent Auditors' Report

[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, 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, the Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant, and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant, and equipment. In accordance with the programme, the Company has physically verified property, plant, and equipment during the year and no material 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, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering development and marketing of software products 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.
- (iii) (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 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.
- 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
(₹ Lakh) |
|---|--------------------|
| Aggregate amount during the year- Others (loan to employees) | 79 |
| Balance outstanding as at balance sheet date - Others (loan to employees) | 75 |
- (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 Lakh given to Nucleus Software Limited (wholly owned subsidiary) which is repayable on demand. As informed to us, the Company has not received any amount during the year and provision for doubtful debt has been made by full amount. The loans to employees are interest free as per the policy of the Company. Further, the Company has not given any advance in the nature of loan to any party during the year.

	All Parties	Promoters	Related Parties (₹ Lakh)
Aggregate of loans/ advances in nature of loan	-	-	382
- Repayable on demand* (A)	-	-	-
- 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			83.59%

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

(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 Lakh 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.

(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.

(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.

(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.

(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"):

(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) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident

Fund, Employees' State Insurance, Income-tax, Cess, and other material statutory dues have generally been regular in depositing during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Good and Service Tax, Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess, and other statutory

dues were in arrears as at March 31, 2023 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 records of the Company, statutory dues relating to Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Cess, and other material statutory dues which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Amount involved in ₹ Lakh	Amount paid under protest in ₹ Lakh	Year to which the amount relates
Income Tax Act, 1961	Income Tax	National Faceless Appeal Centre	62	62	AY 2017-18
Income Tax Act, 1961	Income Tax	National Faceless Appeal Centre	104	104	AY 2018-19
Income Tax Act, 1961	Income Tax	National Faceless Appeal Centre	138	138	AY 2020-21
Income Tax Act, 1961	Income Tax	Centralized processing Centre	47	Nil	AY 2019-20
Income Tax Act, 1961	Income Tax (TDS)	National Faceless Appeal Centre	25	5	AY 2019-20
Income Tax Act, 1961	Income Tax (TDS)	National Faceless Appeal Centre	41	8	AY 2018-19
Income Tax Act, 1961	Income Tax	National Faceless Appeal Centre	174	Nil	AY 2018-19

- (viii) According to the information provided 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 assessment under the Income Tax Act, 1961 as income during the year and accordingly reporting under clause 3(viii) of the Order is not applicable.
- (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.
- (b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.
- (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 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 based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable.
- (x) (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under 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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report under section 143(12) of the Act, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable.
- (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 and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion and according to the information and explanations given to us and based on our examination, 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) 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 with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable.
- (xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) of the Order is not applicable.
- (d) As represented by the management, the Group does not have any Core Investment Company as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016 and hence the reporting under Clause 3 (xvi) (d) of the Order is not applicable.
- (xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year, and as per the communication shared by the outgoing auditors, they have not raised any issues, objections, or concerns.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the 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 the 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) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year

requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under Clause (xx) of the Order is not applicable.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No. 009571N/
N500006

**Sd/-
Parveen Kumar**

Partner

Place: New Delhi
Date: May 26, 2023

Membership No. 088810
UDIN: 23088810BGTOPV1699

Annexure B to the Independent Auditors' Report

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Nucleus Software Exports Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 internal financial controls with reference to Standalone Financial Statements, 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 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 system with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial control 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 control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to 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 control 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to Standalone Financial Statements

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.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No. 009571N/
N500006

Sd/-
Parveen Kumar
Partner
Membership No. 088810
UDIN: 23088810BGTOPV1699

Place: New Delhi
Date: May 26, 2023

Standalone Balance Sheet as at 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	2,308	3,078
Capital work in progress	2.1(b)	43	4
Other intangible assets	2.1(a)	244	675
Intangible assets under development	2.1(c)	38	42
Right of use assets	2.2	1,091	584
Financial assets			
Investments	2.3	31,379	20,848
Loans	2.4	25	169
Other financial assets	2.5	2,754	1,094
Income tax asset (net)	2.6	1,036	1,597
Other non-current assets	2.7	179	64
Total non-current assets		39,097	28,155
Current assets			
Financial assets			
Investments	2.8	22,606	28,522
Trade receivables	2.9	16,473	7,591
Cash and cash equivalents	2.10	3,280	1,513
Other bank balances	2.11	61	2,021
Loans	2.12	50	19
Other financial assets	2.13	59	208
Other current assets	2.14	2,399	1,974
Total current assets		44,928	41,848
Total assets		84,025	70,003
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	2.15	2,677	2,677
Other equity	2.16	56,112	44,255
Total Equity		58,789	46,932
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	387	-
Provisions	2.17	2,308	2,340
Deferred tax liabilities (net)	2.18	253	38
Total non-current liabilities		2,948	2,378
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	198	77
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	1,122	1,144
Other financial liabilities	2.20	2,683	3,821
Provisions	2.21	366	391
Current tax liabilities (net)	2.22	1,215	3
Other current liabilities	2.23	16,704	15,257
Total current liabilities		22,288	20,693
Total equity and liabilities		84,025	70,003
See accompanying notes forming part of the standalone financial statements	1 & 2		

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/N500006

Sd/-

Parveen Kumar
Partner
Membership number : 088810

Place: New Delhi
Date: 26 May 2023

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

Sd/-

VISHNU R DUSAD
Managing Director
DIN : 00008412

Sd/-

ANURAG MANTRI
CFO & Whole-time Director
DIN : 9002894

Place: Noida
Date: 26 May 2023

Sd/-

PARAG BHISE
CEO & Whole-time Director
DIN : 8719754

Sd/-

POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Standalone Statement of Profit & Loss for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
1. REVENUE FROM OPERATIONS			
Income from software product and services	2.24	58,473	44,806
2. OTHER INCOME	2.25	3,416	3,407
3. TOTAL INCOME (1+2)		61,889	48,213
4. EXPENSES			
a. Employee benefits expense	2.26	33,837	33,588
b. Operating and other expenses	2.27	8,930	7,577
c. Finance cost	2.28	77	39
d. Depreciation, amortisation and impairment expenses	2.1(a) and 2.2	1,706	1,323
TOTAL EXPENSES		44,550	42,527
5. PROFIT BEFORE TAX (3-4)		17,339	5,686
6. TAX EXPENSE			
a. Net current tax expense		4,190	1,286
b. Deferred tax credit /charge	2.18	112	190
NET TAX EXPENSE		4,302	1,476
7. PROFIT FOR THE YEAR (5-6)		13,037	4,210
8. OTHER COMPREHENSIVE INCOME / (LOSS)			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		406	(1,106)
b) Equity instruments through other comprehensive income		385	(271)
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		(102)	278
(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		6	(25)
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		(1)	6
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		694	(1,118)
9. TOTAL COMPREHENSIVE INCOME (7+8)		13,731	3,092
Profit attributable to:			
Owners of the Company		13,037	4,210
Other comprehensive income attributable to:			
Owners of the Company		694	(1,118)
Profit attributable to:			
Owners of the Company		13,731	3,092
10. EARNINGS PER EQUITY SHARE	2.33		
Equity shares of ₹ 10 each (Not annualised)			
a. Basic (₹)		48.69	14.70
b. Diluted (₹)		48.69	14.70
Number of shares used in computing earnings per share			
a. Basic		26,773,324	28,643,152
b. Diluted		26,773,324	28,643,152

See accompanying notes forming part of the standalone financial statements

1 & 2

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/N500006
Sd/-
Parveen Kumar
Partner
Membership number : 088810

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

Sd/-
VISHNU R DUSAD
Managing Director
DIN : 00008412
Sd/-
ANURAG MANTRI
CFO & Whole-time Director
DIN : 9002894

Sd/-
PARAG BHISE
CEO & Whole-time Director
DIN : 8719754
Sd/-
POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Place: New Delhi
Date: 26 May 2023

Place: Noida
Date: 26 May 2023

Standalone Statement Of Changes in Equity for the year ended 31 March 2023

A. Equity share Capital

(Amount in ₹ Lacs unless otherwise stated)				
Balance as of 1 April 2022	Changes in Equity Share Capital due to prior period change	Restated balance as of 1 April 2022	Changes in equity share capital during the period	Balance as on 31 March 2023
2,677	-	2,677	-	2,677
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

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 comprehensive income
Opening balance 1 April 2022	89	-	561	-	43,367	8	230	44,255
Profit for the period	-	-	-	-	13,037	-	-	13,037
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	-	5	-	5
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	385	385
Final dividend on equity shares	-	-	-	-	(1,874)	-	-	(1,874)
Remeasurement of the defined benefit plans, net	-	-	-	-	304	-	-	304
Balance as of 31 March 2023	89	-	561	-	54,834	13	615	56,112

Standalone Statement Of Changes in Equity

for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	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 comprehensive income	
Opening balance 1 April 2021	89	100	334	661	60,078	27	501	61,790
Profit for the period	-	-	-	-	4,210	-	-	4,210
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

See accompanying notes forming part of the standalone financial statements

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/N500006

Sd/-
Parveen Kumar
Partner
Membership number : 088810

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

Sd/- VISHNU R DUSAD Managing Director DIN : 00008412	Sd/- PARAG BHISE CEO & Whole-time Director DIN : 8719754
Sd/- ANURAG MANTRI CFO & Whole-time Director DIN : 9002894	Sd/- POONAM BHASIN AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 26 May 2023

Standalone Cash Flow Statement for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from operating activities		
Net profit before tax	17,339	5,686
Adjustment for:		
Depreciation, amortisation and impairment expenses	1,706	1,323
Unrealised exchange (gain) / loss on translation of foreign currency accounts (net)	(41)	(96)
Dividend received from current investments	-	(100)
Dividend received from non-current investment	(50)	(38)
Interest income on financial assets- carried at amortised cost	(669)	(872)
Discounting of staff loan and security deposit	(19)	(20)
MTM (gain) on investments	(1,988)	(1,883)
Net (gain)/loss on sale of investments	(100)	(95)
Rent concession on lease liability	(3)	(16)
Profit on sale of property, plant and equipment (net)	(36)	(12)
Interest expense on lease liability	50	20
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	199	128
Withholding tax charged off	243	248
Operating profit before working capital changes	16,631	4,273
Adjustment for (increase) / decrease in operating assets		
Trade receivables	(8,990)	667
Loans	(37)	(10)
Other assets	(416)	(65)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(13)	(348)
Provisions and other liabilities	678	2,582
	<u>7,853</u>	<u>7,099</u>
Income taxes paid (net)	(2,661)	(1,458)
Net cash from operating activities (A)	5,192	5,641
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(424)	(2,419)
Proceeds from sale of property, plant and equipment	40	26
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(2,230)	16,361
Bank deposits (net) and other bank balances not considered as cash and cash equivalents	432	128
Interest received on fixed deposits, tax free bonds	806	1,670
Dividend received from investments	50	100
Net cash (used in) investing activities (B)	(1,326)	15,866
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(208)	(234)
Interest paid on lease liabilities	(50)	(20)
Buyback of equity shares including tax thereon (see note 2.15)	-	(19,112)
Interim dividend / Final dividend paid	(1,874)	(1,742)
Net cash (used in) in financing activities (C)	(2,132)	(21,108)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,734	399
Opening cash and cash equivalents	1,513	1,100
Exchange difference on translation of foreign currency bank accounts	33	14
Closing cash and cash equivalents [see note 2.10]	3,280	1,513

Standalone Cash Flow Statement for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
Supplementary information		
1. Cash and cash equivalents represents :		
Cash on hand	-	-
Remittance in transit	-	-
Cheques on hand	-	-
Balances with scheduled banks	1,650	688
Balance with non scheduled banks in current accounts	38	29
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	1,592	796
	3,280	1,513
2. Reconciliation of movements of liabilities to cash flows arising from financing activities :-		
At the beginning (current and non current)	77	326
Addition in lease liabilities		
Interest accrued	719	-
Net Cash outflow	50	20
Rent concession	(258)	(253)
Translation Difference	(3)	(16)
At the end (current and non current)	585	77
3. CSR contribution :Refer note 2.40 for amount spent during the year ended 31 March 2023 and 31 March 2022 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 **ASA & Associates LLP**
 Chartered Accountants
 Firm Registration Number : 009571N/N500006

Sd/-
Parveen Kumar
Partner

Membership number : 088810

 For and on behalf of the Board of Directors
NUCLEUS SOFTWARE EXPORTS LIMITED
Sd/-
VISHNU R DUSAD
Managing Director

DIN : 00008412

Sd/-
ANURAG MANTRI
CFO & Whole-time Director

DIN : 9002894

Sd/-
PARAG BHISE
CEO & Whole-time Director

DIN : 8719754

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

 Place: New Delhi
 Date: 26 May 2023

 Place: Noida
 Date: 26 May 2023

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 2023 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 26 May 2023.

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 INR 50,000 have been rounded off to "-" in the standalone financial statements while rounding off to the nearest lacs unless otherwise indicated.

c) Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of the non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of the non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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.

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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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.
- 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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

iii. Other income

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

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

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

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

iv. Property, plant and equipment

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

Depreciation on property, plant and equipment, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease

or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

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

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

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

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

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

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

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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.

Investment in subsidiaries

Investment in subsidiaries is carried at cost.

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

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 1.2(vi)(e) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.
-----------------------------	--

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c) Derecognition

Financial assets

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

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

Financial liabilities

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

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

d) Offsetting

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

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company recognizes derivative instruments and hedging activities as either assets or liabilities in its balance sheet and measures them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Changes in the fair values of the derivatives designated as cash flow hedges are deferred and recorded as a component of other comprehensive income (loss) reported under accumulated other comprehensive income (loss) until the hedge transaction occurs and are then recognized in the standalone statements of income along with underline hedge items and disclosed as part of total net revenues. Changes in the fair value of the derivatives not designated as hedging instruments and the ineffective portion of the derivatives designated as cash flows hedges are recognized in standalone statement of income and are included in foreign exchange gains (losses), net, and other income (expense), net, respectively.

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

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

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

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

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

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets are carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- debt securities that are determined to have 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

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

ix. Foreign currency

a) Foreign currency transactions

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

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

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

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

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:

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable

entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service.

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

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. For the long term employee benefits, the obligation is measured on the basis of an independent actuarial valuation using the project unit credit method.

Employee stock option based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount

recognized as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

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

xiii. Standalone Cash Flow Statement

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

xiv. Leases

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

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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1st, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The

Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Notes forming part of the standalone financial statements for the year ended 31 March 2023

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 2022	As at 31 March 2023	As at 1 April 2022	Depreciation for the year	As at 31 March 2023	As at 31 March 2022
Tangible assets						
Freehold land (see note 1 below)	34 (34)	34 (34)	-	-	-	34 (34)
Buildings (see note 1 below)	1,658 (1,658)	1,658 (1,658)	535 (453)	82 (82)	617 (535)	1,041 (1,205)
Plant and equipment	514 (443)	518 (514)	290 (232)	73 (71)	363 (290)	224 (211)
Office equipment	153 (152)	165 (153)	119 (96)	17 (23)	133 (119)	34 (56)
Computer equipment	3,789 (2,400)	3,805 (3,789)	2,282 (1,842)	657 (464)	2,906 (2,282)	1,507 (558)
Vehicles	320 (343)	364 (320)	219 (195)	56 (55)	240 (219)	101 (148)
Furniture and fixtures	209 (197)	209 (209)	154 (114)	32 (40)	186 (154)	55 (83)
	6,677	6,753	3,599	917	4,445	2,308
	(5,227)	(6,677)	(2,932)	(735)	(3,599)	(2,295)
Other intangible assets						
Software	1,982 (1,089)	2,093 (1,982)	1,307 (964)	542 (343)	1,849 (1,307)	244 (675)
Other intangible assets	-	-	-	-	-	-
	1,982	2,093	1,307	542	1,849	244
	(6,316)	(8,659)	(3,896)	(1,078)	(4,906)	(3,753)
Total	8,659	8,846	4,906	1,459	6,294	3,753
	(6,316)	(8,659)	(3,896)	(1,078)	(4,906)	(2,420)

Note :1

Property, plant and equipment	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 2023

2.1(b) Capital work in progress

(Amount in ₹ Lacs unless otherwise stated)

	As at 1 April 2022	Additions	Capitalisation/ adjustments	As at 31 March 2023
Capital work in progress (see note 2 below)	4	39	-	43
	(45)	(41)	(81)	(4)

Note: 2

(Amount in ₹ Lacs unless otherwise stated)

Capital work in progress	Amount in capital work in progress				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Projects in progress	39	-	-	-	39
	-	-	-	-	-
Projects temporarily suspended (see note below)*	-	-	-	4	4
	39	-	-	4	43
	-	-	(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)

	As at 1 April 2022	Additions	Capitalisation/ adjustments	As at 31 March 2023
Intangible assets under development (see note 3 below)	42	38	42	38
	(5)	(62)	(25)	(42)

Note 3

(Amount in ₹ Lacs unless otherwise stated)

Intangible assets under development	Amount in Intangible assets under development					
	Less than 1 year	1 to 2 years	2 to 3 years	2 to 3 years	More than 3 years	Total
Projects in progress	38	-	-	-	-	38
	(42)	-	-	-	-	(42)
Projects temporarily suspended	-	-	-	-	-	-
	-	-	-	-	-	-

Note:

(i) Figures in bracket pertains to the positions as of 31 March 2022/ 31 March 2021.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 2023				As at 31 March 2022			
	Building	Lease hold land	Cars	Total	Building	Lease hold land	Cars	Total
Opening balance	71	513	-	584	308	521	-	829
Additions	677	-	77	754	-	-	-	-
Amortisation	234	8	5	247	237	8	-	245
Closing balance	514	505	72	1,091	71	513	-	584

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

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	198	77
Non-current lease liabilities	387	-
Total	585	77

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	77	326
Additions	719	-
Finance cost accrued during the period	50	20
Payment of lease liabilities	(258)	(253)
Rent concession on lease liability (see note below)	(3)	(16)
Closing balance	585	77

The Company has applied expedient to one of its lease contracts and accordingly an amount of ₹ 3 lacs (previous year ended 31 March 2022 ₹ 16 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 2023	As at 31 March 2022
Not later than 1 year	244	79
Later than 1 year but not later than 5 years	428	-
More than 5 year	-	-
Total	672	79

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 ₹ 55 lacs (net of rent concession of ₹ 3 lacs) for the year ended 31 March 2023 (previous year ended 31 March 2022 ₹ 34 lacs, net of rent concessions ₹ 16 lacs)

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

2.3 A. NON-CURRENT INVESTMENTS (at cost)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Investments in equity shares of subsidiaries (unquoted)		
<i>Equity shares at cost</i>		
a. 625,000 (As at 31 March 2022 - 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 2022 -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 2022 - 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 2022 - 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 2022 - 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 2022 - 100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	55	55
g. 10 (As at 31 March 2022 - 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 2022- 250,000) equity shares of ₹ 10 each, fully paid up, in Ujjivan Financial Services Limited	640	255
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	-	528
b. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	142	142
c. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
d. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	-	1,030
e. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	-	540
f. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
g. 7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	122	121
h. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
i. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201
j. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	-	521
k. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	106	106
l. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
m. 8.63% National Housing Bank Tax Free Bond 2029	1,210	1,238
n. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
o. 8.30% Power Finance Corporation Tax Free Bonds 2027	1,170	1,201
	3,463	6,140
Investment in mutual funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,228	1,162
b. Axis Banking and PSU Debt Fund - Growth-Direct	1,528	1,460
c. DSP Banking & PSU Debt Fund - Growth- Direct	614	588
d. HDFC Corporate Bond Fund - Growth-Direct	1,051	1,008
e. ICICI Prudential Corporate Bond Fund - Growth-Direct	1,411	1,333
f. Kotak Bond Short Term Fund - Growth- Direct	1,215	1,164
g. Nippon India Floating Rate Fund - Growth- Direct	3,409	3,451
h. SBI Corporate Bond Fund - Growth- Direct	415	398
i. Tata Short Term Bond Fund - Growth- Direct	2,520	2,404
	13,391	12,968
Investment in mutual funds (quoted)		
Target maturity Funds at Amortised cost		
a. ABSL CRISIL IBX Gilt Apr 2029 index Fund	1,800	-
b. HDFC Nifty G-Sec Dec 2026 Index Fund	2,600	-
c. ICICI Prudential Nifty G-Sec Dec 2030 Index Fund	1,800	-
d. SBI CRISIL IBX GILT INDEX June 2036 Fund	1,300	-
e. SBI CRISIL IBX Gilt Index - April 2029 Fund	2,200	-
f. Tata CRISIL-IBX Gilt Index - April 2026 Index Fund	2,700	-
	12,400	-
Aggregate amount of non-current investments	31,379	20,848
Aggregate book value of quoted investments	16,503	6,395
Aggregate market value of quoted investments	16,595	6,805
Aggregate value of unquoted investments	14,876	14,453
Aggregate amount of impairment in value of quoted investments	-	-
Aggregate amount of impairment in value of unquoted investments	652	652

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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

(Amount in ₹ Lacs unless otherwise stated)

	Fair value as at 31 March 2023	Change in fair value during the year ended 31 March 2023	Fair value as at 31 March 2020
Investment in Ujjivan Financial Services Limited	640	385	255

No strategic investments were disposed off during the year ended 31 March 2023 as well as in the previous year ended 31 March 2022 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	------------------------	------------------------

2.4 LONG-TERM LOANS

(Unsecured considered good unless otherwise stated)

a. Loans and advances to employees	25	19
b. Loan to subsidiary credit impaired (refer note 1 below)	382	382
	407	401
Less: Loss allowance on loan to subsidiary	(382)	(232)
	<u>25</u>	<u>169</u>

Note 1:

(Amount in ₹ Lacs unless otherwise stated)

Type of borrower	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%
	<u>382</u>	<u>100%</u>

* This loan is for Working Capital.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	------------------------	------------------------

2.5 OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

a. Security deposits	188	74
b. Long-term bank deposits with more than 12 months maturity	2,566	1,020
	<u>2,754</u>	<u>1,094</u>

Note:

[Long term bank deposits include ₹ 6 lacs (31 March 2022 ₹ 6 lacs) which are under lien]

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.6 INCOME TAX ASSETS (NET)		
a. Advance income tax (net of provisions)	1,036	1,597
	<u>1,036</u>	<u>1,597</u>

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.7 OTHER NON- CURRENT ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Capital advances	38	4
b. Employee advances	37	38
Less: Allowances for doubtful trade receivables	37	-
	-	38
c. Prepaid expenses	141	22
	<u>179</u>	<u>64</u>

2.8 Current investments

Investment in mutual funds

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2023	As at 31 March 2022
Investment in Mutual Funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. Aditya Birla Sun Life Arbitrage Fund -Direct Plan - Growth	699	661
b. Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	3,226	3,050
c. Axis Liquid Fund- Direct Plan- Growth	-	193
d. Axis Overnight Fund- Direct Plan- Growth	-	1,503
e. DSP Liquidity Fund - Direct Plan - Growth	-	125
f. DSP Low Duration Fund - Direct Plan - Growth	3,400	3,426
g. HDFC Money Market Fund - Direct Plan - Growth	2,377	2,248
h. HDFC Ultra Short term Fund - Direct Plan - Growth	1,757	1,664
i. ICICI Prudential Money Market Fund - Direct Plan - Growth	3,488	3,418
j. Kotak Overnight Fund - Direct Plan - Growth	-	3,127
k. Nippon India Arbitrage Fund - Direct Plan - Growth	1,429	1,352
l. Tata Arbitrage Fund- Direct Plan - Growth	340	322
m. Tata Treasury Advantage Fund - Direct Plan - Growth	650	618
n. UTI Arbitrage Fund - Direct Plan - Growth	577	1,862
o. UTI Liquid Cash Plan - Direct Plan - Growth	-	1,442
p. UTI Money Market Fund - Direct Plan - Growth	1,566	1,480
	<u>19,509</u>	<u>26,491</u>

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2023	As at 31 March 2022
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 7.18% Indian Railway Finance Corporation Limited Tax Free Bonds 2023	-	1,018
b. 8.35% NHAI Tax Free Bonds 2023	510	-
c. 8.01% IIFCL Tax Free Bonds 2023	1,030	-
d. 7.21% Power Finance Corporation Tax Free Bonds 2022	-	513
e. 8.23% IRFC Tax Free Bonds 2024	540	-
f. 8.51 HUDCO Tax Free Bond 2024	517	-
	2,597	1,531
Investment in Preference Shares (quoted)		
17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	100	100
Less: Expected Credit Loss on investment	(100)	(100)
16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	501
Less: Expected Credit Loss on investment	(501)	(501)
7.50% Tata Capital Ltd. (Preference Shares - 2024)	500	500
	500	500
Aggregate amount of investment	22,606	28,522
Aggregate book value of quoted investments	3,097	2,031
Aggregate market value of quoted investments	3,340	2,055
Aggregate value of unquoted investments	19,509	26,491
Aggregate amount of impairment in value of quoted investments	601	601

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.9 CURRENT TRADE RECEIVABLES		
a. Due from subsidiaries - considered good (see note 1 below and note 2.34)	339	378
b. Other trade receivable (see note 1 below)		
Considered good - Unsecured	15,661	7,029
Credit impaired	103	58
	15,764	7,087
Less: Allowances for doubtful trade receivables	(103)	(58)
	15,661	7,029
	16,000	7,407

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
c. Trade receivable -Unbilled		
Considered good - Unsecured	473	184
Credit impaired	64	91
	537	275
Less: Allowances for doubtful trade receivables unbilled	(64)	(91)
	473	184
	16,473	7,591

Note 1:

(Amount in ₹ Lacs unless otherwise stated)

	Outstanding for following periods from due date of payment (Billed)	As at 31 March 2023					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	14,832	1,139	-	-	-	15,971
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk				-	-	-
(iii)	Undisputed Trade Receivables – credit impaired		69		-	-	69
(iv)	Disputed Trade Receivables– considered good				-	-	-
(v)	Disputed Trade Receivables – which have significant increase in credit risk			29	-	-	29
(vi)	Disputed Trade Receivables – credit impaired			13	1	20	34
		14,832	1,208	42	1	20	16,103
	Less: Allowances for doubtful trade receivables						(103)
	TRADE RECEIVABLES						16,000
	TRADE RECEIVABLES-Unbilled						473
							16,473

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	Outstanding for following periods from due date of payment	As at 31 March 2022					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	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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.10 CASH AND CASH EQUIVALENTS		
a. Balances with scheduled banks:		
- in Current accounts	77	141
- in Escrow accounts	42	62
- in EEFC accounts	1,530	485
b. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	8	6
- Citibank, United Arab Emirates	31	23
c. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	1,592	796
	3,280	1,513

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.11 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	32	34
b. Balances with scheduled banks in deposit accounts		
- Maturity with in 12 months of the reporting date	29	1,987
	<u>61</u>	<u>2,021</u>

Note:

[Balance with scheduled banks in deposit accounts include ₹ 29 lacs (31 March 2022 ₹ 69 lacs) which are under lien]

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.12 SHORT-TERM LOANS		
Loans and advances to employees considered good - Unsecured	50	19
	<u>50</u>	<u>19</u>

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.13 OTHER CURRENT FINANCIAL ASSETS		
(Unsecured, considered good unless otherwise stated)		
a. Security deposit	28	195
b. Mark-to-market gain on forward contracts	17	11
c. Expenses recoverable from customers	14	0
d. Other recoverable from subsidiaries (see note 2.34)	-	2
	<u>59</u>	<u>208</u>

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.14 OTHER CURRENT ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Income accrued but not due		
Considered good	815	1,002
Credit impaired	227	384
	<u>1,042</u>	<u>1,386</u>
Less : Loss allowance for income accrued but not due	(227)	(384)
	<u>815</u>	<u>1,002</u>

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
b. Employee advances	22	4
c. Prepaid expenses	920	464
d. Contract cost	17	19
e. Balances with government authorities		
-Tax credit receivable GST/VAT	35	34
f. Others	581	446
g. Deferred employee benefits	9	5
	2,399	1,974

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	------------------------	------------------------

2.15 SHARE CAPITAL
a. Authorised

Equity shares

41,100,000 (As at 31 March 2022 - 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 2022 - 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 2022 - 26,776,124) equity shares of ₹ 10 each

2,678

2,678

Subscribed and Paid-Up

26,773,324 (As at 31 March 2022 - 26,773,324) equity shares of ₹ 10 each

2,677

2,677

2,677
2,677

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 2023			
- Number of shares	26,773,324	-	26,773,324
- Amount (In ₹)	267,748,240	-	267,748,240
b. For the year ended 31 March 2022			
- Number of shares	29,040,724	(2,267,400)	26,773,324
- Amount (In ₹)	290,422,240	(22,674,000)	267,748,240

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

- (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	As at 31 March 2023			As at 31 March 2022		
	(Number)	(Percentage)	% Change during the year	(Number)	(Percentage)	% Change during the year
Karmayogi Holdings Private Limited	9,000,000	33.62%	-	9,000,000	33.62%	2.63%
Madhu Dusad	3,066,248	11.45%	-	3,066,248	11.45%	0.89%
Nucleus Software Engineers Private Limited	2,385,882	8.91%	-	2,385,882	8.91%	0.69%
Vishnu R Dusad	1,603,492	5.99%	-	1,603,492	5.99%	0.47%
Ritika Dusad	1,000,000	3.74%	-	1,000,000	3.74%	0.30%
Kritika Dusad	1,000,000	3.74%	-	1,000,000	3.74%	0.30%
Yogesh Andlay	863,534	3.23%	-	863,534	3.23%	0.26%
Nucleus Software Workshop Pvt Ltd	600,000	2.24%	-	600,000	2.24%	0.17%
Naveen Kumar	72,952	0.27%	-	72,952	0.27%	0.02%
Suman Mathur	23,758	0.09%	-	23,758	0.09%	0.01%
Card Systems Pvt Ltd	2,310	0.01%	-	2,310	0.01%	(0.03%)

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

Particulars	31 March 2023		31 March 2022	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	33.62%	9,000,000	33.62%
Madhu Dusad	3,066,248	11.45%	3,066,248	11.45%
Nucleus Software Engineers Private Limited	2,385,882	8.91%	2,385,882	8.91%
Vishnu R Dusad	1,603,492	5.99%	1,603,492	5.99%

- (v) The subscribed and paid capital of ₹ 2,677 lacs includes ₹ 15,000 in respect of 2,800 forfeited equity shares pending reissue.

(vi) **Employees Stock Option Plan ("ESOP")**

- Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from 28 October 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as on the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The Scheme is administered by the Compensation Committee comprising three members, majority of whom are independent directors.
- No options have been granted till date under the ESOP Scheme 2015.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.16 OTHER EQUITY		
a. Capital reserve	89	89
b. Securities premium account	-	-
c. Capital redemption reserve	561	561
d. General reserve	-	-
e. Retained earnings	54,834	43,367
f. Other comprehensive income	628	238
Total	56,112	44,255

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Securities premium account		
Opening balance	-	100
Utilised for buy back of equity shares (see note below)	-	(100)
Closing balance	-	-
c. Capital Redemption reserve		
Opening Balance	561	334
Addition during the period	-	227
Closing balance	561	561
d. General reserve		
Opening balance	-	661
Utilised for buy back of equity shares (see note below)	-	(661)
Closing balance	-	-
e. Retained Earnings		
Opening balance	43,367	60,078
Add: Profit for the year	13,037	4,210
Less : Appropriations		
- Final dividend on equity shares [see note (i) below]	(1,874)	(1,742)
- Buyback of equity shares	-	(15,111)
- Tax on buyback of equity shares	-	(3,240)
- Remeasurement of the defined benefit plans, net	304	(828)
Closing balance	54,834	43,367

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
f. Other comprehensive income		
Equity instrument through other comprehensive income		
Opening balance	230	501
Addition / (Deletion)	385	(271)
Closing balance	615	230
Hedging reserve, net		
Opening balance	8	27
Addition / (Deletion)	5	(19)
Closing balance	13	8
Total other comprehensive income (net of tax)	628	238
	56,112	44,255

Note :

(i) Dividend

The Board of Directors on 26 May 2023 have recommended a payment of Final Dividend of ₹ 10 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2023. The payment is subject to approval of shareholders at the ensuing AGM.

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 was approved by shareholders at the annual general meeting held on 8 July 2022. This dividend was paid on 20 July 2022.

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.

(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) 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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 and for the year ended 31 March 2022. A sum equal to the nominal value of the shares so purchased was transferred to capital redemption reserve. The reserve shall be utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

Hedging reserve

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

General reserve

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

Equity instrument through other comprehensive income

The Company has designated its investments in certain equity instruments at fair value through other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

Remeasurement of net defined benefit plans

Remeasurement of net defined benefit plans (asset) comprises actuarial gain and losses and return on plan assets (excluding interest income)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.17 NON-CURRENT PROVISIONS		
Provision for employee benefits		
a. Provision for compensated absences	1,322	1,008
b. Provision for gratuity (see note 2.38)	986	1,332
Total	2,308	2,340

2.18 DEFERRED TAX LIABILITIES (NET)

A. Amounts recognised in profit or loss

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax	4,190	1,286
Deferred tax	112	190
Net tax expense	4,302	1,476

B. Income tax recognised in other comprehensive income on

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Remeasurements of net defined benefit plans	(102)	278
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges	(1)	6
	(103)	284

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(C) Reconciliation of effective tax rate

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Particulars	Percentage	For the year ended 31 March 2023	Percentage	For the year ended 31 March 2022
Profit before tax		17,339		5,686
Domestic tax rate	25.2%	4,364	25.2%	1,431
Effect of exempt non-operating income	(0.7%)	(119)	(3.0%)	(172)
Effect of non- deductible expenses and others	-	8	7.9%	450
Additional deduction on research and development expenses	-	-	-	-
Taxes on income at different rates	(0.1%)	(15)	(3.5%)	(197)
Tax pertaining to Branch tax	-	-	-	-
Change in tax rate and others	0.4%	64	(0.6%)	(36)
Effective tax	24.8%	4,302	26.0%	1,476

(D) Movement in temporary differences

(Amount in ₹ Lacs unless otherwise stated)

Particular	Balance as at 1 April 2022	Recognised [Credited/ (Charge)] in the statement of profit or loss during the period	Recognised [Credited/ (Charge)] in OCI during the year	MAT created / (utilised) during the year	Balance as at 31 March 2023
(i) Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	373	183	(102)	-	454
Provision for doubtful trade receivables / loans and service income accrued but not due and others	201	15	-	-	216
Trade receivables, security deposit and loans at amortised cost	14	-	-	-	14
Lease liability	3	1	-	-	4
	591	199	(102)	-	688
(ii) Deferred tax liabilities					
Property, plant and equipment	(12)	79	-	-	67
Forward contracts	(3)	-	(1)	-	(4)
Investments	(614)	(390)	-	-	(1,004)
	(629)	(311)	(1)	-	(941)
Net Deferred tax Asset/ (Liability)	(38)	(112)	(103)	-	(253)

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particular		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 year	MAT created / (utilised) during the year	Balance as at 31st March 2022
(i)	Deferred tax assets					
	Provision for compensated absences, gratuity and other employee benefits	312	(217)	278	-	373
	Provision for doubtful debts/ loans and service income accrued but not due	202	(1)	-	-	201
	Trade receivables, security deposit and loans at amortised cost	14		-	-	14
	Lease liability	8	(5)	-	-	3
		536	(222)	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/ (Liability)	(133)	(190)	285	-	(38)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	---------------------	---------------------

2.19 TRADE PAYABLES

- Total outstanding dues of micro enterprises and small enterprises (see note 2.41)	-	-
- Due to subsidiaries (see note 2.34) and (see note below)	242	376
- Total outstanding dues of creditors other than micro enterprises and small enterprises (see note 1 below)	97	108
- Accrued expenses	783	660
	1,122	1,144

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

Note 1 : Aging for Trade payable outstanding as at 31 March 2023 is as follows:

(Amount in ₹ Lacs unless otherwise stated)

Outstanding for following period from due date	Not Due	As at 31 March 2023				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others (inter company)	-	242	-	-	-	242
(iii) Others	95	2	-	-	-	97
(iv) Disputed dues MSME	-	-	-	-	-	-
(v) Disputed dues others	-	-	-	-	-	-
Total	95	244	-	-	-	339
Accrued expenses						783
						1,122

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				Total
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(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

Relationship with the struck off companies

Transactions with struck off companies

(Amount in ₹ Lacs unless otherwise stated)

Name of struck off company	Nature of Transaction	Transactions during the year 31 March 2023	Balance Outstanding as at 31 March 23	Transactions during the year 31 March 2022	Balance Outstanding as at 31 March 22
(i) Phonographic Performance Limited	Payables	2	-	-	-

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	---------------------	---------------------

2.20 OTHER CURRENT FINANCIAL LIABILITIES

a. Unpaid dividends	32	34
b. Payable for purchase of Property, plant and equipment and Intangible assets (see note 2.41)	-	21
c. Mark-to-market gain/loss on forward contracts	-	-
d. Employee payable	2,651	3,766
	2,683	3,821

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.21 CURRENT PROVISIONS		
Provision for employee benefits		
a. Provision for compensated absences	366	391
	366	391

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.22 CURRENT TAX LIABILITIES		
a. Provision for tax	1,215	3
	1,215	3

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.23 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	8,359	5,744
b. Deferred revenue	6,016	8,256
c. Other payables - statutory liabilities	2,329	1,257
	16,704	15,257

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
2.24 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Software products and services (see note 2.37)		
- Sale of products	53,768	41,000
- Sale of services	4,705	3,806
	58,473	44,806

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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 2023, other than those meeting the exclusion criteria is ₹ 10,166 Lacs out of which 49% 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 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.

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

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning as of 1 April 2022/ 1 April 2021	1,386	1,479
Revenue recognised during the period	9,476	4,401
Invoices raised during the period	(9,826)	(5,187)
Translation exchange difference	133	200
Movement of contract assets	(5)	493
Impairment of a contract asset	(122)	-
Balance at the end	1,042	1,386

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

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning as of 1 April 2022 / 1 April 2021	14,000	12,703
Revenue recognised during the period	(39,762)	(35,840)
Invoices raised during the period	39,875	36,005
Translation exchange difference	176	346
Other movement liability	85	786
Impairment of liability	-	-
Balance at the end	14,374	14,000

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
2.25 OTHER INCOME		
a. Interest income on financial assets- carried at amortised cost :		
- Deposits with banks	194	154
- Tax free bonds	473	685
- Fixed maturity plan	-	33
- Target maturity Fund	2	
- Others	19	20
b. Interest income on income tax refund	43	82
c. Dividend income		
- Current investments	-	100
- Non-current investments	50	38
d. Net gain / (loss) on sale of investments		
- Non trade investment	-	30
- Mutual Funds	100	65
e. MTM gain or (loss) on		
- Current investments	1,358	1,332
- Non-current investments	630	551
f. - Gain on exchange fluctuation	396	133
- Gain / (Loss) on ineffective hedges (see note 2.30)		
g. Other non-operating income		
- Net profit on sale of property, plant and equipment	36	12
- Premium on Forward Contracts	103	168
- Miscellaneous income	12	4
	3,416	3,407

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
2.26 EMPLOYEE BENEFITS EXPENSES		
a. Salaries and wages	30,778	31,119
b. Contribution to provident and other funds	1,936	1,551
c. Gratuity expense (see note 2.38)	596	451
d. Staff welfare expenses	527	467
	33,837	33,588

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
2.27 OPERATING AND OTHER EXPENSES		
a. Outsourced technical service expense	1,241	1,632
b. Cost of software purchased for delivery to clients	63	103
c. Power and fuel	286	267
d. Rent (see note 2.2)	55	34
e. Repair and maintenance		
- Buildings	47	49
- Others	359	337
f. Insurance	123	41
g. Rates and taxes	18	118
h. Travel expenses		
- Foreign	545	64
- Domestic	232	31
i. Advertisement, business development and promotion	130	100
j. Legal and professional (see note 2.32)	515	661
k. Remuneration to Non Executive Directors	241	164
l. Conveyance	45	36
m. Communication	117	109
n. Training and recruitment	411	247
o. Conference, exhibition and seminar	241	13
p. Information technology expenses	2,533	1,839
q. Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	199	128
r. Withholding tax charged off	243	248
s. Commission to channel partners	70	47
t. Expenditure on corporate social responsibility (see note 2.40)	175	203
u. Sales and marketing fee	759	875
v. Business Management & Consultancy Expenses (see note 2.34)	171	143
w. Miscellaneous expenses	111	88
	8,930	7,577
Remuneration to Non Executive Directors		
a. Commission	148	40
b. Sitting fees	93	124
	241	164

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
2.28 FINANCE COST		
a. Bank Charges	27	19
b. Interest expense on lease liability	50	20
	77	39

2.29 RATIOS

	Ratios as per table below	As at 31 March 2023	As at 31 March 2022	Numerator and denominator for computing the above ratios	Remarks
a.	Current Ratio (in times)	2.02	2.02	Current assets/Current liabilities	-
b.	Debt-Equity Ratio (in times)*	0.010	0.002	Debt consist of lease liabilities / Total equity	Lease liabilities addition during the period ₹ 719 lacs
c.	Debt Service Coverage Ratio (in times)*	48	20	Profit after tax+ Interest +Non cash expenses/ Debt service (interest and lease payments)-	This is due to higher profits during the current year.
d.	Inventory turnover ratio	-	-	-	Not applicable
e.	Trade Receivables turnover ratio (Days)**	103	62	Trade receivables *(365)/Income from software product and services	Refer note below
f.	Trade payables turnover ratio (Days)	9	10	Trade payables*(365)/Total expenses	Due to lower trade payables as on date
g.	Net capital turnover ratio (in times) ***	2.58	2.12	Income from software product and services/ working capital (CA-CL)	
h.	Return on Equity Ratio (in %) ***	25%	7.8%	Profit after tax/Average total equity	Refer note below
i.	Net profit ratio (in %) ***	22%	9%	Profit after tax/Income from software product and services	Refer note below
j.	Return on Capital employed (in %) ***	29%	12%	Profit before tax / Capital employed (Tangible net worth + deferred tax liabilities + Lease Liabilities)	Refer note below
k.	Return on investment (in %)	5%	5%	Income generated from investments/Time weighted average investments	

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 ₹ 207 lacs during the year.

Note: (**) Above ratio's movement (2.29 e) for current year is more than 25%. This is due to Higher Receivable of ₹ 16,473 lacs as at 31st March 2023.

Note: (***) Above ratio's movement (2.29 g to 2.29 j) for current year is more than 25%. This is due to the reason of higher revenue in current year by ₹ 13,667 lacs and expenses higher by ₹ 2,024 lacs.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

2.30 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2023 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	(Amount in ₹ Lacs unless otherwise stated)			
					Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.10)	3,280	-	-	3,280	3,280	-	-	-
Other bank balances (2.11)	61	-	-	61	61	-	-	-
Investments (2.3 and 2.8)	-	-	640	640	640	-	-	-
Equity Instruments (Other than subsidiaries)	-	-	-	-	-	-	-	-
Tax free bonds	6,060	-	-	6,060	6,396	6,396	-	-
Mutual funds (other than FMPs)	-	32,899	-	32,899	32,899	32,899	-	-
Target maturity funds (TMFs)	12,400	-	-	12,400	12,399	12,399	-	-
Preference shares	500	-	-	500	500	500	-	-
Trade receivables (2.9)	16,473	-	-	16,473	16,473	-	-	-
Loans (2.4 and 2.12)	75	-	-	75	75	-	-	-
Other financial assets (2.5 and 2.13)	2,796	-	17	2,813	2,813	-	-	-
	41,645	32,899	657	75,201	75,536	-	-	-
Liabilities:								
Trade payables (2.19)	1,122	-	-	1,122	1,122	-	-	-
Lease liabilities (2.2)	585	-	-	585	585	-	-	-
Other financial liabilities (2.20)	2,683	-	-	2,683	2,683	-	-	-
	4,390	-	-	4,390	4,390	-	-	-

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

The carrying value and fair value of financial instruments by categories as at 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 (2.10)	1,513	-	-	1,513	1,513	-	-	-
Other bank balances (2.11)	2,021	-	-	2,021	2,021	-	-	-
Investments (2.3 and 2.8)	-	-	255	255	255	255	-	-
Equity Instruments (Other than subsidiaries)	-	-	-	-	-	-	-	-
Tax free bonds	7,672	-	-	7,672	8,105	8,105	-	-
Mutual funds (other than FMIPs)	-	39,459	-	39,459	39,459	39,459	-	-
Fixed maturity plans (FMIPs)	-	-	-	-	-	-	-	-
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	-	-	-

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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

The fair values of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities, other bank balances and cash and cash equivalents are considered to be the same as their carrying amount, due to their short-term nature.

The fair value of long term loan, non-current security deposit and non-current financial liabilities were calculated based on cash flows discounted using the lending rate as on the transition date since there is no material change in the lending rate.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Reconciliation table in respect of Level 3 Investments

The following table shows a reconciliation of the fair value from the opening balances to the closing balances for Level 3 investments.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	-	2,229
Net change in Fair Value (recognized in profit or loss)	-	(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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 9 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

Foreign currency exposures are given below :

(Amount in ₹ Lacs unless otherwise stated)

Currency	As at 31 March 2023		As at 31 March 2022	
	Amount in foreign currency in lacs	Amount in ₹ in lacs	Amount in foreign currency in lacs	Amount in ₹ in lacs
Receivable				
USD	60	4,944	54	4,118
EUR	2	186	1	123
MYR	2	45	15	277
SGD	2	114	3	161
AED	5	115	9	188
GBP	1	114	1	119
AUD	2	97	13	711
CHF	-	4	-	4
Payable				
USD	-	35	1	79
MYR	1	24	-	-
GBP	-	5	-	12
SGD	2	98	3	168
AED	-	6	1	11
JPY	2	1	72	45
AUD	3	184	3	186
SAR	-	1	-	-

Cash flow sensitivity of currency risk

As at 31 March 2023 and as at 31 March 2022 a 10% strengthening/weakening of the Indian rupee against the respective Foreign currencies, would have affected the Company's total comprehensive income by ₹ 526 lacs and ₹ 520 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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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:

(Amount in ₹ Lacs unless otherwise stated)

	Impact on profit before tax		Impact on other components of equity	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Increase 2%				
Mutual funds	658	789	-	-
Equity instruments (other than subsidiaries)	-	-	13	5
Decrease 2%				
Mutual funds	(658)	(789)	-	-
Equity instruments (other than subsidiaries)			(13)	(5)

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:

Forward contracts

(Amount in ₹ Lacs unless otherwise stated)

Contract outstanding	Buy/Sell	As at	Equivalent	As at	Equivalent
		31 March 2023 (Original currency)	amount in ₹ 31 March 2023	31 March 2022 (Original currency)	amount in ₹ 31 March 2022
In USD (Amount in USD lacs)	Sell	32.50	2,671	34.50	2,615

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

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at		As at	
	31 March 2023	31 March 2023	31 March 2022	31 March 2022
	Amount in USD in lacs	Equivalent amount in ₹ in lacs	Amount in USD in lacs	Equivalent amount in ₹ in lacs
Not later than one month	5.0	411	7.5	568
Later than one month and not later than three months	12.5	1,027	12.0	909
Later than three months and not later than one year	15.0	1,233	15.0	1,137

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at	As at
	31 March 2023	31 March 2022
Balance at the beginning of the year	8	27
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	5	(19)
Balance at the end of the year	13	8

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

Cash flow hedge- Foreign exchange risk

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended	For the year ended
	31 March 2023	31 March 2022
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss),net	6	(25)
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	(100)	113

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at	As at
	31 March 2023	31 March 2022
Gross amount of recognized financial asset/ (financial liabilities)	17	11
Net amount presented in balance sheet	17	11

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 ₹ 16,473 lacs and ₹ 7,591 lacs as of 31 March 2023 and 31 March 2022 respectively and income accrued but not due and unbilled revenue amounting to ₹ 815 lacs and ₹ 1,002 lacs as of 31 March 2023 and 31 March 2022, 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. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers.

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

Particulars	For the	For the
	year ended 31 March 2023	year ended 31 March 2022
	(in %)	(in %)
Revenue from top customer	7.49%	6.11%
Revenue from top five customers	28.28%	22.91%

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the year ended 31 March 2023 is ₹ 47 lacs and for the year ended 31 March 2022 was ₹ 27 lacs.

(Amount in ₹ Lacs unless otherwise stated)

	For the	For the
	year ended 31 March 2023	year ended 31 March 2022
Balance at the beginning	58	151
Impairment loss recognised	47	27
Amounts written off against existing provision	(2)	(120)
Balance at the end	103	58

- b) The lifetime expected credit loss on income accrued but not due and unbilled revenue for the year ended 31 March 2023 is ₹ (36) lacs and for the year ended 31 March 2022 this was ₹ 33 lacs.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning	384	360
Impairment loss recognised	(36)	33
Amounts written off against existing provision	(121)	(9)
Balance at the end	227	384

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 2023

(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	3,463	-	-	3,463
		Loans to employee	25	-	-	25
		Security deposits	188	-	-	188
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	100%	(382)	-
		Investment at amortised cost	601	100%	(601)	-

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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)	-

b) Expected credit loss for trade receivables under simplified approach

As at 31 March 2023

(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	13,315	1,304	214	1,013	195	62	16,103
Less : Expected credit losses (Loss allowance provision)	-	-	-	-	69	34	103
Carrying amount of trade receivables (net of impairment)	13,315	1,304	214	1,013	126	28	16,000
TRADE RECEIVABLES- Unbilled	-	468	5	-	-	-	473

16,473

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

 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
							<u>7,591</u>

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

 As at 31 March 2023 (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	473	56	97	65	351	1,042
Less : Expected credit losses (Loss allowance provision)					227	227
Carrying amount (net of impairment)	473	56	97	65	124	815

 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

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 2023, the Company had a working capital of ₹ 22,641 lacs including cash and cash equivalent of ₹ 3,280 lacs and current investment of ₹ 22,606 lacs (31 March 2022 ₹ 21,155 lacs including cash and cash equivalent of ₹ 1,513 lacs and current investment of ₹ 28,522 lacs). A substantial portion of the current investments are classified as Level 1 and their fair value is marked to an active market, 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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

The table below provides details regarding the contractual maturities of financial liabilities as of 31 March 2023:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	244	-	244
Lease liabilities	198	387	585
Other financial liabilities	2,683	-	2,683

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

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.

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Equity Shares		
(i) Final dividend of ₹ 7 per share (Previous year ₹ 6 per share) (On equity share of ₹ 10 each) (see note 2.16 (i))	1,874	1,742
(ii) Dividends not recognised at the end of reporting period (see note 2.16 (i))	2,617	1,874

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.31 Contingent liabilities & commitments (to the extent not provided for)		
a. Contingent liabilities	592	42
Notes :		
As on 31st March 2023, claims against the company not acknowledged as debts in respect of income tax matters amounted to ₹ 592 lacs. (Previous Year As on 31st March 2022 was ₹ 42 lacs) The claims against the company represent demands for various tax matters and pending before tax Appellate Authorities. The management is of the view that these claims are likely to be settled in company's favour.		
b. Capital Commitments (to the extent not provided for)	333	993

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
2.32 Auditors remuneration (excluding taxes)		
a. As auditors - statutory audit, including quarterly audits	36	68
b. For other services	2	6
c. Reimbursement of expenses	2	5
	40	79

2.33 Earnings per share

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a. Profit after taxation available to equity shareholders (₹)	13,037	4,210
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	26,773,324	28,643,152
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share (Numbers)	26,773,324	28,643,152
e. Basic earnings per share (₹)	48.69	14.70
f. Diluted earnings per share (₹)	48.69	14.70

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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. Ltd., 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)
- 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 wef 1 April 2021
- Ms Ritika Dusad (Non executive Director up to 6 August 2020) (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 (Non Executive Director w.e.f 30 July 2020)

Others :

- 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 Non Executive Director is interested)
- Indiafarm Foods Private Limited (Entity in which Non Executive Director is interested)

Transactions with related parties

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a. Software development services and products		
- Nucleus Software Solutions Pte Ltd, Singapore	2,601	1,779
	2,601	1,779
b. Salary and other benefits to Key managerial personnel		
Short-term employee benefits (Refer note below)	658	645
Contribution to provident and other funds	32	28
	690	673

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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
c. Remuneration to Non Executive Directors		
- Commission	148	40
- Sitting fees	93	124
	<u>241</u>	<u>164</u>
d. Outsourced technical service expense		
- Nucleus Software Japan Kabushiki Kaisha, Japan	347	459
- Nucleus Software Australia Pty Ltd.	438	788
	<u>785</u>	<u>1,247</u>
e. Expenditure on Corporate Social Responsibility		
Nucleus Software Foundation (see note 2.40)	175	203
	<u>175</u>	<u>203</u>
f. Reimbursement of expenses from		
- Nucleus Software Solutions Pte Ltd, Singapore	23	15
- Nucleus Software Japan Kabushiki Kaisha, Japan	13	389
- Nucleus Software Inc., USA	2	2
- Nucleus Software Australia Pty Ltd.	3	1
- Nucleus Software Netherlands B.V., Netherlands	1	1
	<u>42</u>	<u>408</u>
g. Reimbursement of expenses to		
- Nucleus Software Solutions Pte Ltd, Singapore	-	616
- Nucleus Software Inc., USA	-	-
	<u>-</u>	<u>616</u>
h. Sales & marketing fee		
- Nucleus Software Japan Kabushiki Kaisha, Japan	180	198
- Nucleus Software Solutions Pte Ltd, Singapore	410	521
- Nucleus Software Australia Pty Ltd.	169	156
	<u>759</u>	<u>875</u>
i. Business Management Servicess		
- Nucleus Software Solutions Pte Ltd, Singapore (se note below)	171	143
	<u>171</u>	<u>143</u>
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 & CFO see note 2.27.)		
j. Legal and professional		
-Praxis Consulting and Information services Pvt Ltd	5	5
	<u>5</u>	<u>5</u>
k. Miscellaneous expenses		
- Indiafarm Foods Private Limited	16	17
	<u>16</u>	<u>17</u>
i. Loan repaid by subsidiary		
- Nucleus Software Limited, India	-	15
	<u>-</u>	<u>15</u>

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

Outstanding balances As at period end

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
a. Trade receivables		
- Nucleus Software Solutions Pte Ltd, Singapore	339	378
	339	378
b. Other recoverable from subsidiaries - considered good		
- Nucleus Software Solutions Pte Ltd, Singapore	-	2
	-	2
c. Trade payables		
- Nucleus Software Solutions Pte Ltd, Singapore	56	168
- Nucleus Software Japan Kabushiki Kaisha, Japan	1	22
- Nucleus Software Australia Pty Ltd., Australia	179	186
	236	376
d. Expenses Payable to Subsidiaries		
- Nucleus Software Solutions Pte Ltd, Singapore	6	-
	6	-
e. Advance from customers / Advance billings		
- Nucleus Software Solutions Pte Ltd, Singapore	34	2
	34	2
f. Income accrued but not due		
- Nucleus Software Solutions Pte Ltd, Singapore	14	-
	14	-
g. Loan to subsidiary		
- Nucleus Software Limited, India	382	382
	382	382
h. Loss allowance for loan to subsidiary		
- Nucleus Software Limited, India	382	232
	382	232
i. Investments in subsidiary companies (net of provision) (see note 2.3)	1,485	1,485
	1,485	1,485
j. Remuneration to Non Executive Directors		
- Commission payable	148	40
	148	40

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 2023 ₹ 2,433 lacs (Previous year ended 31 March 2022 ₹ 3,556 lacs).

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

2.36 Segment reporting – Basis of preparation

a. Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of standalone financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the geographies of the Company's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by geographical segments.

b. Composition of reportable segments

The Company operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Company.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are allocated to segments based on factors such as revenue, payroll cost etc. Certain expenses are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly adjusted against total income.

Segment assets and liabilities represent assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between geographical segments. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under the "Unallocated" head.

Information in respect of reportable segments being geographies

The profit and loss is set out below:

a (i) For the year ended 31 March, 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	32,998	1,349	7,709	1,390	7,529	1,460	1,831	4,207	58,473
Expenses	10,814	1,329	9,074	1,195	5,750	525	1,028	2,378	32,093
Segment result	22,184	20	(1,365)	195	1,779	935	803	1,829	26,380
Unallocated corporate expenditure									12,457
Operating profit before taxation									13,923
Other income									3,416
Profit before taxation									17,339
Tax Expense									
Net current tax expense									4,190
Deferred tax (credit) / charge									112
									4,302
Profit for the year									13,037

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

a (ii) 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 year									4,210

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 2023

(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, 2022									
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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

a. As at 31 March, 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	13,130	423	1,630	299	1,628	553	71	862	18,596
Unallocated corporate assets									65,429
Total assets									84,025
Segment liabilities	9,269	377	3,812	307	2,361	466	1,788	1,160	19,540
Unallocated corporate liabilities									5,696
Total liabilities									25,236
Capital employed									58,789

b. 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									60,483
Total assets									70,003
Segment liabilities	7,966	414	4,233	520	3,119	799	2,424	896	20,371
Unallocated corporate liabilities									2,700
Total liabilities									23,071
Capital employed									46,932

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, 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)	1,051	-	-	-	-	-	-	-	1,051
Total capital expenditure	1,051	-	-	-	-	-	-	-	1,051
Depreciation expenditure (Unallocated)									1,706
Total depreciation									1,706
Non-cash expense other than depreciation	184	112	9	-	43	49	-	45	442
Total non cash expenditure other than depreciation	184	112	9	-	43	49	-	45	442

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

a(ii) 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
Segment non-cash expense other than depreciation	50	135	94	1	29	65	-	2	376
Total non cash expenditure other than depreciation	50	135	94	1	29	65	-	2	376

2.37 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*

(i) For the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	32,998	1,349	7,709	1,390	7,529	1,460	1,831	4,207	58,473

(ii) 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

*Disclosure relating to revenues by geography has been made with respect to location of customers.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

(B) Revenues in products and services **

Description	(Amount in ₹ Lacs unless otherwise stated)		
	Products	Other services	Total
(i) For the year ended 31 March 2023			
Revenue	53,768	4,705	58,473
(ii) For the year ended 31 March 2022			
Revenue	41,000	3,806	44,806

** 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 ₹ 1680 lacs for the year ended 31 March 2023 (for the year ended 31 March 2022 ₹ 1380 lacs), has been recognized as an expense in respect of the Company's contribution towards Provident Fund, ₹ 3 lacs for the year ended 31 March 2023 (Year ended 31 March 2022 ₹ 4 lac) has been recognised as an expense in respect of Employee State Insurance Fund and ₹ 253 lacs for the year ended 31 March 2023 (for the year ended 31 March 2022 ₹ 167 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 31 March 2023.

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 2023

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March 2023 :

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2022
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	5,114	3,984
Current service cost	522	448
Past service cost	-	-
Interest cost	269	230
Remeasurement due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(323)	251
Actuarial loss/(gain) arising from change in demographic assumptions	144	(82)
Actuarial loss/(gain) arising on account of experience changes	(168)	950
Benefits paid	(494)	(667)
Obligation at year end	<u>5,064</u>	<u>5,114</u>
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	3,782	3,833
Expected return on asset plan	195	227
Contributions by employer	536	376
Remeasurement due to :		
Actuarial return on plan assets less interest on plan assets	59	13
Benefits paid	(494)	(667)
Plan assets at year end, at fair value	<u>4,078</u>	<u>3,782</u>
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5,064	5,114
Fair value of plan assets	4,078	3,782
Funded status- Surplus/ (Deficit)	(986)	(1,332)
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	<u>(986)</u>	<u>(1,332)</u>
d. Expected employer's contribution next year	200	200
e. Expense recognised in Profit or Loss		

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	522	448
Past service cost	-	-
Interest cost	74	3
Net gratuity cost	<u>596</u>	<u>451</u>

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

f. Remeasurement income recognised in other comprehensive income:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial (gain) loss on defined benefit obligation	(347)	1,119
Return on plan assets excluding interest income	(59)	(13)
	(406)	1,106

**Actuarial assumptions for
gratuity and long-term
compensated absences**

	As at 31 March 2023	As at 31 March 2022
--	------------------------	------------------------

 g. **Economic assumptions :**

Discount rate	7.35%	6.00%
Salary escalation rate	12% until year 1 inclusive, then 10%	12% until year 1 inclusive, then 10%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected return on plan assets:

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

 h. **Demographic assumptions**

Retirement age	58 years	58 years
Mortality table	IALM Mortality (2012-14)	IALM Mortality (2012-14)

 i. **Withdrawal rates**

Ages - Withdrawal Rate (%)	
21-50 years - 16%	21-50 years - 25%
51-54 years - 8%	51-54 years - 4%
55-57 years - 8%	55-57 years - 1%

 j. **Category of asset**

Insurer Managed Funds	4,078	3,782
-----------------------	-------	-------

The company does not invest directly in any property occupied by the company nor in financial security issued by the company.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

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 2023		Year ended 31 March 2022	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(128)	142	(101)	109
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	79	(76)	68	(67)

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.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Income from software product and services	58,473	44,806
Software development expenses *	35,782	34,144
Operating profit from software product & services	22,691	10,662
Less :		
Selling and marketing expenses	2,271	2,196
General and administration expenses	4,791	4,864
Operating profit before depreciation	15,629	3,602
Less :		
Depreciation and amortisation expense	1,706	1,323
Operating profit after depreciation	13,923	2,279
Add :		
Other income	3,416	3,407
Profit before tax	17,339	5,686
Less :		
Tax expense:		
Net current tax expense	4,190	1,286
Deferred tax (credit) /charge	112	190
	4,302	1,476
Profit for the year	13,037	4,210

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

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

2.40 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended	
	31 March 2023	31 March 2022
a. Gross amount required to be spent by Company during the year ended 31 March 2023 / 31 March 2022 :	175	203
b. Amount approved by the Board to be spent during the year	175	203
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	175	203
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	175	203

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 2023 and 31 March 2022 have been made in the financials statements based on information received and available with the Company.

(Amount in ₹ Lacs unless otherwise stated)

Name of the entity in the	As at		As at	
	31 March 2023		31 March 2022	
	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	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

Notes forming part of the Standalone financial statements for the year ended 31 March 2023

2.42 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.

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/
N500006
Sd/-
Parveen Kumar
Partner
Membership number : 088810

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

Sd/-
VISHNU R DUSAD
Managing Director
DIN : 00008412

Sd/-
PARAG BHISE
CEO & Whole-time Director
DIN : 8719754

Sd/-
ANURAG MANTRI
CFO & Whole-time Director
DIN : 9002894

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

Place: New Delhi
Date: 26 May 2023

Place: Noida
Date: 26 May 2023

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, 2023

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.
- **FinnAxia™:** An integrated global transaction banking solution used by banks worldwide.
- **PaySe™:** The world's first online & offline digital payment solution created with an aim to democratize money.

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 primarily engages in the development and marketing of software products and services for businesses operating in the Banking and Financial Services (BFS) industry. By exclusively focusing on this vertical, the Group endeavours to create products that employ the latest architecture and technology stack, incorporating advanced features and functionalities that cater to the ever-evolving needs of the BFS sector.

Leveraging our robust product innovation and research and development (R&D) capabilities, we have implemented strategic initiatives aimed at creating new products, expanding sales and market development, and recruiting talented individuals to facilitate transformation and sustain our growth momentum. Our unwavering dedication to delivering world-class products to our customers is exemplified by our passion for perfection. We are grateful for the recognition we have received in the form of various accolades, which are detailed 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.

Management's Discussion and Analysis

The suite offers the below listed line of products, which can be deployed as independent modules or united 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 loan, corporate loan, FAS 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 (calculating upfront eligibility, automatic credit evaluation and disbursal) to customer walk-in and decision by the underwriter for 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 quality, turnaround time and service for end customers. It enables banks to improve the agility, transparency, and efficiency of their lending solutions. As a loan management solution, it enables financial institutions to automate the processes for achieving cost savings and enhanced customer experience. The solution is empowered with API stack to let financial institutes achieve digital transformation in lending processes.
- **FinnOne Neo™ Collections** is a customer centric, web based, and workflow driven solution that allows financial institutions to manage, monitor and control the delinquent loan accounts while automating the loan collections management framework. The workflow manager governs the entire business processes, and the rule engine defines the supporting rules in line with their policies. The single solution caters to collection, legal, repossession, settlement, and skip tracing management processes for delinquency management. The API stack allows to digitalize field collection through multiple 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), and 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™ 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 revaluation & re-verification, collateral insurance capturing & update, collateral document upload, ready reports and exclusive 20 APIs for collateral business operations.
- **FinnOne Neo™ Sales Assist:** A digital loan / card sourcing front end web channel module used by 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 intelligent dashboard for sales staff.
- **FinnOne Neo™ Payout Management System:** An offering that enables financial institutions to calculate the commission and incentives to be paid to collection agents or agency. Inherent capability within the 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.

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 for managing inflows efficiently. FinnAxia™ Receivables Module will undertake the overall Receipts Management for the Corporate Customer. Receivables can be paper based (Cheque / Draft / PDC), electronic (direct debit) or cash. Bank may provide the faster fund availability with option of guaranteed credit against the cheque based on arrangement between bank and corporate. Banks can offer tracking of corporate receivables by capturing invoices and reconciliation of the same with all the payments received, both paper and electronic. FinnAxia™ Bill Collection solution enables bank to collect on behalf of corporates by integrating with their ERP for fetching bill details.

- **Global Payments Global** payments is a value enhancing payments solution to enable banks to handle low and high value inter and intra bank payments of their corporate customers, supporting instantaneous settlement that can be processed 24x7. The solution is designed to help corporates streamline automation, improve operational efficiencies, gain greater cash visibility, comply to regional and global regulations, and reduce operational risk and cost during payment processing. Banks can process cross currency payments using multiple rate types and maintain tight control on the rate at which these payments are processed. It is compliant with India ISO20022 NGRTGS (New generation RTGS), SWIFT Cross border transfers (MT & MX) and LEI guidelines.
- **Global Liquidity Management** gives banks 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 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. FinnAxia™ e-FSCM provides a 360-degree view of the financial supply chain ecosystem with end-to-end credit line and transaction tracking. It also comes with the provision of rule-based due diligence of financial requests before disbursement.
- **FinnAxia™ Business Internet Banking** is the Internet front end for bank's corporate customers to access various cash management features over the Internet. Built on an Advanced Technology Platform, designed to shape the Future of Transaction Banking, it facilitates the customers

to initiate, authorize, release for processing, track, and view reports etc. for all transactions across all modules and features offered to customer by bank. It offers an intuitive user interface which is designed based on extensive user experience research to enhance customer satisfaction and time spent on-line. This product helps banks to create new revenue streams through a wide range of segmented and personalized offerings.

- **E-Trade Finance** provides the corporate customers of banks the flexibility to digitize their trade finance service requests via trade products like letter of credit, bank guarantees, import export financing, standby letter of credit, shipping guarantee and import-export bills for collection.
- **Advance Virtual Treasury Management** enables banks to offer transaction processing and managing corporate liquidity using virtual accounts. FinnAxia™ VAM can help corporates rationalize their operating accounts landscape by reducing the number of required physical accounts and optimizing cash flows. It enables banks to set up on-behalf-of structures (POBO/ ROBO) for their corporate customers. FinnAxia™ VAM provides self-service options to their customers allowing faster deployment and more convenient control of 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:

- i) Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, discussed in this chapter. This consolidated presentation is more relevant for understanding the overall performance of the group especially as intercompany transactions are eliminated being contra.
- ii) Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company has been discussed in the earlier part of this Annual Report.

Management's Discussion and Analysis

The consolidated financial results are as below:

(₹ in crore)

For the Year Ended March 31,	2023	% of Revenue	2022	% of Revenue	Growth (%)
Revenue From Operations	634.46	100.00	497.19	100.00	27.61
Expenses					
a) Employee benefit expense	393.99	62.10	394.09	79.26	(0.02)
b) Operating and other expenses	83.70	13.19	66.07	13.29	26.68
c) Finance costs (Bank charges)	1.02	0.16	0.81	0.16	25.80
Total Expenses	478.71	75.45	460.97	92.71	3.84
Operating Profit (EBITDA)	155.75	24.55	36.22	7.28	329.98
Depreciation	18.73	2.95	15.38	3.09	21.79
Operating Profit after Interest and Depreciation	137.02	21.60	20.84	4.19	557.27
Other Income	34.06	5.36	34.66	6.97	(1.72)
Profit Before Tax	171.08	26.96	55.50	11.16	208.24
Taxation	43.29	6.82	14.59	2.93	196.62
Profit After Tax	127.79	20.14	40.91	8.23	212.38
Other Comprehensive Income	8.01	1.26	(10.79)	(2.17)	(174.14)
Total Comprehensive Income for the year	135.80	21.40	30.12	6.05	350.84

Revenue from Operations

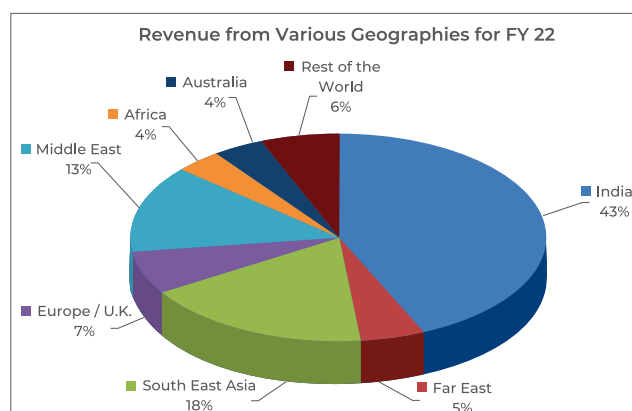
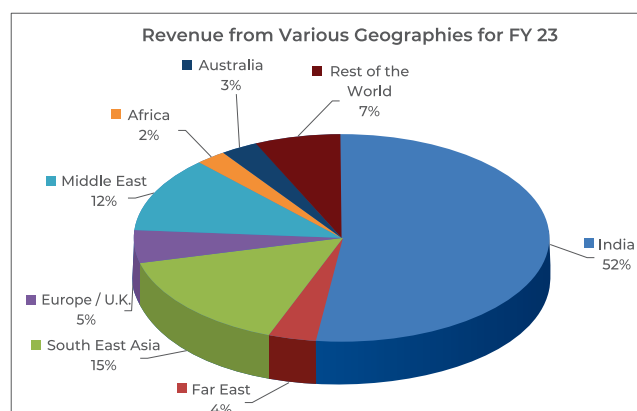
Our revenues from software development comprise of income from fixed price and time and material contracts. Revenue from fixed price contracts comprising of license, related customization and implementation is recognized in accordance with the output method based on percentage completion. Revenue from time and material contracts is recognised as the services are rendered. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.

During the year, revenue from operations is ₹ 634.46 crore, as compared to ₹ 497.19 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 48% of revenue was derived from overseas. The graph below presents a geography-wise distribution for the year as well as the previous year.

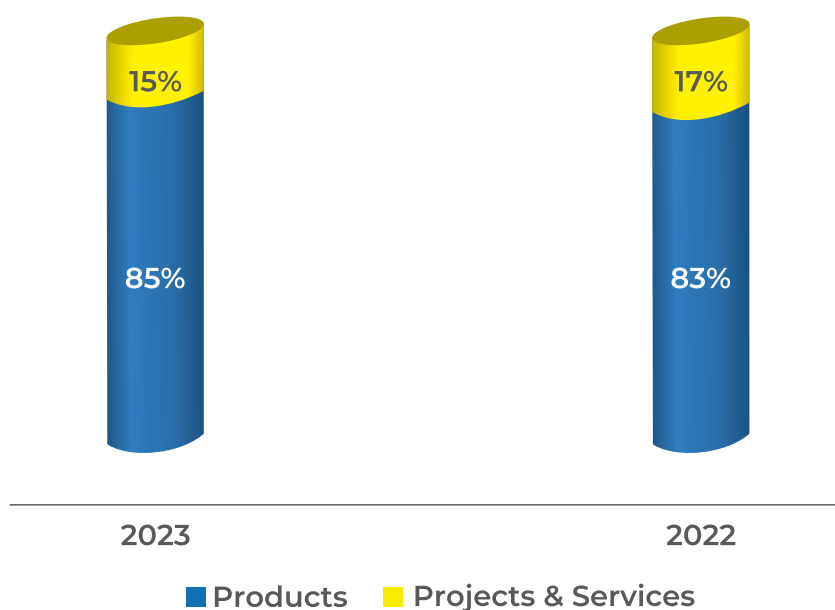


Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. "Products", comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 536.93 crore, 84.63% of the total revenue, against ₹ 411.70 crore, 82.81% 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 ₹ 97.53 crore, 15.37% of the total revenue, against ₹ 85.49 crore, 17.19% of the total revenue in the previous year.

Revenue from Products and Services



EXPENSES

Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed, variable and incentives components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have decreased by 0.02% to ₹ 393.99 crore, 62.09% of revenue against ₹ 394.09 crore, 79.26% of revenue in the previous year.

(₹ in crore)

For the Year Ended March 31,	2023	% of Revenue	2022	% of Revenue	Growth (%)
Salaries	359.52	56.67	365.55	73.52	(1.65)
Contribution to provident and other funds	22.58	3.55	18.56	3.73	21.65
Gratuity expense	5.96	0.94	4.51	0.90	32.10
Staff welfare	5.93	0.94	5.47	1.10	8.44
Total Employee Benefit Expenses	393.99	62.10	394.09	79.25	(0.02)
Revenue	634.46	100.00	497.19	100.00	27.61

Management's Discussion and Analysis

Operating and Other Expenses

Operating and including finance cost 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 ₹ 84.72 crore, 13.35% of revenue for the year, increased by 26.68% in comparison to ₹ 66.88 crore, 13.45% of revenue in the previous financial year.

(₹ in crore)

For the Year Ended March 31,	2023	% of Revenue	2022	% of Revenue	Growth
Outsourced technical service expense	4.56	0.71	3.85	0.77	18.44
Cost of software purchased for delivery to clients	0.63	0.10	1.03	0.21	(38.83)
Travel expense	8.33	1.31	1.05	0.21	691.33
Power and fuel	2.99	0.47	2.72	0.55	9.92
Rent	1.30	0.20	1.43	0.29	(9.09)
Rates & Taxes	0.22	0.03	1.23	0.25	(82.11)
Repair and maintenance	4.48	0.71	4.21	0.85	6.41
Legal and professional	14.19	2.24	16.09	3.24	(11.81)
Remuneration to Non Executive Directors	2.44	0.38	1.67	0.34	45.51
Conveyance	0.54	0.08	0.42	0.08	28.57
Communication	1.55	0.24	1.56	0.31	(0.64)
Training and recruitment	5.00	0.71	3.25	0.65	40.00
Information technology expenses	25.43	4.01	18.47	3.71	37.68
Provision for doubtful debts/advances/other current assets	0.46	0.07	0.82	0.16	(43.95)
Commission to channel partners	0.70	0.11	0.47	0.09	48.93
Conference, exhibition and seminar	2.48	0.39	0.13	0.03	1807.9
Advertisement and business promotion	1.43	0.22	1.07	0.21	34.64
Insurance	1.52	0.24	0.48	0.10	216.66
Withholding tax charged off	2.98	0.46	3.12	0.63	(4.48)
Finance Cost	1.02	0.16	0.81	0.16	25.92
Miscellaneous expenses	1.18	0.18	0.97	0.19	23.91
Contribution to CSR Activities	1.75	0.27	2.03	0.41	(13.79)
Total Operating and Other Expenses	84.72	13.35	66.88	13.45	26.68
Revenue	634.46	100.00	497.19	100.00	27.61

The Increase in Operating and other expense for FY 2023 from FY 2022 is primarily due to higher training and recruitment expenses, Traveling Expenses Information Technology Expenses Advertisement Cost and Market expenses.

The Company has set up Nucleus Software Foundation, a trust for the purpose of undertaking CSR activities of the company. During the year, the Company contributed ₹ 1.75 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 ₹ 155.75 crore, 24.55% of revenue against ₹ 36.22 crore, 7.28% of revenue in the previous year.

Depreciation & amortization

Depreciation & Amortization on fixed assets is ₹ 18.73 crore, 2.95% of revenue for the year, against ₹ 15.38 crore, 3.09% of revenue in the previous year.

Other Income

Other Income includes MTM gain on Mutual Fund investments, interest on fixed deposits and bonds, others and capital gains on the sale, redemption, maturity of investments, gain on foreign currency.

(₹ in crore)

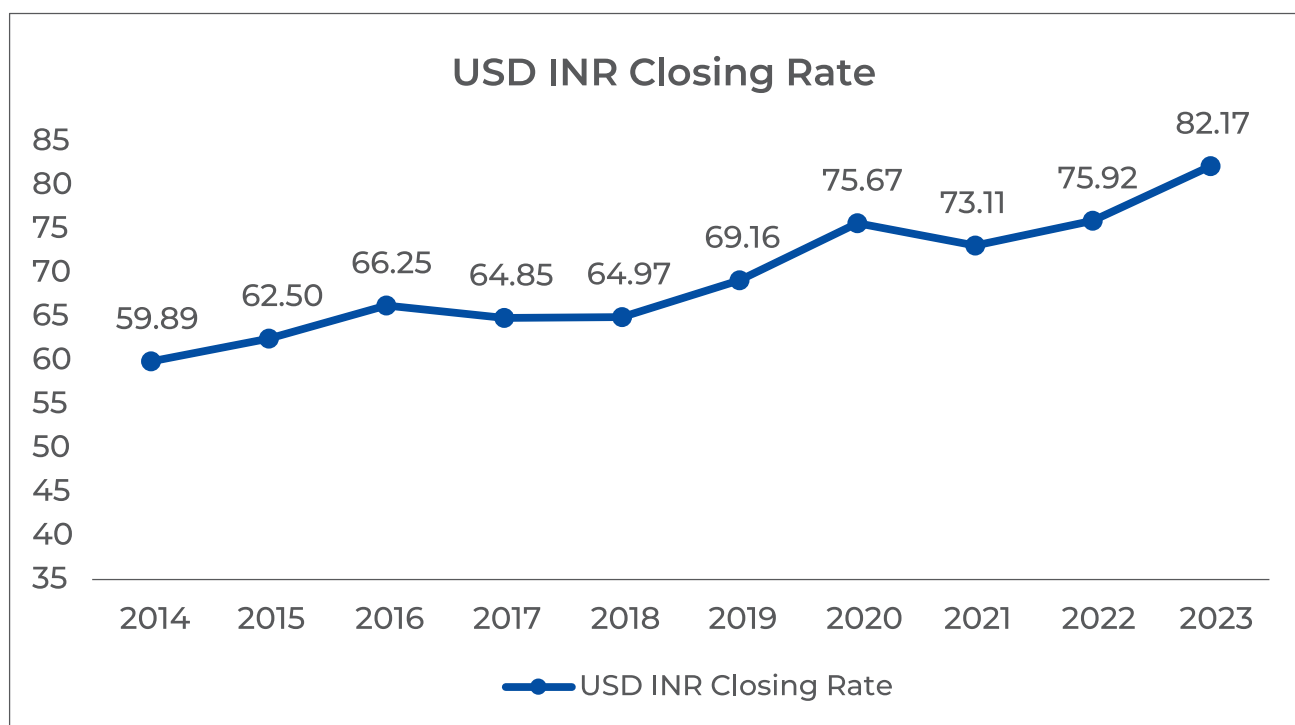
For the Year Ended March 31,	2023	2022
Dividend on investment in Mutual fund units and Other Instruments	0.50	1.38
Interest income	7.35	9.80
Net Gain / (Loss) on foreign currency	3.78	1.29
Net gain on sale of investments	1.00	0.95
MTM gain or (loss) on mutual funds	19.91	18.86
Others	1.52	2.38
Total	34.06	34.66

Other income for the year is ₹ 34.06 crore, against ₹ 34.66 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 ₹ 3.78 crore against gain of ₹ 1.29 crore in the previous year.

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



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.

Management's Discussion and Analysis

Currency-wise revenues for the year along with a comparison for the previous years are as follows:

Currency	(In %)	
	FY23	FY22
INR	52.06%	43.35%
SGD	7.29%	7.98%
USD	30.71%	34.37%
GBP	0.89%	2.02%
JPY	1.27%	1.94%
CHF	0.01%	0.05%
SEK	0.00%	0.01%
MYR	1.01%	1.11%
AUD	2.89%	3.90%
EUR	1.26%	1.87%
AED	1.95%	2.53%
ZAR	0.55%	0.74%
QAR	0.11%	0.13%
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.

For the Year Ended March 31,	₹ in crore)	
	2023	2022
- Current Tax Expense	42.21	13.30
- Deferred Tax Credit (net)	1.08	1.29
Total	43.29	14.59

Total effective tax for the year is 25.30% of Profit Before Tax, in comparison to 26.29% of Profit Before Tax for the previous year.

Profit After Tax

Our profit after tax for the year is ₹ 127.79 crore, 20.14% of revenue, against ₹ 40.91 crore, 8.23% 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.

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 ₹ 3.85 crore, against ₹ (2.71) 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 ₹ 4.06 crore, against ₹ (11.06) crore 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 ₹ 0.06 crore, against ₹ (0.25) crore in the previous year.
- Exchange difference on translation of foreign operations. For the year it is ₹ 1.07 crore, against ₹ 0.39 crore in the previous year.
- Tax relating to Items that will not be reclassified to profit or loss, For the year it is ₹ (1.02) crore, against ₹ 2.78 crore in the previous year.
- Tax relating to Items that will be reclassified subsequently to profit or loss. For the year it is ₹ (0.01) crore, against ₹ 0.06 crore in the previous year.

Total other comprehensive income for the year is ₹ 8.01 crore, against ₹ (10.79) crore in the previous year.

Share Capital

The Paid-Up Share Capital of the Company, as on March 31, 2023, is 26,773,324 equity shares of ₹ 10 each, as compared to 26,773,324 equity shares of ₹ 10 each as on March 31, 2022.

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, 2023 is as per the below table.

Name of Subsidiary Company	Currency	As at March 31, 2023		As at March 31, 2022	
		In foreign Currency	Total (in crore)	In foreign Currency	Total (in crore)
Nucleus Software Solutions Pte. Ltd. Singapore. 625,000 equity shares of SGD 1 each.	SGD	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US\$ 0.35 cents each	USD	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaisha, Japan. 200 equity shares of JPY 50,000 each	JPY	10,000,000	0.41	10,000,000	0.41
Nucleus Software Netherlands B.V., Netherlands. 7,500 equity shares of Euro 100 each	Euro	750,000	4.89	750,000	4.89
Nucleus Software Limited, India. 10,000,000 equity shares of ₹ 10/- each	INR	-	11.94	-	11.94
Nucleus Software Australia. 100,000 equity shares 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
Total			21.37		21.37

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries.

Other Equity

The movement in the components of Other Equity is as below:

(₹ in crore)

	As on March 31, 2023	As on March 31, 2022
General Reserve	-	-
Capital Reserve	0.89	0.89
Capital Redemption reserve	5.61	5.61
Other Comprehensive Income		
Retained Earnings	568.07	455.98
<i>Hedging Reserve</i>	0.13	0.08
<i>Foreign Currency Translation Reserve</i>	3.04	1.97
<i>Equity instrument through other comprehensive income</i>	6.15	2.30
Total	583.89	466.83

Property, plant and equipment and Intangible assets and Investment Property-

As at March 31, 2023, Net carrying Amount of Property, Plant and Equipment and Intangible assets and Investment Property is ₹ 25.78 crore against ₹ 37.74 crore as on March 31, 2022.

(₹ in crore)

As at March 31,	2023	2022	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	7.15	6.97	2.55
Computer equipment	38.97	38.7	0.70
Vehicles	3.65	3.20	14.18
Furniture and fixtures	2.17	2.17	0.03
Software	20.94	19.83	5.60
Total	89.94	87.93	2.29
Less; accumulated depreciation	64.16	50.19	27.83
Net Carrying Amount	25.78	37.74	31.68

Management's Discussion and Analysis

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets.

Investments

- a. **Non-current investments** totaling ₹ 298.94 crore as on March 31, 2023 against ₹ 193.63 crore as on March 31, 2022.
- i) **Investment in equity shares of a listed company at FVOCI** - ₹ 6.40 crore
 - ii) **Investment in tax free bonds at amortised cost** - ₹ 34.63 crore.
 - iii) **Investment in Target maturity fund of mutual funds at amortised cost** - ₹ 124.00 Crore
 - iv) **Investment in mutual funds at Fair value through profit or loss (FVTPL)** - ₹ 133.91 crore.
- b. **Current investments, Cash and Bank Balances**

The Company continues to remain debt-free and we believe that cash generated from operations and reserves and surplus are sufficient to meet our obligations and requirements towards capital expenditure and working capital requirements.

As of March 31, 2023 the cash and bank balances (including fixed deposits) stood at ₹ 51.11 crore against ₹ 56.00 crore on March 31, 2022, current investments are ₹ 226.32 crore on March 31, 2023 against ₹ 285.94 crore on March 31, 2022.

Total cash and current investments are thus at ₹ 277.43 crore on March 31, 2023 against ₹ 341.94 crore as on March 31, 2022.

(₹ In Crore)		
As at March 31,	2023	2022
Cash on Hand	-	-
Balances with Bank		
In Current Accounts	34.53	24.96
In Fixed Deposit Account	15.96	10.79
Other Bank Balance	0.62	20.25
Current Investments	226.32	285.94
Total	277.43	341.94

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 ₹ 164.59 crore for the financial year against ₹ 43.74 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 49.84 crore For the FY 22-23 against previous year FY 21-22 of ₹ 57.67 crore.

Operating cash flow is today considered a better measure of operations of the Company than the net profits as it measures the cash generated by the operations and our net cash flow from operating activities before working capital changes has increased this year from ₹ 43.74 Crore to ₹ 164.59 Crore. This is primarily due to higher profits during the year, Profits before tax for FY 22-23 is ₹ 171.08 Crore and for FY 21-22 ₹ 55.50 Crore.

To summarise the Company's liquidity position, given below are few ratios based on consolidated figures:

As at March 31	2023	2022
Operating Cash Flow as % of revenue	7.86	11.60
Cash and Equivalents as % of assets	31.74	46.40
Cash and Equivalents as % of revenue	43.73	68.77
Current investments as % of assets	25.89	38.80
Current investments as % of revenue	35.67	57.51

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2023 are ₹ 169.90 crore, against ₹ 81.35 crore as on March 31, 2022.

The age profile of the debtors (net of provision) is given below:

As at March 31,	2023	2022
Less than six months	92.52%	91.04%
Between 6 months and 1 Year	7.11%	8.25%
More than 1 Year	0.37%	0.71%

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,	2023	2022
Non – Current		
Loans Receivables considered good	0.25	0.19
Security deposits	2.42	1.29
Long-term bank deposits	25.66	10.20
Total	28.33	11.68
Current		
Loans Receivables considered good	0.50	0.18
Security deposits	0.65	2.28
Mark-to-market gain on forward contracts	0.17	0.11
Expenses recoverable from customers	0.14	-
Total	1.46	2.57
Total Loans and other Financial Assets	29.79	14.25

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to ₹ 2.42 crore as on March 31, 2023 against ₹ 1.29 crore as on March 31, 2022. Long term bank deposits amounting to ₹ 25.66 crore as on March 31, 2023 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,	2023	2022
Non – Current		
Advance Tax	10.39	16.24
Employee Advances	-	0.38
Capital Advances	0.38	0.04
Prepaid Expenses	1.41	0.22
Total	12.18	16.88
Current		
Service income accrued but not due	13.79	17.36
Employee Advances	0.20	-
Prepaid Expenses	9.42	4.92

Management's Discussion and Analysis

(₹ in crore)

As at March 31,	2023	2022
Contract cost	0.17	0.19
Balances with Government authorities	0.33	0.61
Supplier advances	5.91	4.47
Deferred Expenses	0.09	0.05
Revenue Equalization reserve	-	0.03
Total	29.91	27.63
Total Other Assets	42.09	44.51

Current Liabilities

Current liabilities represent trade payables, short-term provisions, other financial liabilities, and other current liabilities. As on March 31, 2023 the Current liabilities are ₹ 233.01 crore against ₹ 217.62 crore as on March 31, 2022

(₹ in crore)

As at March 31,	2023	2022
Financial liabilities		
Lease Liability	2.39	1.86
Trade Payables	12.28	14.27
Unpaid dividends	0.32	0.34
Payable for purchase of fixed assets	-	0.21
Employee payable	32.48	41.19
Other current liabilities		
Advances from customers/Advance Billing	83.41	57.81
Deferred Revenue	60.15	82.56
Deferred lease income on Security deposit received	-	0.02
Statutory Liabilities	24.62	13.62
Short term provisions		
Compensated absences	4.81	5.22
Provision for asset retirement obligations	0.21	0.17
Income tax	12.34	0.35
Total	233.01	217.62

Trade payables represent the amount payable for providing goods and services and are ₹ 12.28 crore as on March 31, 2023 against ₹ 14.27 crore as on March 31, 2022. Advances from customers as on March 31, 2023 are ₹ 83.41 crore against ₹ 57.81 crore as on March 31, 2022. 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, 2023 it is ₹ 60.15 crore against ₹ 82.56 crore as on March 31, 2022.

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, 2023 it is ₹ 24.62 crore against ₹ 13.62 crore as on March 31, 2022. 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, 2023 are ₹ 17.36 crore against ₹ 5.74 crore as on March 31, 2022.

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, 2023 were ₹ 30.51 crore against ₹ 25.72 crore as on March 31, 2022. The break-up of non-current liabilities at the year-end is given below:

	(₹ in crore)	
As on 31st March	2023	2022
Non Current Liability		
Lease Liability	3.87	0.47
Security Deposit	-	0.28
Deferred lease income on Security deposit received	-	0.03
Deferred Tax liability	1.98	-
Long-term Provisions		
Compensated absences	14.77	11.59
Gratuity	9.86	13.32
Asset retirement obligation	0.03	0.03
Total	30.51	25.72

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.

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 accompanying consolidated financial statements of **Nucleus Software Exports Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated balance sheet as at March 31, 2023, 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 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 and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner as 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 March 31, 2023, its consolidated profit including other comprehensive income,

consolidated changes in equity, and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Description of Key Audit Matter

Revenue recognition- Significant Judgment required in estimating percentage of work completed in fixed price contracts See note 1.2.iii and note 2.27 to the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
For the year ended March 31, 2023, revenue amounting to ₹ 63,446 Lakh 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 on the basis of 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 March 31 2023.	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence:</p> <ul style="list-style-type: none"> • Obtained an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. Performed walkthrough of the underlying process and documented the controls and assessed the effectiveness of their design and implementation. Also performed tests to assess whether the controls were operating as designed. • Involved IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion was derived from a system that is operating effectively.

	<ul style="list-style-type: none"> • Selected a sample of contracts, using a mix of quantitative and qualitative criteria, and performed the following procedures for each contract selected: <ul style="list-style-type: none"> o inspected key terms, including transaction price, deliverables, performance obligations, timetable, and milestones, set out in the contract; o inquired of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies, and billing schedules; o tested project management tool for budgeted efforts and related percentage completion milestones and verified accuracy of milestones based on actualization of efforts for delivered projects and past data; o verified the details of activities completed with those stated in the customer contract and confirmed by the project manager including agreeing the respective activities performed according to project management tool with customer report/confirmations which form the basis of percentage of completion; and o verified the ageing analysis and performed analytical procedures, based on revenue trends, to assess the movements in accruals.
--	---

Information other than the Consolidated Financial Statements and Auditors' Report thereon

The Holding Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated change in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (India Accounting Standards) Rule 2015 amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group including 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,

Independent Auditors' Report

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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group 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 also responsible for overseeing the financial reporting process of the Group.

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 Group comprising of the Holding Company and subsidiary incorporated in India has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management's and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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 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 entity 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 (b) and (c) of the section titled "Other Matters" in this audit report.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced.

We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements

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 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) The Consolidated Financial Statements of the Company for year ended March 31, 2022, were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 17, 2022.
- b) We did not audit the financial information of two subsidiaries, whose financial information reflect total assets of ₹ 3,381 Lakh as at March 31, 2023, total revenues of ₹ 7,922 Lakh, total net loss of ₹ 300 Lakh and net cash outflow amounting to ₹ 266 Lakh 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.

- c) The financial information of four subsidiaries, whose financial information reflect total assets of ₹ 803 Lakh as at March 31 2023, total revenues of ₹1,332 Lakh, total net loss of ₹ 69 Lakh and net cash outflows amounting to ₹ 32 Lakh 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 subsections (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 other financial information certified by the management.

Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in paragraph 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiary company included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of the subsidiaries as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

Independent Auditors' Report

- (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 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 cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 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 2023 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 over financial reporting and operating effectiveness of such controls of the Holding Company and its subsidiary companies, which are the companies incorporated in India, refer to our separate Report in "Annexure A", and
- (g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company and subsidiary companies which are the companies incorporated in India to its directors during the current year is in accordance with the provisions of Section 197 of the Act;
- (h) With respect to the other matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its consolidated financial statements – Refer Note 2.33 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31 2023.
 - iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended March 31, 2023;
 - iv. (a) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in note 2.44 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 Group to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in note 2.44 to the accounts no funds have been received by the Group from any person or entity, including foreign entities ("Funding

- Parties”), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) 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 (a) and (b) contain any material misstatement;
- v. The final dividend proposed in the previous year, declared, and paid by the Holding Company during the year, is in accordance with Section 123 of the Act. The subsidiary company incorporated in India has neither declared nor paid any dividend during the year.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding company and subsidiary company incorporated in India only with effect from April 1, 2023, reporting under clause (g) of Rule 11 is not applicable

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/
N500006

Sd/-

Parveen Kumar

Partner

Membership No. 088810

UDIN: 23088810BGTOPW3837

Place: New Delhi

Date: May 26, 2023

Annexure - A to the Independent Auditors' Report of Even Date on the Consolidated Financial Statements of the Nucleus Software Exports Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of The Nucleus Software Exports Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Holding 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 (ICAI). 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, and its subsidiary company, which are companies incorporated in India have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial

controls over financial reporting were operating effectively as at March 31, 2023, based on the internal financial control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/
N500006

Sd/-

Parveen Kumar

Partner

Place: New Delhi
Date: May 26, 2023

Membership No. 088810
UDIN: 23088810BGTOPW3837

Consolidated Balance Sheet as at 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2.1(a)	2,334	3,099
Capital work in progress	2.1(b)	43	4
Other intangible assets	2.1(a)	244	675
Intangible assets under development	2.1(c)	38	42
Right of use assets	2.2	1,141	750
Investment property	2.3	1,330	1,359
Financial assets			
Investments	2.4	29,894	19,363
Loans	2.5	25	19
Other financial assets	2.6	2,808	1,149
Deferred tax assets (net)	2.20	-	13
Income tax asset (net)	2.7	1,039	1,624
Other non-current assets	2.8	179	64
Total non-current assets		39,075	28,161
Current assets			
Financial assets			
Investments	2.9	22,632	28,594
Trade receivables	2.10	17,463	8,319
Cash and cash equivalents	2.11	5,049	3,575
Other bank balances	2.12	62	2,025
Loans	2.13	50	18
Other financial assets	2.14	96	239
Other current assets	2.15	2,991	2,763
Total current Assets		48,343	45,533
Total Assets		87,418	73,694
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	2.16	2,677	2,677
Other equity	2.17	58,389	46,683
Total equity attributable to equity holders of the company		61,066	49,360
Non-controlling interest		-	-
Total Equity		61,066	49,360
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	387	47
Other financial liabilities	2.18	-	28
Other non-current liabilities	2.19	-	3
Deferred tax liabilities (net)	2.20	198	-
Provisions	2.21	2,466	2,494
Total non-current liabilities		3,051	2,572
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	239	186
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		1,228	1,427
Other financial liabilities	2.23	3,280	4,174
Provisions	2.24	502	539
Current tax liabilities (net)	2.25	1,234	35
Other current liabilities	2.26	16,818	15,401
Total current liabilities		23,301	21,762
Total equity and liabilities		87,418	73,694
See accompanying notes forming part of the consolidated financial statements	1 & 2		

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/N500006

Sd/-
Parveen Kumar
Partner
Membership number : 088810

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

Sd/-
VISHNU R DUSAD
Managing Director
DIN : 00008412

Sd/-
PARAG BHISE
CEO & Whole-time Director
DIN : 8719754

Sd/-
ANURAG MANTRI
CFO & Whole-time Director
DIN : 9002894

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

Place: New Delhi
Date: 26 May 2023

Place: Noida
Date: 26 May 2023

Consolidated Statement of Profit & Loss for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
1. REVENUE FROM OPERATIONS	2.27	63,446	49,719
2. OTHER INCOME	2.28	3,406	3,466
3. TOTAL INCOME (1+2)		66,852	53,185
4. EXPENSES			
a. Employee benefits expense	2.29	39,399	39,409
b. Operating and other expenses	2.30	8,370	6,607
c. Finance cost	2.31	102	81
d. Depreciation, amortisation and impairment expenses	2.1(a) and 2.2	1,873	1,538
TOTAL EXPENSES		49,744	47,635
5. PROFIT BEFORE TAX (3-4)		17,108	5,550
6. TAX EXPENSE			
a. Net current tax expense		4,221	1,330
b. Deferred tax credit /charge	2.20	108	129
NET TAX EXPENSE		4,329	1,459
7. PROFIT FOR THE YEAR (5-6)		12,779	4,091
8. OTHER COMPREHENSIVE INCOME / (LOSS)			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		406	(1,106)
b) Equity instruments through Other Comprehensive Income, net		385	(271)
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		(102)	278
(B) (i) Items that will be reclassified subsequently to profit or loss			
a) Exchange difference on translation of foreign operations		107	39
b) Effective portion of gains and loss on hedging instruments in a cash flow hedge		6	(25)
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		(1)	6
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		801	(1,079)
9. TOTAL COMPREHENSIVE INCOME (7+8)		13,580	3,012
Profit attributable to			
Owners of the Company		12,779	4,091
Non- controlling interest		-	-
		12,779	4,091
10. Total comprehensive income attributable to			
Owners of the Company		13,580	3,012
Non- controlling interest		-	-
		13,580	3,012
11. EARNINGS PER EQUITY SHARE	2.35		
Equity shares of ₹ 10 each (Not annualised)			
a. Basic (₹)		47.73	14.28
b. Diluted (₹)		47.73	14.28
Number of shares used in computing earnings per share			
a. Basic		26,773,324	28,643,152
b. Diluted		26,773,324	28,643,152

See accompanying notes forming part of the consolidated financial statements 1 & 2

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/N500006

Sd/-
Parveen Kumar
Partner
Membership number : 088810

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

Sd/-
VISHNU R DUSAD
Managing Director
DIN : 00008412

Sd/-
ANURAG MANTRI
CFO & Whole-time Director
DIN : 9002894

Sd/-
PARAG BHISE
CEO & Whole-time Director
DIN : 8719754

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

Place: New Delhi
Date: 26 May 2023

Place: Noida
Date: 26 May 2023

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

A. Equity Share Capital

	(Amount in ₹ Lacs unless otherwise stated)	
	Balance as of 31 March 2022	Balance as on 31 March 2023
Balance as of 1 April 2022	2,677	
Changes in equity share capital during the period	-	2,677
Balance as of 1 April 2021	2,904	
Changes in equity share capital during the period	(227)	2,677

B. Other Equity

	Reserves and Surplus						Items of Other Comprehensive Income (OCI)			Total
	Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign currency translation reserve	Equity instrument through other comprehensive income		
Balance as of 1 April 2022	89	-	561	-	45,598	8	197	230	46,683	
Profit for the quarter	-	-	-	-	12,779	-	-	-	12,779	
Final dividend on equity shares	-	-	-	-	(1,874)	-	-	-	(1,874)	
Effective gain/(loss) on hedging instruments	-	-	-	-	-	5	-	-	5	
Exchange difference on translation of foreign operations	-	-	-	-	-	-	107	-	107	
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	-	-	385	385	
Remeasurement of the defined benefit plans, net	-	-	-	-	304	-	-	-	304	
Attributable to owners of the company	89	-	561	-	56,807	13	304	615	58,389	
Balance as on 31 March 2023	89	-	561	-	56,807	13	304	615	58,389	

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	Reserves and Surplus					Items of Other Comprehensive Income (OCI)			Total
	Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Hedging reserve	Foreign currency translation reserve	Equity instrument through other comprehensive income	
		89	100	334	661	62,428	27	158	
Balance as of 1 April 2021									
Profit for the quarter	-	-	-	-	4,091	-	-	-	4,091
Final dividend on equity shares	-	-	-	-	(1,742)	-	-	-	(1,742)
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)
Goodwill on subsequent purchase of remaining shares in subsidiary	-	-	-	-	-	-	-	-	-
Attributable to owners of the company	89	-	561	-	45,597	8	197	230	46,683
Balance as on 31 March 2022	89	-	561	-	45,597	8	197	230	46,683

See accompanying notes forming part of the consolidated financial statements

1 & 2

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/N5000006

Sd/-

Parveen Kumar
Partner
Membership number : 088810

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

Sd/-

VISHNU R DUSAD
Managing Director
DIN : 00008412

Sd/-

PARAC BHISE
CEO & Whole-time Director
DIN : 8719754

Sd/-

ANURAG MANTRI
CFO & Whole-time Director
DIN : 9002894

Sd/-

POONAM BHASIN
AVP (Secretarial) & Company Secretary

Place: New Delhi
Date: 26 May 2023

Consolidated Cash Flow Statement for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from operating activities		
Net profit before tax	17,108	5,550
Adjustment for:		
Depreciation, amortisation and impairment expenses	1,873	1,538
Exchange gain / loss on translation of foreign currency accounts (net)	(56)	(107)
Dividend received from current investments	-	(100)
Dividend received from non-current investment	(50)	(38)
Interest income on financial assets- carried at amortised cost	(669)	(873)
MTM (gain) on investments	(1,991)	(1,885)
Net (gain)/loss on sale of investments	(100)	(95)
Profit on sale of property, plant and equipment (net)	(36)	(12)
Unwinding of interest on security deposit	1	2
Interest expense on lease liability	59	42
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	46	82
Withholding tax charged off	298	312
Discounting of staff loan and security deposit	(22)	(25)
Deferred lease income on Security deposit received	(1)	(2)
Rent concession on lease liability	(3)	(16)
Assets Retirement Obligation reversal	2	1
Operating profit before working capital changes	16,459	4,374
Adjustment for (increase) / decrease in operating assets		
Trade receivables	(9,118)	720
Loans	(37)	(24)
Other assets	(235)	(595)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(199)	122
Provisions and other liabilities	849	2,789
	<u>7,719</u>	<u>7,386</u>
Net Income taxes paid	(2,735)	(1,619)
Net cash from operating activities (A)	4,984	5,767
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(370)	(2,424)
Proceeds from sale of property, plant and equipment	39	24
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(2,231)	16,355
Bank deposits (net) not considered as cash and cash equivalents (placed) / matured	436	128
Interest received on fixed deposits, tax free bonds	806	1,671
Dividend received from investments	50	100
Net cash (used in) investing activities (B)	(1,270)	15,854
C. Cash flow from financing activities		
Principal repayment of lease liabilities	(332)	(392)
Interest paid on lease liabilities	(59)	(42)
Buyback of equity shares including tax thereon (see note 2.16)	-	(19,112)
Interim dividend / Final dividend paid	(1,874)	(1,742)
Net cash (used in) in financing activities (C)	(2,265)	(21,288)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,449	333
Opening cash and cash equivalents	3,575	3,227
Exchange difference on translation of foreign currency bank accounts	25	15
Closing cash and cash equivalents [see note 2.11]	5,049	3,575

Consolidated Cash Flow Statement for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	For the year ended 31 March 2023	For the year ended 31 March 2022
--	-------------------------------------	-------------------------------------

Notes:**Supplementary information****1. Cash and cash equivalents represents :**

Cash on hand	-	-
Remittance in transit	-	-
Cheques on hand	-	-
Balances with scheduled banks	1,662	700
Balance with non scheduled banks in current accounts	1,791	1,796
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	1,596	1,079
	5,049	3,575

2. Reconciliation of movements of liabilities to cash flows arising from financing activities :-

At the beginning (current and non current)	233	630
Addition in lease liabilities	719	6
Interest accrued	59	42
Net Cash outflow	(392)	(434)
Rent concession	(3)	(16)
Translation Difference	10	5
At the end (current and non current)	626	233

3. CSR contribution :Refer note 2.43 for amount spent during the year ended 31 March 2023 and 31 March 2022 relating to CSR activities.**Notes:**

i. Figures in brackets indicate cash outflow.

See accompanying notes forming part of the consolidated financial statements

1 & 2

As per our report of even date attached

For **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/N500006

Sd/-

Parveen Kumar
Partner

Membership number : 088810

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

Sd/-

VISHNU R DUSAD
Managing Director
DIN : 00008412

Sd/-

PARAG BHISE
CEO & Whole-time Director
DIN : 8719754

Sd/-

ANURAG MANTRI
CFO & Whole-time Director
DIN : 9002894

Sd/-

POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Place: New Delhi
Date: 26 May 2023

Place: Noida
Date: 26 May 2023

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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 2023, 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 26 May 2023.

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 INR 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

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

months for the purpose of classification of assets and liabilities as current and non-current.

d) Basis of measurement

The Consolidated financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Leases classification :Note 2.2
- Estimates of expected contract costs to be incurred to complete contracts- Note 2.15
- Consolidation: whether the Group has de facto control over an investee.- Note 1.2 (ii)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material

adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of deferred tax asset and liabilities - Note 2.20
- 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 2.40
- Impairment of trade receivables- Note 2.10
- Impairment of Unbilled revenue and Income accrued but not due- Note 2.15
- 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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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

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

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

ii. Basis of Consolidation

a) Business combinations

As per Ind AS 101, at the date of transition, the Group has elected not to restate business combination that occurred before the date of transition.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group

recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

c) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

d) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iii. Revenue Recognition

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

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact to the financial statements of the Group.

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognized in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.

Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.

Revenue from time and material contracts is recognised as the services are rendered.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third-party products are recorded at gross basis as the Group is acting as the principal.

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

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

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as Service income accrued but not due. (only act of invoicing is pending in accordance with terms of the contract).

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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*	5-7	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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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.

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;

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

- 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.
- 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 that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.
-----------------------------	--

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c) Derecognition

Financial assets

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

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

Financial liabilities

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

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

d) Offsetting

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

e) Derivative financial instruments and hedge accounting

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

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

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

At inception of designated hedging relationships, the Group documents

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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).

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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

xi. Foreign Currency

a) Foreign currency transactions

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

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

Assets and liabilities of subsidiaries with functional currency other than the functional currency of the Holding Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

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

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

b) Foreign operations

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

When a foreign operation is disposed of in its entirety or partially such that control,

significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI.

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

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

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and

they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be real.

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

xiv. Employee benefits

a. India

Employee benefit includes provident fund, gratuity and compensated absences.

Defined contribution plans

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

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined 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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present

value of the defined benefit obligation as at the Balance Sheet date.

b. Singapore

The respective subsidiary's contribution to central provident fund is deposited with the appropriate authorities and charged to the Consolidated Statement of Profit and Loss. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

c. United States of America/ Netherlands/ Japan/Australia/Africa

The respective subsidiary's social security contributions are charged to the Consolidated Statement of Profit and Loss.

Employee stock option based compensation

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

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

xv. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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.

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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1st, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The

Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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 2022	Additions	Deductions / adjustments	As At 31 March 2023	As At 1 April 2022	Depreciation for the year	Deductions / adjustments	As At 31 March 2023	As At 31 March 2022
Tangible assets									
Freehold land	34 (34)	-	-	34 (34)	-	-	-	34 (34)	34 (34)
Leasehold improvements	14 (14)	-	-	14 (14)	14 (14)	-	-	-	-
Buildings	1,658 (1,658)	-	-	1,658 (1,658)	535 (453)	82 (82)	-	1,041 (1,123)	1,123 (1,205)
Plant and equipment	697 (623)	17 (85)	(1) (11)	715 (697)	428 (344)	93 (96)	2 (12)	196 (269)	269 (279)
Computer equipment	3,870 (2,473)	70 (1,420)	43 (23)	3,897 (3,870)	2,358 (1,907)	667 (474)	39 (23)	911 (1,512)	1,512 (566)
Vehicles	321 (343)	82 (23)	38 (45)	365 (321)	220 (196)	56 (55)	35 (31)	124 (101)	101 (147)
Furniture and fixtures	217 (205)	- (12)	-	217 (217)	157 (117)	32 (40)	-	28 (60)	60 (88)
	6,811 (5,350)	169 (1,540)	80 (79)	6,900 (6,811)	3,712 (3,031)	930 (747)	76 (66)	4,566 (3,712)	2,334 (3,099)
Intangible assets									
Software	1,983 (1,090)	111 (893)	-	2,094 (1,983)	1,308 (965)	542 (343)	-	1,850 (1,308)	675 (125)
Other intangible assets	-	-	-	-	-	-	-	-	-
Total	8,794 (6,440)	280 (2,433)	80 (79)	8,994 (8,794)	5,020 (3,996)	1,472 (1,090)	76 (66)	6,416 (5,020)	2,578 (3,774)
Previous year									

Note :1

Property, plant and equipment	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				

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.1(b) Capital work in progress

(Amount in ₹ Lacs unless otherwise stated)

	As at 1 April 2022	Additions	Capitalisation/ adjustments	As at 31 March 2023
Capital work in progress	4	39	-	43
	(45)	(41)	(81)	(4)

Note: 2

(Amount in ₹ Lacs unless otherwise stated)

Capital work in progress	Amount in capital work in progress				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Projects in progress	39	-	-	-	39
	-	-	-	-	-
Projects temporarily suspended (see note below)*	-	-	-	4	4
	39	-	(4)	4	43

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)

	As at 1 April 2022	Additions	Capitalisation/ adjustments	As at 31 March 2023
Intangible assets under development	42	38	42	38
	(5)	(62)	(25)	(42)

Note 3

(Amount in ₹ Lacs unless otherwise stated)

Intangible assets under development	Amount in capital work in progress				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Projects in progress	38	-	-	-	38
	(42)	-	-	-	(42)
Projects temporarily suspended	-	-	-	-	-
	-	-	-	-	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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 2023				As at 31 March 2022			
	Building	Lease hold land	Cars	Total	Building	Lease hold land	Cars	Total
Opening Balance	237	513	-	750	634	521	-	1,155
Additions		-	77	77		-		-
Addition for lease hold land	677	-		677	6	-		6
Amortisation	358	8	5	371	410	8		418
Translation Difference	8	-		8	7	-		7
Closing balance	564	505	72	1,141	237	513	-	750

The aggregate depreciation expense on right of use assets is included under depreciation and amortization expense in the consolidated statement of Profit and Loss Account.

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	239	186
Non-current lease liabilities	387	47
Total	626	233

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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Balance	233	630
Additions	719	6
Finance cost accrued during the period	59	42
Payment of lease liabilities	(392)	(434)
Rent concession	(3)	(16)
Translation Difference	10	5
Closing balance	626	233

(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 2023	As at 31 March 2022
Not later than 1 year	285	197
Later than 1 year but not later than 5 years	428	48
More than 5 year	-	-
Total	713	245

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 ₹ 130 lacs for the year ended 31 March 2023. (previous year March 2022 ₹ 143 lacs)

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.3 Investment Property

(Amount in ₹ Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT		
	As at 1 April 2022	Transfer from Property, plant and equipment	Additions	Deductions/ adjustments (Note (i) & (ii))	As at 31 March 2023	As at 1 April 2022	Transfer from Property, plant and equipment	Depreciation for the year	Deductions/ adjustments (Note (i) & (ii))	As at 31 March 2023	As at 31 March 2022
Tangible assets											
Leasehold Land	1,118 (1,118)	-	-	-	1,118 (1,118)	77 (64)	-	13 (13)	(2)	89 (77)	1,042 (1,055)
Buildings	410 (410)	-	-	-	410 (410)	93 (76)	-	17 (17)	-	110 (93)	317 (334)
Total	1,528	-	-	-	1,528	170	-	30	(2)	198	1,359
Previous year	(1,528)	-	-	-	(1,528)	(140)	-	(30)	-	(170)	(1,389)

Note :1

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				

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

Measurement of fair values

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Leasehold Land	Building	Total
At 31 March 2023	4,229	388	4,617
At 31 March 2022	3,664	380	4,044

There is no impairment as the fair value is greater than the carrying amount of Investment property as at 31 March 2023.

(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 was leased to external party and this lease cancelled in October 2022. 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 ₹ 32 lacs (Previous year ₹ 53 lacs) is on account of rental income from investment property during the year 31 March 2023 (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 2022 ₹ 6 lacs).

Notes :

- (i) Includes the effect of translation in respect of assets held by foreign subsidiaries
- (ii) Some of the assets have been re-grouped during the year, based on the nature of assets.
- (iii) Figures in bracket pertains to previous year ended 31 March, 2022/ 31 March 2021
- (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.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.4 A. NON-CURRENT INVESTMENTS (at cost)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
- Non trade		
Investment in equity instruments (quoted)		
<i>Equity shares at FVOCI</i>		
250,000 (250,000) equity shares of ₹ 10 (₹ 10) each, fully paid up, in Ujjivan Financial Services Limited	<u>640</u>	<u>255</u>
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	-	528
b. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	142	142
c. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	131	131
d. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	-	1,030
e. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	-	540
f. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	47	47
g. 7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	122	121
h. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	121	121
i. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	201	201
j. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	-	521
k. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	106	106
l. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	160	160
m. 8.63% National Housing Bank Tax Free Bond 2029	1,210	1,238
n. 7.11% Power Finance Corporation Tax Free Bonds 2025	53	53
o. 8.30% Power Finance Corporation Tax Free Bonds 2027	<u>1,170</u>	<u>1,201</u>
	3,463	6,140
Investment in mutual funds (quoted)		
<i>Target maturity Funds at Amortised cost</i>		
a. ABSL CRISIL IBX Gilt Apr 2029 index Fund	1,800	-
b. HDFC Nifty G-Sec Dec 2026 Index Fund	2,600	-
c. ICICI Prudential Nifty G-Sec Dec 2030 Index Fund	1,800	-
d. SBI CRISIL IBX GILT INDEX June 2036 Fund	1,300	-
e. SBI CRISIL IBX Gilt Index - April 2029 Fund	2,200	-
f. Tata CRISIL-IBX Gilt Index - April 2026 Index Fund	<u>2,700</u>	-
	12,400	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Investment in mutual funds (unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. Aditya Birla Sun Life Floating Rate Fund - Growth- Direct	1,228	1,162
b. Axis Banking and PSU Debt Fund - Growth-Direct	1,528	1,460
c. DSP Banking & PSU Debt Fund - Growth- Direct	614	588
d. HDFC Corporate Bond Fund - Growth-Direct	1,051	1,008
e. ICICI Prudential Corporate Bond Fund - Growth-Direct	1,411	1,333
f. Kotak Bond Short Term Fund - Growth- Direct	1,215	1,164
g. Nippon India Floating Rate Fund - Growth- Direct	3,409	3,451
h. SBI Corporate Bond Fund - Growth- Direct	415	398
i. Tata Short Term Bond Fund - Growth- Direct	2,520	2,404
	13,391	12,968
Aggregate amount of non current-investments	29,894	19,363
Aggregate amount of quoted investments	16,503	6,395
Aggregate market value of quoted investments	16,595	6,805
Aggregate amount of unquoted investments	13,391	12,968
Aggregate amount of impairment in value of quoted investments	-	-

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

(Amount in ₹ Lacs unless otherwise stated)

	Fair value as at 31 March 2023	Dividend income recognised during the year ended 31 March 2023	Fair value as at 31 March 2020
Investment in Ujjivan Financial Services Limited	640	385	255

No strategic investments were disposed off during the quarter and year ended 31 March 2023 as well as in the previous year ended 31 March 2022 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.5 LOANS		
a. Loans and advances to employees	25	19
Loans Receivables considered good - Unsecured		
	25	19

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.6 OTHER NON-CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposits	242	129
b. Long-term bank deposits	2,566	1,020
	2,808	1,149

[Long term bank deposits include ₹ 6 lacs (31 March 2022 ₹ 6 lacs) which are under lien]

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.7 INCOME TAX ASSETS (NET)		
Balances with government authorities		
a. Advance tax	1,039	1,624
	1,039	1,624

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.8 OTHER NON- CURRENT ASSETS		
(Unsecured, considered good)		
a Capital advances	38	4
b Employee advances	37	38
Less: Provision for doubtful employee advances	37	-
	-	38
c. Prepaid expenses	141	22
	179	64

2.9 Current investments - Non trade (at lower of cost and fair values)

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2023	As at 31 March 2022
-Investment in Mutual Funds (Unquoted)		
Mutual funds at Fair value through profit or loss (FVTPL)		
a. Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Growth	699	661
b. Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	3,226	3,050
c. Axis Liquid Fund- Direct Plan- Growth	-	193
d. Axis Overnight Fund- Direct Plan- Growth	-	1,503
e. DSP Liquidity Fund - Direct Plan - Growth	-	125
f. DSP Low Duration Fund - Direct Plan - Growth	3,400	3,426
g. HDFC Ultra Short term Fund - Direct Plan - Growth	1,757	1,664

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Name	As at 31 March 2023	As at 31 March 2022
h. HDFC Money Market Fund - Direct Plan - Growth	2,377	2,248
i. ICICI Prudential Money Market Fund - Direct Plan - Growth	3,488	3,418
j. Kotak Money Market Scheme - Direct Plan - Growth	26	71
k. Kotak Overnight Fund - Direct Plan - Growth	-	3,127
l. Nippon India Arbitrage Fund - Direct Plan - Growth	1,429	1,352
m. Tata Arbitrage Fund- Direct Plan - Growth	340	322
n. Tata Treasury Advantage Fund - Direct Plan - Growth	650	619
o. UTI Arbitrage Fund - Direct Plan - Growth	577	1,862
p. UTI Liquid Cash Plan - Direct Plan - Growth	-	1,442
q. UTI Money Market Fund - Direct Plan - Growth	1,566	1,480
	19,535	26,563
Investment in bonds (quoted)		
a. 7.18% Indian Railway Finance Corporation Limited Tax Free Bonds 2023	-	1,018
b. 8.35 NHA1 Tax Free Bonds 2023	510	-
c. 8.01% IIFCL Tax Free Bonds 2023	1,030	-
d. 8.23% IRFC Tax Free Bonds 2024	540	-
e. 8.51 HUDCO Tax Free Bond 2024	517	-
f. 7.21% Power Finance Corporation Tax Free Bonds 2022	-	513
	2,597	1,531
Investment in Preference Shares (quoted)		
17.38% IL&FS Financial Services Ltd. (Pref. Shares - 2021)	100	100
Less: Expected Credit Loss on investment	(100)	(100)
16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	501
Less: Expected Credit Loss on investment	(501)	(501)
7.50% Tata Capital Ltd. (Pref. Shares - 2024)	500	500
	500	500
Aggregate amount of investments	22,632	28,594
Aggregate amount of quoted investments	3,097	1,013
Aggregate market value of quoted investments	3,340	2,055
Aggregate amount of unquoted investments	19,535	27,581
Aggregate amount of impairment in value of quoted investments	601	601

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.10 CURRENT TRADE RECEIVABLES		
a. Considered good - Unsecured	16,990	8,135
b. Credit impaired	103	58
	17,093	8,193
Less: Provision for doubtful trade receivables	(103)	(58)
	16,990	8,135
c. Trade receivables -Unbilled		
Considered good - Unsecured	473	184
Less: Provision for doubtful trade receivables billed	64	91
	537	275
	(64)	(91)
	473	184
	17,463	8,319

(Amount in ₹ Lacs unless otherwise stated)

	Outstanding for following periods from due date of payment	As at 31 March 2023					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	15,822	1,139	(0)	(0)		16,961
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk						-
(iii)	Undisputed Trade Receivables – credit impaired		69				69
(iv)	Disputed Trade Receivables– considered good						-
(v)	Disputed Trade Receivables – which have significant increase in credit risk			29			29
(vi)	Disputed Trade Receivables – credit impaired			13	1	20	34
		15,822	1,209	42	1	20	17,093
	Less: Provision for doubtful trade receivables						(103)
	TRADE RECEIVABLES						16,990
	TRADE RECEIVABLES-Unbilled						473
							17,463

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

	Outstanding for following periods from due date of payment	As at 31 March 2022					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	7,459	676				8,135
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk						-
(iii)	Undisputed Trade Receivables – credit impaired			-			-
(iv)	Disputed Trade Receivables– considered good						-
(v)	Disputed Trade Receivables – which have significant increase in credit risk			33			33
(vi)	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

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	---------------------	---------------------

2.11 CASH AND CASH EQUIVALENTS

A. Cash and cash equivalents

a. Cash on hand	-	-
- in current accounts	89	152
- in EEFC accounts	1,530	485
- in Escrow accounts	42	62
b. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	8	6
- Citibank, U.A.E	31	23
- Citibank, Singapore	829	815
- PNC Bank, USA	31	29
- Citibank,USA	345	325
- Bank of Tokyo Mitsubishi, Japan	15	51
- Citibank, Japan	64	71
- Citibank, Australia	431	428

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
- Nedbank, South Africa	38	43
- Citibank, Netherlands	-	6
c. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	1,596	1,079
Total - Cash and cash equivalents	5,049	3,575

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.12 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	32	34
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	30	1,991
Total - Other bank balances	62	2,025

[Balance with scheduled banks in deposit accounts include ₹ 29 lacs (31 March 2022 ₹ 69 lacs) which are under lien]

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.13 LOANS		
(Unsecured)		
Loans and advances to employees		
Loans Receivables considered good - Unsecured	50	18
	50	18

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.14 OTHER CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposit	65	228
b. Mark-to-market gain on forward contracts	17	11
c. Expenses recoverable from customers	14	-
	96	239

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.15 OTHER CURRENT ASSETS		
(Unsecured)		
a. Service income accrued but not due		
Unsecured		
Considered good	1,379	1,736
Credit impaired	227	387
	1,606	2,123
Less : Provision for service income accrued but not due	(227)	(387)
	1,379	1,736
b. Employee advances	20	-
c. Prepaid expenses (considered good)	942	492
d. Contract cost	17	19
e. Balances with Government authorities (considered good)		
- GST/ VAT credit receivable	33	61
f. Others		
- Supplier advances		
Considered good	591	447
Credit impaired	-	3
	591	450
Less : Provision for doubtful advances	-	(3)
	591	447
g. Deferred payroll	9	5
h. Reserve for lease equalization	-	3
	2,991	2,763

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.16 SHARE CAPITAL		
a. Authorised		
Equity shares		
41,100,000 (As at 31 March 2022 - 41,100,000) equity shares of ₹ 10 each	4,110	4,110
Preference shares		
4,000,000 (As at 31 March 2022 - 4,000,000) 11% redeemable non cumulative preference shares of ₹ 10 each (also see note 2.17)	400	400
	4,510	4,510
b. Issued, Subscribed and Paid-Up		
Issued		
26,776,124 (As at 31 March 2022 - 26,776,124) equity shares of ₹ 10 each	2,678	2,678
Subscribed and Paid-Up		
26,773,324 (As at 31 March 2022 - 26,773,324) equity shares of ₹ 10 each	2,677	2,677
	2,677	2,677

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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 :-**

Particulars	Opening balance	Extinguishment of equity shares during the year	Closing balance
a. For the year ended 31 March, 2023			
- Number of shares	26,773,324	-	26,773,324
- Amount (In ₹)	267,733,240	-	267,733,240
b. For the year ended 31 March, 2022			
- Number of shares	29,040,724	(2,267,400)	26,773,324
- Amount (In ₹)	290,407,240	(22,674,000)	267,733,240

- (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 2023			As at 31 March 2022		
	(Number)	(Percentage)	% Change during the year	(Number)	(Percentage)	% Change during the year
Karmayogi Holdings Private Limited	9,000,000	33.62%	0.00%	9,000,000	33.62%	2.63%
Madhu Dusad	3,066,248	11.45%	0.00%	3,066,248	11.45%	0.89%
Nucleus Software Engineers Private Limited	2,385,882	8.91%	0.00%	2,385,882	8.91%	0.69%
Vishnu R Dusad	1,603,492	5.99%	0.00%	1,603,492	5.99%	0.47%
Ritika Dusad	1,000,000	3.74%	0.00%	1,000,000	3.74%	0.30%
Kritika Dusad	1,000,000	3.74%	0.00%	1,000,000	3.74%	0.30%
Yogesh Andlay	863,534	3.23%	0.00%	863,534	3.23%	0.26%
Nucleus Software Workshop Pvt Ltd	600,000	2.24%	0.00%	600,000	2.24%	0.17%
Naveen Kumar	72,952	0.27%	0.00%	72,952	0.27%	0.02%
Card Systems Pvt Ltd	2,310	0.01%	0.00%	2,310	0.01%	-0.03%
Suman Mathur	23,758	0.09%	0.00%	23,758	0.09%	0.01%

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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

Particulars	31 March 2023		31 March 2022	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	33.62%	9,000,000	33.62%
Madhu Dusad	3,066,248	11.45%	3,066,248	11.45%
Nucleus Software Engineers Private Limited	2,385,882	8.91%	2,385,882	8.91%
Vishnu R Dusad	1,603,492	5.99%	1,603,492	5.99%

(v) Details of forfeited shares

Particulars	As at 31 March 2023		As at 31 March 2022	
	(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.

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.17 OTHER EQUITY		
a. Capital reserve	89	89
b. Securities premium account	-	-
c. Capital Redemption reserve	561	561
d. General reserve	-	-
e. Retained Earnings	56,807	45,598
f. Other comprehensive Income	932	435
Total	58,389	46,683

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a. Capital reserve		
Opening balance	89	89
Closing balance	<u>89</u>	<u>89</u>
b. Securities premium account		
Opening balance	-	100
Utilised for buyback premium	-	(100)
Closing balance	-	-
c. Capital Redemption reserve		
Opening balance	561	334
Addition during the year	-	227
Closing balance	<u>561</u>	<u>561</u>
d. General reserve		
Opening balance	-	661
Utilised for buyback of equity shares	-	(661)
Closing balance	-	-
e. Retained Earnings		
Opening balance	45,598	62,428
Add: Profit for the year	12,779	4,091
- Final dividend on equity shares [see note (i) below]	(1,874)	(1,742)
- Buyback of equity shares	-	(15,111)
- Tax on buyback of equity shares	-	(3,240)
- Remeasurement of the defined benefit plans, net	304	(828)
Closing balance	<u>56,807</u>	<u>45,598</u>
f. Other comprehensive Income		
Equity instrument through other comprehensive income	230	501
Add: Income for the year	<u>385</u>	<u>(271)</u>
	615	230
Foreign currency translation reserve		
Opening balance	197	158
Add: Addition during the year	107	39
Closing balance	<u>304</u>	<u>197</u>
Hedging reserve, net [see note 2.31]		
Opening balance	8	27
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	5	(19)
Closing balance	<u>13</u>	<u>8</u>
	<u>932</u>	<u>435</u>
Closing balance	<u><u>58,389</u></u>	<u><u>46,683</u></u>

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(i) Dividend

The Board of Directors on 26 May 2023 have recommended a payment of Final Dividend of ₹ 10 per share (on equity share of par value of ₹ 10 each) for the year ended 31 March 2023. The payment is subject to approval of shareholders at the ensuing AGM.

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 was approved by shareholders at the annual general meeting held on 8 July 2022. This dividend was paid on 20 July 2022.

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.

(ii) 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 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.18 OTHER FINANCIAL LIABILITIES-NON CURRENT		
Security Deposit	-	28
	-	28

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.19 OTHER NON-CURRENT LIABILITIES		
Deferred lease income on Security deposit received	-	3
	-	3

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
2.20 DEFERRED TAX LIABILITIES (NET)		
A. Amounts recognised in profit or loss		
Current tax	4,221	1,330
Deferred tax	108	129
Net tax expense	4,329	1,459
B. Income tax recognised in other comprehensive income		
Remeasurements of net defined benefit plans	(102)	278
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(1)	6
Income tax recognised in other comprehensive income	(103)	284

(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 2023	Percentage	For the year ended 31 March 2022
Profit before tax		17,108		5,550
Computed tax expense	25.17%	4,306	25.17%	1,397
Effect of exempt non-operating income	(0.70%)	(119)	3.04%	(169)
Effect of non- deductible expenses	0.60%	103	8.16%	453
Taxes on income at different rates	(0.09%)	(15)	(3.57%)	(198)
Tax effect due to non taxable income for Indian tax purpose	-	(37)	-	-
Tax reversals, overseas and domestic	0.37%	64	(0.61)%	(34)
Effect of subsidiaries different tax rates	0.16%	27	0.18%	10
Effective tax	25.30%	4,329	26.29%	1,459

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.20 DEFERRED TAX LIABILITIES (NET)

(Amount in ₹ Lacs unless otherwise stated)

Particular	Opening As at 1 April 2022	Recognised [[Credited]/ Charge] in profit or loss during the year	Recognised [[Credited]/ Charge] in OCI during the year	MAT created / (utilised) during the year	As at 31 March 2023
a. Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	373	183	(102)	-	454
Provision for doubtful trade receivables / loans and service income accrued but not due and others	201	15	-	-	216
Trade receivables, security deposit and loans at amortised cost	14	-	-	-	14
Lease liability	3	1	-	-	4
	591	199	(102)	-	688
b. Deferred tax liabilities					
Property, plant and equipment	(12)	79	-	-	67
Forward contracts	(3)	-	(1)	-	(4)
Investments	(614)	(390)	-	-	(1,004)
	(629)	(311)	(1)	-	(941)
Net Deferred tax Asset/(Liability)	(38)	(112)	(103)	-	(253)
a. Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	53	(2)	-	-	51
Accruals and others	5	(1)	-	-	4
Net Deferred tax Asset/(Liability)	58	(3)	-	-	55
a. Deferred tax assets					
Brought forward losses	7	(7)	-	-	-
MAT credit entitlement	13	-	-	(13)	-
	20	(7)	-	(13)	-
b. Deferred tax liabilities					
Property, plant and equipment and Investment property	(27)	27	-	-	-
Rent Equilization reserve	-	-	-	-	-
	(27)	27	-	-	-
Net Deferred tax Asset/(Liability)	(7)	20	-	(13)	-
Total Deferred tax Asset/(Liability)	13	(95)	(103)	(13)	(198)

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.21 NON CURRENT - PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	1,477	1,159
- Provision for gratuity	986	1,332
- Provision for asset retirement obligations	3	3
	2,466	2,494

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.22 TRADE PAYABLES		
Trade Payables (see note below)		
- Total outstanding dues of micro enterprises and small enterprises (see note below)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	313	318
Accrued expenses	915	1,109
	1,228	1,427

The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Principal	Interest	Principal	Interest
Amount due to vendor	-	-	-	-
Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-
	-	-	-	-

Outstanding for following period from due date	Not Due	As at 31 March 2023				
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(i) MSME		-				-
(ii) Others	311	2	-	-	-	313
(iii) Disputed dues MSME		-	-	-	-	-
(iv) Disputed dues others		-	-	-	-	-
Total	311	2	-	-	-	313
Accrued expenses						915
Total						1,228

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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

Relationship with the struck off companies

Transactions with struck off companies

(Amount in ₹ Lacs unless otherwise stated)

Name of struck off company	Nature of Transaction	Transactions during the year 31 March 2023	Balance Outstanding as at 31 March 23	Transactions during the year 31 March 2022	Balance Outstanding as at 31 March 22
(i) Phonographic Performance Limited	Payables	2	-	-	-

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	---------------------	---------------------

2.23 OTHER CURRENT FINANCIAL LIABILITIES

a. Unpaid dividends	32	34
b. Payable for purchase of fixed assets	-	21
c. Mark-to-market gain on forward contracts	-	-
d. Employee payable	3,248	4,119
	<u>3,280</u>	<u>4,174</u>

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	---------------------	---------------------

2.24 CURRENT PROVISIONS

Provision for employee benefits

- Provision for compensated absences	481	522
- Provision for asset retirement obligations	21	17
	<u>502</u>	<u>539</u>

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	---------------------	---------------------

2.25 CURRENT TAX LIABILITIES (NET)

Provision for tax	1,234	35
	<u>1,234</u>	<u>35</u>

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
2.26 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	8,341	5,781
b. Deferred revenue	6,015	8,256
c. Other payables - statutory liabilities	2,462	1,362
d. Deferred lease income on Security deposit received	-	2
	16,818	15,401

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
2.27 REVENUE FROM OPERATIONS		
Software products and services (see note 2.38)		
- Sale of products	53,693	41,170
- Sale of services	9,721	8,496
Other revenue	32	53
	63,446	49,719

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, 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.

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 2023, other than those meeting the exclusion criteria is ₹ 10,361 Lacs out of which 50% 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 2023

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.

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

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	2,123	1,736
Revenue recognised during the year	13,713	7,851
Invoices raised during the year	(14,263)	(7,840)
Translation exchange difference	128	87
Movement of contract assets	27	289
Impairment of a contract asset	(122)	-
Balance at the end	1,606	2,123

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

(Amount in ₹ Lacs unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	14,037	12,863
Revenue recognised during the year	(37,597)	(34,733)
Invoices raised during the year	37,964	35,506
Translation exchange difference	(78)	111
Other movement liability	30	290
Impairment of liability	-	-
Balance at the end	14,356	14,037

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
-------------	--	--

2.28 OTHER INCOME

a. Interest income on		
- Deposits with banks	194	154
- Tax free bonds	473	685
- Fixed maturity plan	-	33
- Target maturity fund	2	
- others	22	25
b. Interest income on Income tax refund	44	83
c. Dividend income from		
- Current, non trade investments	-	100
- Non-current, non trade investment	50	38
d. Net gain on sale of investments		
- Non-current, non trade investment	-	30
- Profit on Sale of Mutual Funds	100	65

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
e. MTM gain or (loss) on mutual funds		
- Current, non trade investments	1,361	1,335
- Non-current, non trade investment	630	551
f. - Gain / (Loss) on exchange fluctuation		
- Gain / (Loss) on ineffective hedges (see note 2.32)	378	129
g. Other non-operating income		
- Net profit on sale of property, plant and equipment	36	12
- Premium on Forward Contracts	103	169
- Deferred lease income on Security deposit received	1	2
- Miscellaneous income	12	55
	3,406	3,466

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
2.29 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	35,952	36,555
b. Contribution to provident and other funds	2,258	1,856
c. Gratuity expense	596	451
d. Staff welfare expenses	593	547
	39,399	39,409

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
2.30 OPERATING AND OTHER EXPENSES		
a. Outsourced technical service expense	456	385
b. Cost of software purchased for delivery to clients	63	103
c. Power and fuel	299	272
d. Rent (see note 2.2)	130	143
e. Repair and maintenance		
- Buildings	71	74
- Others	377	348
f. Insurance	152	48
g. Rates and taxes	22	123
h. Travel expenses	833	105
i. Advertisement, business development and promotion	143	107
j. Legal and professional (see note 2.34)	1,419	1,609

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
k. Directors remuneration	243	167
l. Conveyance	54	42
m. Communication	155	156
n. Training and recruitment	455	325
o. Conference, exhibition and seminar	248	13
p. Information technology expenses	2,543	1,847
q. Written off and allowance/Provision for doubtful trade receivables/ advances/other current assets	46	82
r. Withholding tax charged off	298	312
s. Commission to channel partners	70	47
t. Expenditure on Corporate Social Responsibility (see note 2.43)	175	203
u. Miscellaneous expenses	118	96
	8,370	6,607

Note :

Directors Remuneration includes :

Non Executive Directors

a. Commission	148	40
b. Sitting fees	96	127
	244	167

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
-------------	--	--

2.31 FINANCE COST

a. Bank charges	42	37
b. Unwinding of discount (discounting)-security deposit (received)	1	2
c. Interest expense on lease liability	59	42
	102	81

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.32 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2023 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value		
					Level 1	Level 2	Level 3
Assets:							
Cash and cash equivalents (2.11)	5,049	-	-	5,049	-	-	-
Other bank balances (2.12)	62	-	-	62	-	-	-
Investments (2.4 and 2.9)							
Equity Instruments	-	-	640	640	-	-	-
Tax free bonds	6,060	-	-	6,060	6,396	-	-
Mutual funds (other than FMPs)	-	32,926	-	32,926	32,926	-	-
Target maturity funds (TMFs)	12,400	-	-	12,400	12,399	-	-
Preference shares	500	-	-	500	500	-	-
Trade receivables (2.10)	17,463	-	-	17,463	17,463	-	-
Loans (2.5 and 2.13)	75	-	-	75	75	-	-
Other financial assets (2.6 and 2.14)	2,887	-	17	2,904	2,904	-	-
	44,496	32,926	657	78,079	78,414	52,221	-
Liabilities:							
Trade payables (2.22)	1,228	-	-	1,228	1,228	-	-
Lease liabilities	626	-	-	626	626	-	-
Other financial liabilities (2.18 and 2.23)	3,280	-	-	3,280	3,280	-	-
	5,134	-	-	5,134	5,134	-	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

The carrying value and fair value of financial instruments by categories of 31 March 2022 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)	3,575	-	-	3,575	3,575	-	-	-
Other bank balances (2.12)	2,025	-	-	2,025	2,025	-	-	-
Investments (2.2 and 2.9)	-	-	255	255	255	-	-	-
Equity Instruments	-	-	-	-	-	-	-	-
Tax free bonds	7,672	-	-	7,672	8,105	8,105	-	-
Mutual funds (other than FMPs)	-	39,530	-	39,530	39,530	39,530	-	-
Preference shares	500	-	-	500	500	500	-	-
Trade receivables (2.10)	8,319	-	-	8,319	8,319	-	-	-
Loans (2.5 and 2.13)	38	-	-	38	38	-	-	-
Other financial assets (2.6 and 2.14)	1,377	-	11	1,388	1,388	-	-	-
	23,505	39,530	266	63,301	63,735	48,135	-	-
Liabilities:								
Trade payables (2.22)	1,427	-	-	1,427	1,427	-	-	-
Lease liabilities	233	-	-	233	233	-	-	-
Other financial liabilities (2.18 and 2.23)	4,202	-	-	4,202	4,202	-	-	-
	5,862	-	-	5,863	5,863	-	-	-

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 2023

Reconciliation table : Level 3 Investments

(Amount in ₹ Lacs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening balance	-	2,229
Purchases	-	-
Reclassification from amortised cost to FVTPL	-	-
Net change in Fair Value (recognized in profit or loss)	-	(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 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 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 2023

The year end foreign currency exposures are given below :

Currency	As at 31 March 2023		As at 31 March 2022	
	Amount in foreign currency in lacs	Amount in ₹ in lacs	Amount in foreign currency in lacs	Amount in ₹ in lacs
Receivable				
USD	64	5,008	57	4,285
EUR	2	186	1	123
MYR	2	45	15	277
SGD	2	0	3	161
AED	5	115	9	188
CHF	0	4	0	4
GBP	1	114	1	119
AUD	2	97	13	711
SAR	-	-	-	-
PHP	1	41	1	2
Payable				
USD	1	54	1	81
MYR	1	24	1	10
GBP	-	5	-	12
SGD	1	36	3	168
AED	-	6	1	11
JPY	-	-	72	45
AUD	-	5	3	186
PHP	1	2	7	10
IDR	69	-	467	2

For the year ended 31 March 2023 and 31 March 2022, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Group's total comprehensive income by ₹ 548 lacs and ₹ 535 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 2023

(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 2023	31 March 2022	31 March 2023	31 March 2022
Increase 2%				
Mutual funds	659	791		-
Equity instruments (other than subsidiaries)			13	5
Decrease 2%				
Mutual funds	(659)	(791)		-
Equity instruments (other than subsidiaries)			(13)	(5)

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

Contract outstanding	Buy/Sell	As at	Equivalent	As at	Equivalent
		31 March 2023	amount in ₹ 31 March 2023	31 March 2022	amount in ₹ 31 March 2022
In USD (Amount in USD lacs)	Sell	33	2,671	35	2,615

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	As at	Equivalent
	31 March 2023	amount in ₹ 31 March 2023	31 March 2022	amount in ₹ 31 March 2022
Not later than one month	5	411	8	568
Later than one month and not later than three months	13	1,027	12	909
Later than three months and not later than one year	15	1,233	15	1,137

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The following table provides the reconciliation of cash flow hedge reserve for the year ended 31 March 2023:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning of the period	8	27
Gain / (Loss) recognised in other comprehensive income during the period	5	(19)
Balance at the end of the year	13	8

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

Cash flow hedge- Foreign exchange risk

(Amount in ₹ Lacs unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss),net	6	(25)
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	(100)	113

The following table provides quantitative information about offsetting of derivative financial assets

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Gross amount of recognized financial asset/ (financial liabilities)	17	11
Net amount presented in balance sheet	17	11

ii) Credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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 ₹ 17,463 lacs and ₹ 8,319 lacs as of 31 March 2023 and 31 March 2022 respectively and unbilled revenue/ income accrued but not due amounting to ₹ 1,379 lacs and ₹ 1,736 lacs as of 31 March 2023 and 31 March 2022 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. 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 2023	Year ended 31 March 2022
	(in %)	(in %)
Revenue from top customer	6.90%	5.51%
Revenue from top five customers	26.80%	24.60%

Credit risk exposure

- a) The lifetime expected credit loss on trade receivable for the year ended 31 March 2023 is ₹ 47 lacs and for the year ended 31 March 2022 was ₹ 27 lacs.

(Amount in ₹ Lacs unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning	58	151
Impairment loss recognised/ reversed	47	27
Amounts written off	(2)	(120)
Balance at the end	103	58

- b) The lifetime expected credit loss on income accrued but not due / unbilled revenue for the year ended 31 March 2023 is ₹ (37 lacs) and for the year ended 31 March 2022 was ₹ (13 lacs).

(Amount in ₹ Lacs unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning	387	408
Impairment loss recognised/ reversed	(37)	(13)
Amounts written off	(122)	(8)
Balance at the end	228	387

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units, quoted bonds issued by government, preference shares and non convertible debentures.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

a) **Expected credit loss for loans, security deposits and Investments**

As at 31 March 2023

(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	3,463	-	-	3,463
		Loans to employee	25	-	-	25
		Security deposits	242	-	-	242
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit -impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit -impaired	Investment at amortised cost	601	100%	(601)	-

As at 31 March 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	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 2023

b) Expected credit loss for trade receivables under simplified approach
As at 31 March 2023
(Amount in ₹ Lacs unless otherwise stated)

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	13,930	1,553	253	1,100	195	62	17,093
Expected credit losses (Loss allowance provision)	-	-	-	-	69	34	103
Carrying amount of trade receivables (net of impairment)	13,930	1,553	253	1,100	126	29	16,990
TRADE RECEIVABLES-Unbilled	-	468	5	-	-	-	473
							17,463

As at 31 March 2022
(Amount in ₹ Lacs unless otherwise stated)

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	5,391	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

c) Expected credit loss for Service income accrued but not due under simplified approach
As at 31 March 2023
(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	1,017	76	96	65	351	1,606
Expected credit losses (Loss allowance provision)	-	-	-	-	227	227
Carrying amount of trade receivables (net of impairment)	1,017	76	96	65	125	1,379

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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	82	1,736

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 ₹ 24,882 lacs including cash and cash equivalent of ₹ 5,049 lacs and current investment of ₹ 22,632 lacs (31 March 2022 ₹ 23,770 lacs including cash and cash equivalents of ₹ 3,575 lacs and current investments of ₹ 28,594 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 2023:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,228	-	1,228
Lease Liability	239	387	626
Other financial liabilities	3,280	-	3,280

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

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

& 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 2023	For the year ended 31 March 2022
Equity Shares		
(i) Final dividend of ₹ 7 per share (Previous year ₹ 6 per share) (On equity share of ₹ 10 each) (see note 2.17 (i))	1,874	1,742
(ii) Dividends not recognised at the end of reporting period (see note 2.17 (i))	2,677	1,874

(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	---------------------	---------------------

2.33 Contingent liabilities & commitments (to the extent not provided for)

a. Contingent liabilities	592	42
---------------------------	-----	----

Notes :

As on 31st March 2023, claims against the company not acknowledged as debts in respect of income tax matters amounted to ₹ 592 lacs. (Previous Year As on 31st March 2022 was ₹ 42 lacs) The claims against the company represent demands for various tax matters and pending before tax Appellate Authorities. The management is of the view that these claims are likely to be settled in company's favour.

b. Capital Commitments	333	1,102
------------------------	-----	-------

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

c. Other Commitments

- i The Company is committed to provide financial support to its subsidiary companies, as and when required.
- ii The Group does not have any pending litigations which would impact its financial position.
- iii The Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
2.34 Auditors Remuneration (excluding tax)		
a. As auditors - statutory audit and quarterly audits (refer note below)	68	101
b. For other services	2	6
c. Reimbursement of expenses	2	5
	<u>72</u>	<u>112</u>

Note:

Includes payment to other auditors ₹ 31 lacs (previous year ended 31 March 2022 ₹ 24 lacs)

2.35 Earnings per share

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a. Profit after taxation available to equity shareholders (₹ in lacs)	12,779	4,091
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	26,773,324	28,643,152
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share	26,773,324	28,643,152
e. Basic earnings per share (₹)	47.73	14.28
f. Diluted earnings per share (₹)	47.73	14.28

2.36 RELATED PARTY TRANSACTIONS

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Ravi Pratap Singh (Whole time Director)
- 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) (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 (Non Executive Director w.e.f 30 July 2020)
- Mark McCoy (Director, Subsidiary Company)

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

Others :
Enterprise over which KMP or Directors are able to exercise significant influence

- Praxis Consulting and Information services Pvt Ltd (Entity in which Non Executive Director 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 2.43)

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Transactions with related parties		
a. Salary and other benefits to Key managerial personnel		
Short-term employee benefits	701	686
Contribution to provident and other funds	33	29
	<u>734</u>	<u>715</u>
<p>Note : Above employee ebenefits includes charge taken from subsidiary company Nucleus Software Solutions Pte. Ltd. for services by Whole time Director and CFO)</p>		
b. Remuneration to other Non Executive Directors		
- Commission	148	40
- Sitting fees	96	127
	<u>244</u>	<u>167</u>
c. Expenditure on Corporate Social Responsibility		
- Nucleus Software Foundation	175	203
	<u>175</u>	<u>203</u>
d. Legal and professional		
- Praxis Consulting and Information services Pvt Ltd	5	5
	<u>5</u>	<u>5</u>
e. Miscellaneous expenses		
- Indiafarm Foods Private Limited	16	17
	<u>16</u>	<u>17</u>
Outstanding balances As at year end		
a. Remuneration to Non Executive Directors		
- Commission payable	148	40
	<u>148</u>	<u>40</u>

Terms and conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash.

2.37 Research and development expenditure

Research and development expense recognised in the statement of profit and loss account for the year ended 31 March 2023 ₹ 2,433 lacs (Previous year 31 March 2022 ₹ 3,556 lacs).

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.38 Segment reporting – Basis of preparatio

a. Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the geographies of Company's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators by geographical segments.

b. Composition of reportable segments

The Group operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which represent the reportable segments. These segments are based on location of customers of the Company.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are categorised in relation to the associated turnover and/or man months. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between geographical segments. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under "Unallocated" head.

Information in respect of reportable segments being geographies

The profit and loss for reportable primary segment is set out below:

a For the year ended 31 March, 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	33,029	2,315	9,734	3,237	7,529	1,460	1,831	4,311	63,446
Expenses	10,669	2,358	10,786	2,635	5,750	527	956	2,380	36,061
Segment result	22,360	(43)	(1,053)	602	1,779	933	876	1,931	27,385
Unallocated corporate expenditure									13,683
Operating profit before tax									13,702
Other income									3,406
Profit before tax									17,108
Tax Expense									4,221
Net current tax expense									108
Net deferred tax credit									4,329
Profit for the year									12,779

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

b 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									1,330
Net current tax expense									129
Net deferred tax credit									1,459
Profit for the year									4,091

Revenue from top customers, who are contributing more than 10% of total revenue, are presented segmentwise as follows:

For the year ended 31 March 2023

(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, 2022									
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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

a. As at 31 March, 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	13,138	1,171	2,697	503	1,628	553	74	862	20,626
Unallocated corporate assets									66,792
Total assets									87,418
Segment liabilities	9,290	745	4,748	308	2,361	468	1,776	1,172	20,868
Unallocated corporate liabilities									5,483
Total liabilities									26,352
Capital employed									61,066

b. 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

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, 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	1,051	10	8	-	-	-	-	-	1,069
Total capital expenditure									1,069
Depreciation and amortisation expenditure	1,739	12	123	-	-	-	-	-	1,873
Total depreciation									1,873
Segment non-cash expense other than depreciation	34	148	25	-	43	49	-	45	344
Total non cash expenditure other than depreciation	34	148	25	-	43	49	-	45	344

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

b. 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 expenditure	1,356	60	122	-	-	-	-	0	1,538
Total depreciation									1,538
Segment non-cash expense other than depreciation	50	184	63	1	29	65	(0)	2	394
Total non cash expenditure other than depreciation	50	184	63	1	29	65	(0)	2	394

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, 2023			
Revenue	53,693	9,753	63,446
Carrying amount of segment assets	17,455	3,171	20,626
b. 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

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

2.39 Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(A) Revenues by geography*
a (i) For the year ended 31 March 2023

(Amount in ₹ Lacs unless otherwise stated)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	33,029	2,315	9,734	3,237	7,529	1,460	1,831	4,311	63,446

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

(ii) 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

* 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 2023			
Revenue	53,693	9,753	63,446
b. For the year ended 31 March 2022			
Revenue	41,170	8,549	49,719

* Revenue from product comprises of revenue generated from company's own developed software and from third party software supplied along with own software. It also includes services such as enhancements to the product, maintenance of the product and any other related service on the product. Revenue other than the above is categorized under revenue from other services.

2.40 Employee Benefit Obligations

Defined contribution plans

An amount of ₹ 1,852 lacs for the year ended 31 March, 2023 (Year ended 31 March, 2022 ₹ 1,572 lacs), have been recognized as an expense in respect of Group's contribution towards Provident Fund and ₹ 3 lacs (Year ended 31 March, 2022 ₹ 4 lacs) has been recognised as an expense in respect of Employee State Insurance Fund & ₹ 253 lacs year ended 31 March 2023 (Year ended 31 March 2022 ₹ 167 lacs) has been recognized as an expense in respect of National Pension scheme and has been shown under Employee Benefits expense in the Consolidated statement of Profit and Loss.

In relation to the judgement of the Honourable Supreme Court of India (SC) on 28 February 2019 related to provident fund, there are considerable interpretative challenges including its retrospective implications due to which the impact of the retrospective period cannot be reliably estimated. Pending further clarity, the Group had, based on this judgement, paid ₹ 21 lacs during the year ended 31 March 2020 in respect of the year ended 31 March 2019.

Further, with effect from 1 April 2019, the Group has aligned its salary structure in accordance with the (SC) judgement.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of ₹ 20 lacs in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and compensated absence has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date 31 March 2023.

The Company had made contributions to Nucleus Software Export Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March 2023 :
(Amount in ₹ Lacs unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	5,115	3,985
Current service cost	522	448
Past service cost	-	-
Interest cost	269	230
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	(323)	251
Actuarial loss/(gain) arising from change in demographic assumptions	144	(82)
Actuarial loss/(gain) arising on account of experience changes	(168)	950
Benefits paid	(494)	(667)
Obligation at year end	5,065	5,115
b. Change in Plan Assets		
Plan assets at year beginning, at fair value	3,783	3,834
Expected return on asset plan	195	227
Contributions by employer	536	376
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	59	13
Benefits paid	(494)	(667)
Plan assets at year end, at fair value	4,079	3,783
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5,065	5,115
Fair value of plan assets	4,079	3,783
Funded status- Surplus/ (Deficit)	(986)	(1,332)
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	(986)	(1,332)
d. Expected employer's contribution next year	200	200
e. Expense recognised in Profit or Loss		

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current service cost	522	448
Past service cost	-	-
Interest cost	74	3
Net gratuity cost	596	451

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

f. Remeasurements income recognised in other comprehensive income:

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Actuarial (gain) loss on defined benefit obligation	(347)	1,119
Return on plan assets excluding interest income	(59)	(13)
	(406)	1,106

Actuarial assumptions for gratuity and long-term compensated absences

	As at 31 March 2023	As at 31 March 2022
g. Economic assumptions :		
Discount rate	7.35%	6.00%
Salary escalation rate	12% until year 1 inclusive, then 10%	12% until year 1 inclusive, then 10%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected return on plan assets:

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

h. Demographic assumptions

Retirement age	58 years	58 years
Mortality table	IALM Mortality (2006-08)	IALM Mortality (2006-08)

i. Withdrawal rates

Ages - Withdrawal Rate (%)	
21-50 years - 16%	21-50 years - 25%
51-54 years - 8%	51-54 years - 4%
55-57 years - 8%	55-57 years - 1%

j. Category of asset

Insurer Managed Funds	4,079	3,783
-----------------------	-------	-------

The Group does not invest directly in any property occupied by the Group nor in financial security issued by the Group.

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

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 2023		Year ended 31 March 2022	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(128)	142	(101)	109
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	79	(76)	68	(67)

2.41 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 2023	Year ended 31 March 2022
Income from software product and services	63,446	49,719
Software development expenses *	40,529	38,671
Gross Profit	22,917	11,048
Selling and marketing expenses	2,146	2,018
General and administration expenses	5,196	5,408
Operating profit before depreciation	15,575	3,622
Depreciation and amortisation expense	1,873	1,538
Operating profit after depreciation	13,702	2,084
Other income	3,406	3,466
Profit before tax	17,108	5,550
Tax expense:		
Net current tax expense	4,221	1,330
Net deferred tax credit	108	129
	4,329	1,459
Profit for the year	12,779	4,091

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

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.42 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(Amount in ₹ Lacs unless otherwise stated)

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share in profit or loss	
	Amount in INR Lacs	As % of consolidated net assets	Amount in INR Lacs	As % of consolidated profit or loss
Holding Company				
Nucleus Software Exports Limited	58,789	96%	13,037	102%
Domestic Subsidiary				
1. Nucleus Software Ltd.	936	2%	(38)	-
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	-	-	-	-
2. Nucleus Software Australia Pty. Limited	371	1%	(6)	-
3. Nucleus Software Netherlands B.V.	444	1%	16	-
4. Nucleus Software Japan K.K	(1)	-	(5)	-
5. Nucleus Software Solutions Pte. Ltd, Singapore	358	1%	(57)	-
6. Nucleus Software South Africa Pty. Ltd.	1,170	2%	(316)	(2%)
	36	-	(2)	-
Adjustment arising out of consolidation	(1,036)	(2%)	150	1%
Nucleus Software Exports Limited (Consolidated)	61,066		12,779	

(Amount in ₹ Lacs unless otherwise stated)

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	694	87%	13,731	101%
Domestic Subsidiary				
1. Nucleus Software Ltd.	-	-	(38)	-
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	-	-	(6)	-
2. Nucleus Software Australia Pty. Limited	-	-	16	-
3. Nucleus Software Netherlands B.V.	-	-	(5)	-
4. Nucleus Software Japan K.K	-	-	(57)	-
5. Nucleus Software Solutions Pte. Ltd, Singapore	-	-	(316)	(2%)
6. Nucleus Software South Africa Pty. Ltd.	-	-	(2)	-
Non-controlling Interests in all subsidiaries	107	13%	107	1%
Nucleus Software Exports Limited (Consolidated)	801		13,580	

Notes forming part of the consolidated financial statements for the year ended 31 March 2023

2.43 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in ₹ Lacs unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a. Gross amount required to be spent by Group during the year ended 31 March, 2023 / 31 March, 2022 :	175	203
b. Amount approved by the Board to be spent during the year	175	203
c. Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than Construction/acquisition of any asset		
- Contribution paid to Nucleus Software Foundation	175	203
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	175	203

2.44 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 **ASA & Associates LLP**
Chartered Accountants
Firm Registration Number : 009571N/
N500006

Sd/-

Parveen Kumar
Partner

Membership number : 088810

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

Sd/-

VISHNU R DUSAD
Managing Director

DIN : 00008412

Sd/-

ANURAG MANTRI
CFO & Whole-time Director

DIN : 9002894

Sd/-

PARAG BHISE
CEO & Whole-time Director

DIN : 8719754

Sd/-

POONAM BHASIN
*AVP (Secretarial) &
Company Secretary*

Place: New Delhi

Date: 26 May 2023

Place: Noida

Date: 26 May 2023

FORM AOC -1

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

Statement containing salient features of the financial statement of subsidiaries

1 Name of the subsidiary	NUCLEUS SOFTWARE AUSTRALIA PTY LTD
2 Reporting period for the subsidiary :	1 April, 2022 to 31 March, 2023
3 Reporting currency and Exchange rate as on the last date of the relevant Financial year :	AUD = INR 55.03

	AUD	INR
4 Share capital	100,000	5,503,000
5 Reserves & surplus	706,158	38,859,875
6 Total assets	1,212,449	66,721,068
7 Total Liabilities	406,291	22,358,194
8 Investments	-	-
9 Turnover	1,081,733	59,527,767
10 Profit/(Loss) before taxation	91,926	5,058,688
11 Provision for taxation	64,604	3,555,158
12 Profit/(Loss) after taxation	27,322	1,503,530
13 Proposed Dividend	-	-
14 % of shareholding	100%	100%

1 Name of the subsidiary	NUCLEUS SOFTWARE NETHERLANDS B.V.
2 Reporting period for the subsidiary :	1 April, 2022 to 31 March, 2023
3 Reporting currency and Exchange rate as on the last date of the relevant Financial year :	Euro = INR 89.44

	Euro	INR
4 Share capital	750,000	67,080,000
5 Reserves & surplus	(750,708)	(67,143,324)
6 Total assets	602	53,842
7 Total Liabilities	1,310	117,166
8 Investments	-	-
9 Turnover	-	-
10 Profit/(Loss) before taxation	(6,366)	(569,375)
11 Provision for taxation	-	-
12 Profit/(Loss) after taxation	(6,366)	(569,375)
13 Proposed Dividend	-	-
14 % of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE INC.
2	Reporting period for the subsidiary :	1 April, 2022 to 31 March, 2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	USD = INR 82.17

	USD	INR
4	Share capital	28,759,500
5	Reserves & surplus	8,427,273
6	Total assets	37,582,832
7	Total Liabilities	396,059
8	Investments	-
9	Turnover	-
10	Profit/(Loss) before taxation	(545,362)
11	Provision for taxation	41,085
12	Profit/(Loss) after taxation	(586,447)
13	Proposed Dividend	-
14	% of shareholding	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOLUTIONS PTE LTD
2	Reporting period for the subsidiary :	1 April, 2022 to 31 March, 2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	SGD = INR 61.79

	SGD	INR
4	Share capital	38,618,750
5	Reserves & surplus	78,405,393
6	Total assets	271,409,238
7	Total Liabilities	154,385,095
8	Investments	-
9	Turnover	774,129,280
10	Profit/(Loss) before taxation	(33,368,207)
11	Provision for taxation	1,614,758
12	Profit/(Loss) after taxation	(34,982,965)
13	Proposed Dividend	-
14	% of shareholding	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA
2	Reporting period for the subsidiary :	1 April, 2022 to 31 March, 2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	JPY = INR 0.6160

	JPY	INR
4	Share capital	6,160,000
5	Reserves & surplus	29,591,588
6	Total assets	38,859,513
7	Total Liabilities	3,107,925
8	Investments	-
9	Turnover	137,391,330
10	Profit/(Loss) before taxation	(2,692,171)
11	Provision for taxation	3,868,231
12	Profit/(Loss) after taxation	(6,560,402)
13	Proposed Dividend	-
14	% of shareholding	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOUTH AFRICA PTY. LTD.
2	Reporting period for the subsidiary :	1 April, 2022 to 31 March, 2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year :	ZAR = INR 4.62

	<u>ZAR</u>	<u>INR</u>
4	Share capital	2,827,440
5	Reserves & surplus	763,104
6	Total assets	3,778,901
7	Total Liabilities	188,357
8	Investments	-
9	Turnover	-
10	Profit/(Loss) before taxation	(156,516)
11	Provision for taxation	-
12	Profit/(Loss) after taxation	(156,516)
13	Proposed Dividend	-
14	% of shareholding	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE LIMITED
2	Reporting period for the subsidiary :	1 April, 2022 to 31 March, 2023

	<u>INR</u>	
3	Share capital	100,000,000
4	Reserves & surplus	(6,446,662)
5	Total assets	136,605,485
6	Total Liabilities	45,666,846
7	Investments	2,614,699
8	Turnover	3,166,113
9	Profit/(Loss) before taxation	(4,483,829)
10	Provision for taxation	(690,667)
11	Profit/(Loss) after taxation	(3,793,162)
12	Proposed Dividend	-
13	% of shareholding	100%

Shareholders'

Referencer

A. Corporate

- Nucleus was incorporated in New Delhi in 1989 as Nucleus Software Exports Private Limited, as per the Indian Companies Act, 1956. The Company became a Public Limited Company in 1994.
- The Company made an IPO in August 1995. 1,168,900 equity shares, face value ₹ 10/- each were issued to Indian public at a premium of ₹ 40/- per share and 331,500 equity shares, face value ₹ 10/- each, were issued to Non Resident Indians at a premium of ₹ 50/- per share.
- History of Bonus issues at Nucleus is as follows:

Allotment Date	Ratio	No. of Shares
September 24, 1994	60:1	876,000
December 27, 1994	57:100	576,270
October 22, 2001	1:2	2,637,050
August 10, 2004	1:1	8,045,406
August 8, 2007	1:1	16,182,312

- The Company's Registered Office is situated at 33-35, Thyagraj Market, New Delhi-110003, India and Corporate office at A-39, Sector 62, Noida 201 301, India.

B. Preferential Issue

The Company had allotted 1,875,500 equity shares of ₹ 10/- each on preferential basis to the promoter/associates and permanent employees of the Company at a price of ₹ 103.15/- per share inclusive of share premium on June 22, 2001.

C. 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, 2023 are given below:

No. of shares	
Transferred in physical form	Nil
Dematerialized	804
Rematerialized	Nil

D. Dividend Related Data

I. Dividend Recommended for FY 23

The Board of Directors at their meeting held on May 26, 2023 has recommended a Final Dividend of ₹ 10.00/- 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.

ii. Dividend History

The Dividend declared and paid in the previous financial years is given below:

Shareholders' Referencer

Financial Year	Dividend		
	Percentage (%)	Per Share (in ₹)	Pay out (In ₹ crore)
2021-22	70%	7.00	18.74
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.)

Note:

1. The Board had not recommended any Dividend prior to FY 2000-2001.
2. For FY 2019-20, there was no Dividend declared by the Company.

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 whose Dividends are lying unpaid / unclaimed against their name and also those members whose dividends are lying unpaid/unclaimed for seven consecutive years or more.

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

Unclaimed dividends for the financial years, 2001-2002, 2002-03, 2003-04, 2004-05 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 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
2015-16 (Interim)	March 16, 2016	March 15, 2023	April 14, 2023
2016-17(Final)	July 8, 2017	July 07, 2024	August 06, 2024
2017-18(Final)	July 02, 2018	July 01, 2025	June 30, 2025
2018-19(Final)	July 08, 2019	July 07, 2026	August 06, 2026
2020-21(Interim)	July 30, 2020	July 29, 2027	August 28, 2027
2020-21(Final)	July 23, 2021	July 22, 2028	August 21, 2028
2021-22(Final)	July 08, 2022	July 07, 2029	August 06, 2029

Shareholders who have not encashed their dividend warrant(s) relating to one or more of the financial year (s) are requested to claim such dividend from Registrars of the Company at the following address:

Kfin Technologies 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

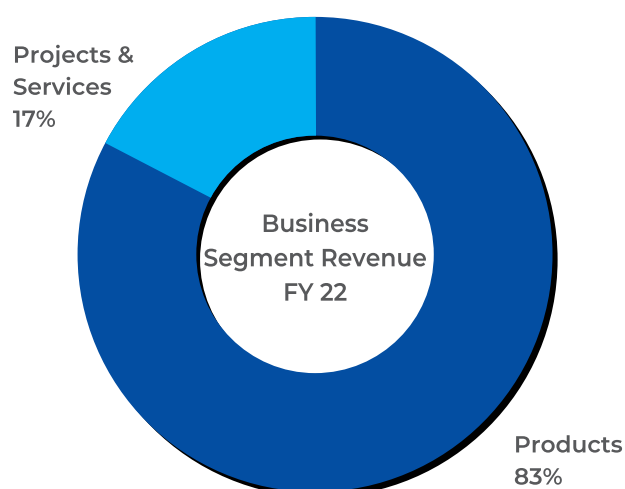
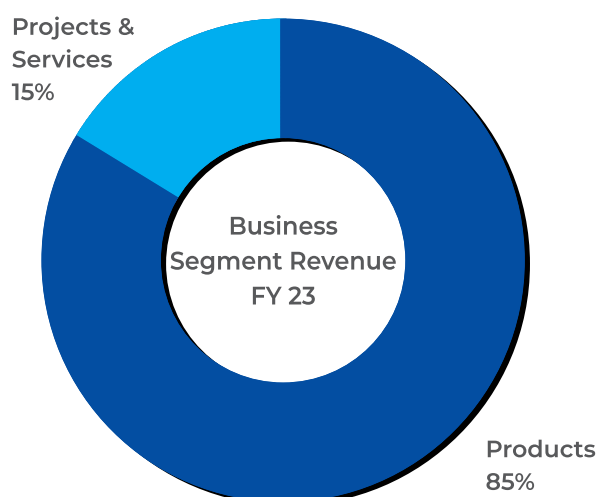
F Investor Services:

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

REVENUE BY	2023	% of Revenue	2022	% of Revenue
GEOGRAPHICAL SEGMENTS				
India	330.29	52.06	215.50	43.35
Far East	23.15	3.65	25.12	5.05
South East Asia	97.34	15.34	88.64	17.83
Europe/ U.K.	32.37	5.10	33.00	6.64
Middle East	75.29	11.87	66.88	13.45
Africa	14.60	2.30	17.97	3.61
Australia	18.31	2.89	19.41	3.90
Rest of the World	43.11	6.79	30.67	6.17
TOTAL	634.46	100.00	497.19	100.00
CURRENCY SEGMENT				
Indian Rupee	330.30	52.06	215.50	43.35
US \$	194.85	30.71	170.88	34.37
Japanese Yen	8.06	1.27	9.66	1.94
Singapore \$	46.25	7.29	39.70	7.98
Malaysian Ringgit	6.42	1.01	5.54	1.11
Euro	7.99	1.26	9.30	1.87
British Pound	5.63	0.89	10.04	2.02
Swiss Franc	-	-	0.05	0.01
Australian \$	18.31	2.89	19.41	3.90
AED	12.37	1.95	12.58	2.53
QAR	0.73	0.11	0.64	0.13
ZAR	3.46	0.55	3.62	0.74
CHF	0.09	0.01	0.27	0.05
TOTAL	634.46	100.00	497.19	100.00
Products	536.93	84.63	411.70	82.81
Own	535.99	84.48	409.60	82.38
Traded	0.94	0.15	2.10	0.43
Projects & Services	97.53	15.37	85.49	17.19
TOTAL	634.46	100.00	497.19	100.00



Ratio

Analysis

Consolidated Performance

Particulars	2023	2022	2021	2020	2019
Ratios- Financial Performance					
Export Revenue/ Revenue (%)	47.94	56.66	61.99	65.33	69.22
Domestic Revenue/ Revenue (%)	52.06	43.34	38.01	34.67	30.78
Total Operating Expenses/ Revenue (%)	75.45	92.71	75.05	82.12	83.73
Operating Profit/ Revenue (%)	24.55	7.29	24.95	17.88	16.27
Depreciation/ Revenue (%)	2.95	3.09	2.70	2.60	2.05
Other Income/ Revenue (%)	5.37	6.97	7.70	7.15	5.68
Tax/ Revenue (%)	6.82	2.94	6.98	5.34	4.49
Effective Tax Rate - Tax/ PBT (%)	25.30	26.30	23.31	23.80	22.59
PAT from Ordinary Activities/ Revenue(%)	14.77	1.26	15.27	9.94	9.72
PAT from Ordinary Activities/Net Worth(%)	15.35	1.27	11.67	9.23	9.25
Ratios - Balance Sheet					
Debt-Equity Ratio	-	-	-	-	-
Debtors Turnover (Days)	100	61	61	63	54
Asset Turnover Ratio (Times)	0.73	0.67	0.58	0.68	0.71
Current Ratio (Times)	2.07	2.09	3.11	2.36	2.13
Cash and Equivalents/Shareholders' funds (%)	45.43	69.27	74.82	59.22	50.93
Cash and Equivalents/ Revenue (%)	43.73	68.77	97.91	63.78	53.51
Depreciation/Gross Carrying Amount(%)	20.83	17.48	21.53	19.84	13.83
Technology Investment/ Revenue (%)	0.29	4.40	1.35	2.19	1.26
Ratios - Growth (YoY)					
Growth in Total Revenue (%)	27.61	(3.18)	(1.40)	7.60	17.54
Growth in Export Revenue (%)	7.98	(11.52)	(6.44)	1.55	17.50
Operating Expenses Growth (%)	3.85	19.60	(9.89)	5.54	14.61
Operating Profit Growth (%)	329.95	(71.73)	37.61	18.24	35.33
PAT Growth (%)	212.40	(65.32)	32.54	19.39	19.17
EPS Growth (%)	234.24	(64.84)	32.57	19.37	25.41
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (₹)	35.01	2.33	26.99	17.82	16.20
Earning Per Share (Including Other Income) (₹)	47.73	15.28	40.62	30.64	25.67
Cash Earning Per Share from Ordinary Activities (₹)	42.00	8.08	31.77	22.49	19.62
Cash Earning Per Share (Including Other Income)(₹)	54.73	21.02	45.39	35.31	29.09
Book Value Per Share (₹)	228.09	184.35	231.41	193.14	175.12
Price/Earning (Annualized) (Times)	13.39	29.01	11.85	5.86	13.24
Price/ Cash Earning (Annualized) (Times)	11.68	19.71	10.60	5.09	11.69
Price/Book Value (Times)	2.80	2.25	2.08	0.93	1.94
Dividend Per Share (₹)	10.00	7.00	9.00	-	9.00
Dividend (%)	100	70	90	-	90
Dividend Payout (In ₹ Crore)	26.77	18.74	26.14	-	26.14

- 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.



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 Fourth Annual General Meeting (AGM) of the Members of Nucleus Software Exports Limited will be held on Friday, 14th day July 2023, at 11.00 a.m. through Video Conferencing/ Other Audio-Visual Means (VC) to transact the following business:**

Ordinary Business:

1. Adoption of Financial Statements

To receive, consider and adopt:

- a) The audited financial statements of the Company for the year ended March 31, 2023, including Audited Balance Sheet and Profit and Loss account as on March 31, 2023 along with Cash Flow Statement on that date together with the reports of the Board of Directors and Auditors thereon and
- b) The Audited consolidated financial statements of the Company for the financial year ended March 31, 2023.

2. Declaration of Dividend

To declare a final dividend of 10/- per Equity Share for the financial year ended March 31, 2023.

3. To Re-appoint

- (i) 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.
- (ii) To 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.

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 not attached with this Notice of AGM as no Special Business is to be placed at the AGM.
2. All documents referred to in the accompanying Notice are available on website of the Company for inspection by the Members up to the date of AGM.
3. Pursuant to the General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (MCA) and

Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC. 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 8, 2023, to July 14, 2023
9. We urge membersto 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@kfintech.com, to

receive copies of the Annual Report 2022-23 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@kfintech.com or by post to Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032.	
	PAN	Form No. ISR-1
	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	Form No. ISR-2
For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014		Form No. SH-13
Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee		Form No. SH-14
Declaration to opt out nomination		Form No. ISR-3
Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form		Form No. ISR 4
The forms for updating the above details are available at https://www.nucleussoftware.com		

Type of Shareholder	Process to be followed
DEMAT	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.

10. Members who are holding shares in more than one folio are requested to intimate to the Company the detail of all folio numbers for consolidation into a single folio.
11. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2016-17 onwards, are requested to lodge their claims, It may be noted that the unclaimed Interim Dividend for the financial year 2015-16 declared by the Company on March 16, 2016, has already been transferred to Investor Education and Protection Fund on April 14, 2023.
12. 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.
13. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2022-23 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 2022-23 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.
14. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
15. 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.
16. 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.

AGM Notice

17. According to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. April 1, 2020, and the Company is required to deduct tax at source (TDS) from the dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, PAN, and Category as per the IT Act with their Depository Participants ('DPs')
 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, 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. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023, and linking PAN with Aadhaar by June 30, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, KFin Technologies Limited, at einward.ris@kfintech.com.

Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP.
- In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 or link their PAN with Aadhaar before June 30, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.
22. The Board of Directors has appointed Mr. Devesh Kumar Vasisht (CP No. 13700), Managing Partner or failing him, Mr. Parveen Kumar (CP No. 13411), Partner of M/s DPV & Associates LLP, Company Secretaries as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 23. 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
 24. 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.
 25. **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 11, 2023 (9:00 a.m. IST) and ends on Thursday, July 13, 2023 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, July 7, 2023, 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 nonindividual 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:

1) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1. User already registered for IDeAS facility:</p> <ul style="list-style-type: none"> (i) Visit URL: https://eservices.nsd.com (ii) Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section. (iii) On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting” (iv) Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.
	<p>2. User not registered for IDeAS e-Services</p> <ul style="list-style-type: none"> (i) To register click on link: https://eservices.nsd.com (ii) Select “Register Online for IDeAS” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp

AGM Notice

Type of shareholders	Login Method
	<p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <p>(i) Open URL: https://www.evoting.nsdl.com/</p> <p>(ii) Click on the icon "Login" which is available under 'Shareholder/Member' section.</p> <p>(iii) 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.</p> <p>(iv) Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e. KFintech.</p> <p>(v) On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing user who have opted for Easi / Easiest</p> <p>Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com</p> <p>(i) Click on New System Myeasi</p> <p>(ii) Login with your registered user id and password.</p> <p>(iii) The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</p> <p>(iv) Click on e-Voting service provider name to cast your vote.</p>

Type of shareholders	Login Method
	<p>2. User not registered for Easi/Easiest</p> <p>(i) Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>(ii) Proceed with completing the required fields.</p> <p>(iii) Follow the steps given in point 1</p> <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <p>(i) Visit URL: www.cdslindia.com</p> <p>(ii) Provide your demat Account Number and PAN No.</p> <p>(iii) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.</p> <p>(iv) After successful authentication, user will be provided links for the respective ESP, i.e., KFintech where the e-Voting is in progress.</p>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<p>(i) You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility.</p> <p>(ii) Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>Click on options available against company name or e-Voting service provider –Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.</p> <p>(iii)</p>

Important note: Members who are unable to retrieve User ID / Password are advised to use “Forgot user ID” and “Forgot Password option” available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cDSLindia.com or contact at 022-23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

2) 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) 7313 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”.

AGM Notice

- 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 dpv@dpvassociates.com 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:**
- 3) 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 though 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 10, 2023 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 atmost 2000 members on first come first served basis.
 - ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.
- from July 10, 2023 to July 12, 2023. 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 10, 2023 to July 12, 2023.
 - 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 1-800-3094-001 or write to them at evoting@kfintech.com.

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

AGM Notice

Details of Directors seeking appointment/re-appointment at the Annual General Meeting as per SS-2 and Schedule V of the Companies Act, 2013

Particulars	Mr. Vishnu R Dusad	Mr. R P Singh
Age	66 Years	60 Years
Qualifications	Bachelor's Degree in Technology from the Indian Institute of Technology (IIT), Delhi	Graduation in Economics And Post-Graduation in Computer Applications, An Alumni of Harvard business School, completing the General Management Programme (GMP) from the School
Experience	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
Details of Remuneration Sought To be Paid	As per Letter of Appointment	As per Letter of Appointment
Date of first appointment On the Board	Jan 01, 1989	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
Number of shares held in the Company	1,603,492	153,177
Directorship held in other Companies	<ul style="list-style-type: none"> • Nucleus Software Limited • Karmayogi Holding Pvt. Ltd. • Indian Software Product Industry Round Table Foundation • Nucleus Software Solutions Pte. Ltd. • Nucleus Software Inc. • Nucleus Software Japan Kabushiki Kaisha • Nucleus Software Netherlands B.V. • Nucleus Software Australia Pty Limited • Nucleus Software South Africa (Pty) Ltd 	<ul style="list-style-type: none"> • Nucleus Software Limited • Nucleus Software Japan Kabushiki Kaisha • Nucleus Software Netherlands B.V.
Inter-se relations between the Board members/ relationship with other Directors, Manager and other Key Managerial Personnel of the company.	Dr. Ritika Dusad (Daughter)	NA
Number of Meetings of the Board attended during the Year	9	9
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders/Investor Grievance Committee	Nucleus Software Limited	NA
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:	NA	NA

Driving growth for 200+ customers in more than 50 countries

10,000

Years of Domain
expertise

500,000+

Users Login Daily

\$500Bn+

Values of Loans
managed

2700+

Lending Product
Variants

Accelerating the Digital Revenue via



520+ APIs



Digital Channels



Open Banking



Best in Class Rule
Based Engine

Celebrating 30 Years of Indian IP • Celebrating 30 Years of Indian IP • Celebrating 30 Years of Indian IP



SALES@NUCLEUSSOFTWARE.COM
WWW.NUCLEUSSOFTWARE.COM
© 2023 NUCLEUS SOFTWARE.
ALL RIGHTS RESERVED

GLOBAL OFFICES: AMSTERDAM | CHENNAI |
DUBAI | JAIPUR | JOHANNESBURG | LONDON |
MANILA | MUMBAI | NEW DELHI | NEW JERSEY |
NOIDA | SINGAPORE | SYDNEY | TOKYO