



Date: 07th June 2019

To,

The Listing Department The National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex Bandra (E) Mumbai-400 051. Fax Nos. 022-26598236/237/238	The Listing Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street Mumbai-400 001 Fax No. 022-22722061/41/39
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Sub: Submission under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sirs,

We are enclosing herewith the following with regard to the meeting of the Equity Shareholders of Nucleus Software Exports Limited, as directed by the National Company Law Tribunal, Principal Bench at New Delhi by an order dated 12th April 2019 (as amended by order dated 01st May 2019) under Sections 230 to 232 of the Companies Act, 2013, which shall be held on Monday, 08th July 2019 at 02:00 PM at PHD Chambers of Commerce and Industry, PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, NIPCCD Campus, Hauz Khas, New Delhi- 110016:

- a. Copy of the Notice, Explanatory Statement and Scheme of Amalgamation for the merger of its wholly owned subsidiaries, Virstra I-Technology Services Limited (“**Transferor Company-1**”) and Avon Mobility Solutions Private Limited (“**Transferor Company-2**”) (hereinafter together referred to as “**Transferor Companies**”), into and with Nucleus Software Exports Limited (“**Transferee Company**”) and their respective shareholders and creditors;
- b. Copy of the Postal Ballot form with instructions.

Corporate Office
Nucleus Software Exports Ltd.
A-39, Sector 62, Noida - 201307

Registered Office
33-35 Thyagraj Nagar Mkt, New Delhi - 110003
CIN : L74899DL1989PLC034594



The aforesaid documents have been sent to all eligible shareholders and are also available on the website of the Company at www.nucleussoftware.com.

This is for your information and records.

Thank You.

Yours Sincerely,

For **Nucleus Software Exports Limited**

Poonam Bhasin
Company Secretary

Encl:

As above.



NUCLEUS SOFTWARE EXPORTS LIMITED

CIN – L74899DL1989PLC034594

Registered Office: 33-35, Thyagraj Nagar Market, New Delhi- 110003

Phone: +91-120-4031400 | Fax: +91-120-4031672

E-mail: Investorrelations@nucleussoftware.com | Website: www.nucleussoftware.com

NOTICE OF THE MEETING OF THE EQUITY SHAREHOLDERS OF NUCLEUS SOFTWARE EXPORTS LIMITED

(Convened pursuant to order dated April 12, 2019 (as amended by order dated May 1, 2019) by the Hon'ble National Company Law Tribunal, Principal Bench at New Delhi ("NCLT"))

DETAILS OF NCLT CONVENED MEETING OF EQUITY SHAREHOLDERS

Day	Monday
Date	July 8, 2019
Time	2.00 PM onwards
Venue	PHD Chambers of Commerce, PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, NIPCCD Campus, Hauz Khas, New Delhi- 110016.

POSTAL BALLOT AND REMOTE E-VOTING PERIOD FOR NCLT CONVENED MEETING OF EQUITY SHAREHOLDERS

POSTAL BALLOT / REMOTE E-VOTING	
Commencing on	Saturday, June 8, 2019, at 9:00 AM
Ending on	Sunday, July 7, 2019 at 5:00 PM

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NOTICE

FORM CAA. 2

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL PRINCIPAL BENCH, NEW DELHI
COMPANY APPLICATION (CAA) NO. 56/PB/2019

IN THE MATTER OF:

The Companies Act, 2013.

AND IN THE MATTER OF:

Application under Sections 230 to 232 of the Companies Act, 2013.

AND IN THE MATTER OF:

VIRSTRA I-TECHNOLOGY SERVICES LIMITED, a company incorporated under the Companies Act, 1956 having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003, India within the aforesaid jurisdiction.

..... **Applicant Transferor Company-1**

AND IN THE MATTER OF:

AVON MOBILITY SOLUTIONS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003, India within the aforesaid jurisdiction.

..... **Applicant Transferor Company-2**

AND IN THE MATTER OF:

NUCLEUS SOFTWARE EXPORTS LIMITED, a company incorporated under the Companies Act, 1956 having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003, India within the aforesaid jurisdiction.

..... **Applicant Transferee Company**

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF NUCLEUS SOFTWARE EXPORTS LIMITED PURSUANT TO THE ORDER DATED 12TH APRIL 2019 (AS AMENDED BY ORDER DATED 01ST MAY 2019) PASSED BY THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, PRINCIPAL BENCH AT NEW DELHI

To

The Equity Shareholders of Nucleus Software Exports Limited ("**Transferee Company**")

NOTICE is hereby given that by an order dated April 12, 2019 (as amended by order dated May 01, 2019) (the "**Order**") in the abovementioned Company Application (CAA) No. 56/PB/2019, the Hon'ble National Company Law Tribunal, Principal Bench at New Delhi ("**NCLT**") has directed a meeting to be held of the Equity Shareholders of the Transferee Company ("**NCLT Convened Meeting**"), for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Amalgamation ("**Scheme**") of wholly owned subsidiaries- Virstra I-Technology Services Limited ("**Transferor Company-1**") and Avon Mobility Solutions Private Limited ("**Transferor Company-2**") into and with the parent company- Nucleus Software Exports Limited ("**Transferee Company**") and their respective Shareholders and Creditors.

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the Equity Shareholders of the Transferee Company will be held to transact the special business on 08th day of July, 2019 at 02.00 PM at PHD Chambers of Commerce, PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, NIPCCD Campus, Hauz Khas, New Delhi- 110016. The said Equity Shareholders are requested to attend, to consider and if thought fit, approve with or without modification(s), the resolution set out below in this Notice under Sections 230 to 232 and other applicable provisions, if any of the Companies Act, 2013 ("**Companies Act**") read with rules framed thereunder (including any statutory modification(s) or re- enactment(s) thereof for the time being in force).

The Board of Directors of the Transferee Company, at its meeting held on March 1, 2019 approved the above-mentioned Scheme of Amalgamation, subject to approval of the Shareholders and Unsecured Creditors of the Transferee Company, as may be required, and subject to the sanction of the Hon'ble NCLT and of such other authorities as may be necessary.

Further, Equity Shareholders are requested pursuant to Sections 108 and 110 and other applicable provisions, if any, of the Companies Act read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**CAA Rules**") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") read with Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**") read with other applicable notifications and circulars issued by Securities and Exchange Board of India ("**SEBI**"), any other applicable regulations thereto, to consider, and if thought fit, approve the arrangement proposed and embodied in the Scheme and to pass the resolution set out below in this notice through NCLT Convened Meeting or Postal Ballot or Remote E-voting.

"RESOLVED THAT pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions, if any, of the Companies Act, 2013 and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the National Company Law Tribunal, Principal Bench at New Delhi ("**NCLT**") and subject to such other approvals, permissions and sanctions of regulatory and other authorities as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "**Board**"), which term shall be deemed to mean and include one or more Committee(s) constituted/ to be constituted by the Board or any other person authorized by it to exercise its powers including the powers conferred by this Resolution), approval of equity shareholders of

Nucleus Software Exports Limited ("**Transferee Company**") be and is hereby accorded to the Scheme of Amalgamation ("**Scheme**") amongst (i) Virstra I-Technology Services Limited; (ii) Avon Mobility Solutions Private Limited ("**Transferor Companies**") into and with the Transferee Company and their respective shareholders and creditors.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

In compliance with the provisions of (i) Section 230(4) read with Sections 108 and Section 110 of the Companies Act; (ii) the CAA Rules; (iii) Rule 20, Rule 25 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Listing Regulations; (v) SEBI Circular and (vi) Secretarial Standards on General Meetings, the Transferee Company has provided the facility to cast votes either by way of Postal Ballot or by Remote E-voting facility offered by Karvy Fintech Pvt. Ltd. The facility for voting through electronic means (Insta Poll) shall be made available at the venue of the meeting and the members attending the meeting, who have not cast their vote by Postal Ballot or Remote E-voting shall be able to vote at the meeting through "Insta Poll". Accordingly, equity shareholders of the Transferee Company can vote either by way of (i) Postal Ballot or (ii) Remote E-voting system or (iii) Insta poll at the venue of the meeting. The shareholders may refer to Notes to this Notice for further details on Postal Ballot and Remote E-voting.

The equity shareholders who have cast their vote by Remote E-voting or through Postal Ballot prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

Explanatory Statement pertaining to the said resolution setting out the material facts and reasons thereof under Sections 230 and 232, Section 102 of the Companies Act read with Rule 6 of the CAA Rules along with copy of the Scheme, form of proxy and other documents as indicated in the index are enclosed herewith and form part of the notice. Copies of the same can also be obtained free of cost from the registered office of the Company situated at 33-35 Thyagraj Nagar Market, New Delhi – 110003.

The Hon'ble NCLT has appointed Mr. Rajesh Gupta, Chartered Accountant as the Chairperson and Mr. Chaman Goyal, Chartered Accountant, as the Alternate Chairperson of the said meeting.

Further, as directed by the Hon'ble NCLT, Mr. Prince Chadha has been appointed as a Scrutinizer for the said meeting of the Equity Shareholders for conducting the Postal Ballot, Remote E-voting and voting by Insta-poll at the venue of the meeting in a fair and transparent manner.

The above-mentioned Scheme of Amalgamation, if approved by the Equity Shareholders at the meeting, will be subject to the subsequent approval by the Hon'ble NCLT.

Dated this 16 day of May 2019
Chandigarh

For **Nucleus Software Exports Limited**

Sd/-

Name: **Rajesh Gupta**

(Chairperson appointed for the meeting of equity shareholders of Transferee Company)

Registered Office of Nucleus Software Exports Limited:

33-35 Thyagraj Nagar Market, New Delhi – 110003.

NOTES:

1. AN EQUITY SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY / PROXIES SO APPOINTED NEED NOT BE AN EQUITY SHAREHOLDER OF THE TRANSFERREE COMPANY. THE FORM OF PROXY DULY COMPLETED SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE TRANSFERREE COMPANY SITUATED AT 33-35 THYAGRAJ NAGAR MARKET, NEW DELHI – 110003 NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE AFORESAID MEETING.
2. Explanatory Statement of material facts for the proposed resolution pursuant to Section 102 of the Companies Act, 2013, along with applicable rules thereunder and provisions of Sections 230 and 232 of the Companies Act, 2013 setting out material facts forms part of this Notice.
3. As per Section 105 of the Companies Act and rules made thereunder, a person can act as proxy on behalf of equity shareholders not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. Further, an equity shareholder holding more than 10% of the total share capital of the Transferee Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. All alterations made in the Form of Proxy should be signed/ initialed. Incomplete, unsigned, improperly or incorrectly completed proxy form may be rejected by the Scrutinizer.
5. Form of proxy is annexed to this Notice and can also be obtained from the registered office of the Transferee Company.

6. Shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID for easy identification of attendance at the Meeting.
7. Shareholders are informed that in case of joint holders attending the Meeting, only such joint holder whose name stands first in the register of members of the Company / list of beneficial owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) ("**Depositories**") in respect of such joint holding will be entitled to vote.
8. The Notice of this NCLT convened meeting is being sent to all the Equity Shareholders, by Registered /Speed Post or by courier service or by email (as may be applicable), whose names appear in the Register of Members as on May 24, 2019 i.e. cut-off date. The shareholders who have registered their e-mail IDs for receipt of documents in electronic mode will be sent the notice by e-mail only. A person who is not an equity shareholder as on cut-off date shall not be eligible to vote through any mode and treat this notice for information purposes only. The Notice shall be communicated to BSE Limited, National Stock Exchange of India Limited and shall also be displayed on the website of the Company i.e. www.nucleussoftware.com.
9. The authorized representative of companies, trusts, societies, institutions etc., which is a registered Equity Shareholder of the Company may attend and vote at the NCLT convened meeting of Equity Shareholders' of the Transferee Company provided a certified true copy of the resolution of the Board of Directors authorizing such representative to attend and vote at the NCLT Convened meeting of Equity Shareholders is deposited at the registered office of the Transferee Company at least 48 hours before the commencement of the meeting.
10. Equity Shareholders are requested to bring and hand over the enclosed Attendance Slip, duly filled and signed in accordance with their specimen signature(s) registered with the Transferee Company for admission to the meeting hall.
11. The voting by the Shareholders through the Postal Ballot and Remote E-voting shall commence on Saturday, June 8, 2019 at 9.00 AM (IST) and ends on Sunday, July 7, 2019 at 5.00 PM (IST) (inclusive of both the days).
12. An equity shareholder desiring to exercise his vote by Postal Ballot Form is requested to carefully read the instructions printed in the Postal Ballot Form. Duly completed and signed in the enclosed Postage Pre-paid Self-addressed Business envelope should reach to the Scrutinizer (Mr. Prince Chadha) on or before 05.00 PM on July 7, 2019 at #48/ Sector 41A, Chandigarh- 160036.

Any Postal Ballot Form received after such period shall be treated as if the reply from the equity shareholder has not been received.
13. Incomplete, unsigned, improperly or incorrectly tick marked Postal Ballot Form will be rejected.
14. Members who have received the notice by e-mail and who wish to vote through Postal Ballot, can download the Postal Ballot Form from the company's website www.nucleussoftware.com. In case a Member is desirous of obtaining a printed duplicate Postal Ballot Form, he or she may send an e-mail to investorrelations@nucleussoftware.com / evoting@karvy.com. The RTA shall forward the same along with postage prepaid addressed business reply envelope to the Member.
15. The vote on postal ballot cannot be exercised through proxy.
16. Route map and details of prominent land-mark of the venue of the meeting is provided and forms part of the Notice.
17. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an equity shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 (three) days of notice in writing is given to the Transferee Company.
18. As directed by the NCLT, the quorum of the Meeting of the Equity Shareholders of the Transferee Company shall be 2,500 in number. In case the quorum is not present in the Meeting at the scheduled time, then the Meeting shall be adjourned by half an hour, and thereafter, the persons present at the Meeting shall be deemed to constitute the quorum.
19. As directed by the NCLT, Mr. Prince Chadha, Practicing Company Secretary, has been appointed as scrutinizer for the said NCLT convened meeting of the Equity Shareholders for conducting the Postal Ballot, Remote E-voting and voting through "Insta-Poll" at the venue of the meeting in a fair and transparent manner. The Scrutinizer will after the conclusion of meeting submit its report to the NCLT appointed Chairperson of the meeting after completion of scrutiny of the Postal Ballot(s), Remote E-voting and "Insta-Poll". Thereafter, as per Order of NCLT, the Chairperson shall report the result of the meeting to the Hon'ble Tribunal within 2 weeks from the date of holding of the above said meeting.
20. The documents referred to in the accompanying notice and Explanatory Statement and pursuant to applicable provisions, shall be open for inspection, without any fee, by the Equity Shareholders of Transferee Company at its registered office between 10.00 am to 5.00 pm on all working days, except Saturdays, Sundays and Public Holidays, up to 1 (one) day prior to the date of the NCLT convened meeting.
21. The Notice convening the aforesaid NCLT convened meeting will be published through advertisement in (i) Business Standard, in English language and (ii) Jansatta, in Hindi language.
22. Equity Shareholders can opt for only one mode of voting i.e. either through Remote E-voting or Postal Ballot or Insta-Poll at the venue at NCLT Convened Meeting of Equity Shareholders. In case Equity Shareholders cast their vote through postal ballot as well as Remote E-voting, then voting by means of Remote E-voting shall be considered valid and applicable for the NCLT Convened Meeting, all other means of voting shall be disregarded.
23. Voting rights shall be reckoned on the paid-up value of equity shares registered in the name of members as on May 24, 2019 i.e. the cut-off date.

24. It is clarified that voting by Postal Ballot or Remote E-Voting does not disentitle an equity shareholder as on the Cut-off date from attending the NCLT convened meeting of Equity Shareholders. It is further clarified that the Proxies can only vote on Poll at the NCLT convened meeting of Equity Shareholders and not through any other mode.

25. INSTRUCTIONS FOR E-VOTING

Voting through electronic means

1. In compliance with provisions of Section 108 and 110 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote at the meeting of the equity shareholders ("**Meeting**"), by electronic means and the business may be transacted through such voting. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the Meeting ("**Remote E-Voting**") will be provided by Karvy Fintech Pvt. Ltd.
2. The instructions for Remote E-Voting are as under:
 - I. To use the following URL for Remote E-voting:
 - a) From Karvy website: <http://evoting.karvy.com>
 - II. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. closing hours of May 24, 2019 may cast their vote electronically.
 - III. Enter the login credentials [i.e., user id and password mentioned in the email]. Your Folio No/DP ID/Client ID will be your user ID.
 - IV. After entering the details appropriately, click on LOGIN.
 - V. You will reach the 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. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - VI. You need to login again with the new credentials.
 - VII. On successful login, the system will prompt you to select the EVENT i.e., Nucleus Software Exports Limited.
 - VIII. On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
 - IX. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.
 - X. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
 - XI. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
 - XII. 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., together with attested specimen signature(S) of the duly authorized representative(S), to the Scrutinizer at e-mail ID: prince.chadha88@gmail.com. They may also upload the same in the E-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_EVENT NO".
 - XIII. In case a Member receives physical copy of Notice by post (for members whose email Ids are not registered with the Company/ Depository Participant(s)).
 - a. User ID and initial password are provided on overleaf.
 - b. Please follow all steps from Sr. No.(I) to (XII) as mentioned above, to cast your vote.
 - XIV. The Portal will remain open for voting from: 9:00 A.M. on June 8, 2019 to 5:00 P.M. on July 7, 2019.
 - XV. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and Remote E-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Karvy Fintech Pvt Ltd at Tel No. 1800 345 4001 (toll free).

XVI. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of closing hours of May 24, 2019.

3. 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 closing hours May 24, 2019 shall be entitled to avail the facility of Remote E-voting/ "Insta Poll".
4. Any person who becomes member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. May 24, 2019 may obtain the User Id and password by sending a request at evoting@karvy.com. However, if you are already registered with Karvy for Remote E-voting, you can use your existing User ID and password for casting your vote.
5. The facility for voting through electronic means ("Insta Poll") shall be made available at the Meeting and the members attending the Meeting, who have not cast their vote by Remote E-voting shall be able to vote at the Meeting through "Insta Poll".
6. The members who have cast their vote by Remote E-voting may also attend the Meeting but shall not be entitled to cast their vote again.
7. Mr. Prince Chadha, Company Secretary has been appointed as the Scrutinizer to scrutinize the Remote E-Voting process in a fair and transparent manner.
8. The Scrutinizer, as appointed by NCLT, shall immediately after the conclusion of the meeting, unblock the votes cast by Remote E-voting and "Insta-Poll" and within a period not exceeding 36 (Thirty Six) hours thereafter, in the presence of at least two witnesses not in the employment of the Company, make a consolidated Scrutinizer's report of the votes cast in favour or against. The Scrutinizer shall submit the consolidated Scrutinizer's report to the Chairperson of the meeting or a person authorized by him in writing who shall countersign the same and declare the result.
9. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.nucleussoftware.com and on the website of Karvy Fintech and submitted to BSE Limited and National Stock Exchange of India Ltd., within 48 (Forty Eight) hours of the conclusion of the meeting.

EXPLANATORY STATEMENT

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
PRINCIPAL BENCH, NEW DELHI
COMPANY APPLICATION (CAA) NO. 56/PB/2019

IN THE MATTER OF:

The Companies Act, 2013.

AND IN THE MATTER OF:

Application under Sections 230 to 232 of the Companies Act, 2013.

AND IN THE MATTER OF:

VIRSTRA I-TECHNOLOGY SERVICES LIMITED, a company incorporated under the Companies Act, 1956 having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003, India within the aforesaid jurisdiction.

..... Applicant Transferor Company-1

AND IN THE MATTER OF:

AVON MOBILITY SOLUTIONS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003, India within the aforesaid jurisdiction.

..... Applicant Transferor Company-2

AND IN THE MATTER OF:

NUCLEUS SOFTWARE EXPORTS LIMITED, a company incorporated under the Companies Act, 1956 having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003, India within the aforesaid jurisdiction.

..... Applicant Transferee Company

EXPLANATORY STATEMENT UNDER SECTIONS 230 TO 232 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 2013 FOR THE MEETING OF EQUITY SHAREHOLDERS OF NUCLEUS SOFTWARE EXPORTS LIMITED, CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, PRINCIPAL BENCH AT NEW DELHI.

1. This explanatory statement is being furnished pursuant to Sections 230 to 232 of the Companies Act, 2013 (“**Companies Act**”) read with Rule 6 (3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**CAA Rules**”).
2. Pursuant to an Order dated April 12, 2019 (as amended by order dated May 1, 2019) (“**Order**”), of the Hon’ble National Company Law Tribunal, Principal Bench at New Delhi (“**Hon’ble Tribunal**” or “**NCLT**”) in the Company Application (CAA) no. 56/PB/2019, a meeting of the Equity Shareholders of Nucleus Software Exports Limited (“**Transferee Company**”) is being convened on July 8, 2019, at 02.00 PM at PHD Chambers of Commerce and Industry, PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, NIPCCD Campus, Hauz Khas, New Delhi- 110016 for the purpose of considering and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation (“**Scheme**”) of wholly owned subsidiaries - Virstra I-Technology Services Limited (“**Transferor Company-1**”) and Avon Mobility Solutions Private Limited (“**Transferor Company-2**”) into and with the parent company - Nucleus Software Exports Limited (“**Transferee Company**”) and their respective shareholders and creditors.
3. Notice of the said meeting together with the copy of the Scheme of Amalgamation is sent herewith. The statement explaining the terms of the Scheme of Amalgamation is being furnished as required under Sec 230, 232 and other applicable provisions, if any of the Companies Act 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules 2016 of the Companies Act, 2013.

A copy of the Scheme setting out in detail the terms and conditions of the amalgamation, is attached to this explanatory statement and forms part of this statement. The definitions contained in the Scheme will apply to this explanatory statement also.

4. Details of Nucleus Software Exports Limited (Transferee Company)

4.1. General information

Nucleus Software Exports Limited (“Transferee Company”)	
Corporate Identification Number (CIN)	L74899DL1989PLC034594
Permanent Account Number (PAN)	AAACN5382P
Incorporation Date	January 9, 1989
Type of the company	Listed Public Limited Company
Registered Office address	33-35 Thyagraj Nagar Market, New Delhi – 110003
E-mail address	investorrelations@nucleussoftware.com
Stock Exchange(s) where securities of the Transferee Company are listed	BSE Limited (“ BSE ”) and The National Stock Exchange of India Limited (“ NSE ”)

4.2. The main objects of Transferee Company as provided in Clause III (A) of its Memorandum of Association are as under

1. *"To carry on the business of consultants, trading, manufacturing, importing, exporting, agents and distributors of systems study, analysis, design, development and implementation of technologies, software systems/applications based on wireless, mobile or any other technology, for usage in all kinds of businesses, management systems, mobile system, e-commerce and/or associated logistics including for any other purpose(s) or business(es) whatsoever, communication systems or combination of the computer and communication systems, hardware equipments for any system, product or technology and providing consultancy related to commercial and non-commercial usage, engineering goods, electronics equipments and instruments electrical goods and equipment and computers supply of manpower for supporting software supplied to various commercial and noncommercial users.*
2. *To carry on the business as manufacturers of, fabricators, assemblers, processors and dealers of all kinds of computers, accounting and business, machines, transistors, transformers, receivers, conductors, magnetic materials, microwave components, videogames tapes, discs, fittings switches and all hardware, software and peripherals thereto.*
3. *To own or otherwise establish set up, manage, run and operate through partnership, joint venture or any other mode, training; data processing and information centers and/ or educational Institutions for imparting education, coaching and training in information Technology, Software Solutions, networking, data processing, telecommunication and other allied activities in the fields of computer software, hardware, marketing, management and business related, in India and abroad either through education centers and/or through postal means or through electronic i.e. e-learning services or other media including but not limited to publishing books, magazines, hosting websites for services of content development and support, animation, learning support, learning management systems and knowledge services and other related activities and to carry on the business of data digitalization by digitizing physical and manual records such as text images, videos and audio to carry on the business in India and abroad for commercial as well as non-commercial users.*
4. *To carry on the business of providing outsourcing services for all processors, sub processors, transactions, activities and all other work performed in various industries within India and across the world including but not limited to those process or sub processes that are enabled by information technology data, voice or video collection and processing, call centre services including in bound and out bound calling services of all kinds, technical support, managed data centre, managed technical centre, training centre, web support back office, business or financial analysis, scientific analysis, research work and analysis, storage, disaster recovery, accounting, pay roll, inventory management, customer relationship management, enterprises resources planning and to render computer services for commercial users and to develop software and supply information technology solutions including turnkey solutions, end-to-end solutions, systems integration and development of software, computer hardware, peripherals, networking.*
5. *To operate technology data processing centre or providing management information, analysis, development accounting and business information, and providing data to Corporate, Institutions, individuals in India and abroad to carry on the business of gathering compiling, processing analyzing, distributing, selling, publishing data and information and services and providing access to information regarding financial operations and management of financial services, investment services, business and commercial operations, financial status, credit worthiness and rating consumer responses and management of business of all kinds and descriptions and to provide other services through either computer aided or telephone or any other mode in India or anywhere in world and to carry on the business of providing infrastructure Management services and Application Service provider (ASP) services or commercial usage to Corporates, institutions, individuals, or other legal entity whether in India and abroad.*
6. *To carry on in India or abroad whether independently or in partnership with any other person, the business to provide, promote, develop, design, establish, setup, maintain, organize, undertake, manage, operate, run, market, purchase, sell, distribute, resell, import, export and carry on the business of all types/kinds of electronic and/or virtual payment systems services including integrated software and applications, e-wallets, mobile-wallets, cash card, stored value instruments, payment gateways services, prepaid and/or postpaid payment instruments payment systems including open/ closed/semi-closed systems payment instruments, including all kinds of payment services in any manner whatsoever through offline transaction, internet payment transactions or e-commerce payment transactions in banking, credit card payments, debit card payments, smart card payments, prepaid card payments, electronic cash card payments, electronic cashless payment systems, e-wallet payment systems, mobile payment systems, merchant payment transactions, utility payment transactions, digital COD(Cash on Delivery) payments, remittance transactions, credit reporting services and online search engine services, transaction switching and monitoring and transaction analytics of online financial and non-financial transactions through ATM, POS, Mobile Channels or any other channel available in future, internet, e-commerce, m-Commerce or such other system, mechanism, medium or technology as may be available invented, created from time to time in India or elsewhere, to scale up and to allow seamless integration across multiple business entities spread across various geographical locations to ensure a safe, secure and efficient electronic payment system and to act as marketing agents, consultants, financiers, advisors, technicians far promoting and servicing of different types of payment systems such as closed, semi-closed and open systems relating to Payments and Settlement Services and to take over or give franchises of the same.*
7. *To provide services, management and consultancy in the field of prepaid and/or postpaid payment instruments services, electronic and virtual payment systems, transaction processing, and to act as dealers, distributors, agents, representative of Indian and foreign concerns/persons operating in the line of prepaid, postpaid and other payment system services, and allied activities related thereto".*

4.3 Main business carried on by the Transferee Company: Subsequent to its incorporation in January 1989, the Transferee Company commenced its business and is presently engaged *inter alia*, in the business of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

- 4.4. Details of change of name, registered office and objects of the Transferee Company during the last five years: There has been no change in the name, registered office of the Transferee Company during the last five years. There was alteration of the object clause of the Memorandum of Association of the Transferee Company, approved by the members of the Company vide Postal Ballot in August 2016.
- 4.5. The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on date of issue of this notice are as follows:-

Particulars	Amount (in INR)
Authorized Share Capital	
4,00,00,000 Equity Shares of INR 10/- each	40,00,00,000
Issued, Subscribed and Paid-up Share Capital	
2,90,40,724 Equity Shares of INR 10/- each	29,04,07,240

- 4.6. The details of the Directors of the Transferee Company along with their addresses are mentioned herein below:

DIRECTORS			
S. No.	Name of Director	Designation	Address of the Director
1.	Mr. S. M. Acharya	Non-Executive Chairman and Independent Director	No. 256, 2nd Main Road, HIG Dollar Colony, RMV 2nd Stage, Bangalore - 560094, Karnataka
2.	Mr. Vishnu R Dusad	Managing Director	D-123, Sector 40, Noida - 201301, Uttar Pradesh
3.	Mr. Ravi Pratap Singh	CEO and Executive Director	1044, Sector 37, Arun Vihar, Noida - 201301, Uttar Pradesh
4.	Ms. Ritika Dusad	Non-Executive Director	D-123, Sector 40, Noida - 201301, Uttar Pradesh
5.	Mr. Prithvi Haldea	Independent Director	C-101, Rishi Apartments, Alaknanda, New Delhi - 110019
6.	Mrs. Elaine Mathias	Independent Director	A-802, Nagarjuna Meadows, Yelahanka Doddaballapur Main Road, Bangalore – 560064, Karnataka
7.	Prof. Trilochan Sastry	Independent Director	No. 201, Indian Institute of Management, Bannerghatta Road, Bangalore – 560076, Karnataka
PROMOTERS AND PROMOTER GROUP			
S. No.	Name of Promoter	Category	Address of the Promoter
1.	Mr. Vishnu R Dusad	Promoter	D-123, Sector 40, Noida- 201301, Uttar Pradesh
2.	Mrs. Madhu Dusad	Person Acting in Concert	D-123, Sector 40, Noida- 201301, Uttar Pradesh
3.	Ms. Ritika Dusad	Person Acting in Concert	D-123, Sector 40, Noida- 201301, Uttar Pradesh
4.	Ms. Kritika Dusad	Person Acting in Concert	D-123, Sector 40, Noida- 201301, Uttar Pradesh
5.	Karmayogi Holdings Pvt. Ltd.	Person Acting in Concert	33-35, Thyagraj Nagar Market, New Delhi-110003

S. No.	Name of Promoter	Category	Address of the Promoter
6.	Mr. Yogesh Andlay	Promoter	J&K 51 Laxmi Nagar, New Delhi-110092
7.	Ms. Suman Mathur	Person Acting in Concert	234/ B, Shipra Suncity, Indirapuram, Ghaziabad-201010
8.	Mr. Naveen Kumar	Person Acting in Concert	C 97, Sector 23, Noida-201301
9.	Nucleus Software Engineers (P) Ltd.	Person Acting in Concert	3322A, IInd floor, Bank Street, Karol Bagh, New Delhi-110005
10.	Nucleus Software Workshop Pvt. Ltd.	Person Acting in Concert	35, Thyagaraj Nagar Near Lodhi Colony New Delhi-110003
11.	Card Systems Pvt. Ltd.	Person Acting in Concert	35, Thyagaraj Nagar Market Near Lodhi Colony New Delhi-110003

4.7. The date of the Meeting at which the Scheme was approved by the Board of Directors of the Transferee Company, including the name of the Directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution

Date of Board Meeting approving the Scheme	March 1, 2019
Names of the Directors who voted in favour of the resolution	1. Mr. S M Acharya 2. Mr. Vishnu R Dusad 3. Mr. Ravi Pratap Singh 4. Mr. Prithvi Haldea 5. Mrs. Elaine Mathias
Names of the Directors who voted against the resolution	None
Names of the Director who did not vote or participate on the resolution	1. Mr. N Subramaniam# 2. Prof. Trilochan Sastry* 3. Ms. Ritika Dusad*

* *Note: These Directors did not attend the Board meeting and were granted leave of absence.*

Note: Mr. N. Subramaniam ceased to be Director of Company w.e.f. April 1, 2019

4.8. The amount due to secured creditors of the Transferee Company as on March 14, 2019 is NIL as there are no secured creditors of the Transferee Company.

4.9. The amount due to unsecured creditors of the Transferee Company as on March 14, 2019 is INR 70,74,385/- (Rupees Seventy Lakh Seventy Four Thousand Three Hundred Eighty Five only).

5. Details of Virstra I-Technology Services Limited (Transferor Company-1)

5.1. General information

Virstra I-Technology Services Limited ("Transferor Company-1")	
Corporate Identification Number (CIN)	U72200DL2004PLC126213
Permanent Account Number (PAN)	AABCV8600M
Incorporation Date	May 6, 2004
Type of the Company	Unlisted Public Limited Company
Registered Office address	33-35 Thyagraj Nagar Market, New Delhi – 110003
E-mail address	investorrelations@nucleussoftware.com

5.2. The main objects of Transferor Company-1 as provided in Clause III (A) of its Memorandum of Association are as under

1. *“To provide software services, consultancy, data processing, business process management in the field of software maintenance, application, design, development, internet application, integration and other software services.*
2. *To design, develop, maintain, programme, buy, import, export, purchase, license, Market, implement, rent, hire, acquire, sub-contract and deal in all kind of computer software development, software related system and hardware of computer software development, software related system and hardware of software systems, communication system, programmed products, provide consultancy, data processing services, system study, software documentation and related components and complete software or computer based solutions*
3. *To carry on the business of analyzing, maintaining, compiling, coding, converting, programming and advising on all matter related to purchase, design, development and implementation of all kind of computer hardware and software system, communication systems, electronic systems, management information systems, data- processing system and data communication systems and in this regard conduct surveys, compile, feed, process, covert any test any kind of data for both analog and digital including CAD/ CAM, make reports, specifications, estimates, studies and feasibility reports and provide services including digitization services for any individual, company, industry or other authority .*
4. *To provide consultancy services to all industries in the area of information technology.*
5. *To provide training to professionals in information technology.”*

5.3. Main business carried on by Transferor Company-1: Subsequent to its incorporation in May 2004, the Applicant Transferor Company-1 commenced its business which, *inter alia*, consists of offshore and onsite software support and other related services.

5.4. Details of change of name, registered office and objects of the Transferor Company-1 during the last five years: There has been no change in the name, registered office and objects of Transferor Company-1 during the last five years.

5.5. The authorized, issued, subscribed and paid-up share capital of Transferor Company-1 as on date of issue of this notice are as follows:-

Particulars	Amount (in INR)
Authorized Share Capital	
10,00,000 Equity Shares of INR 10/- each	1,00,00,000
Issued, Subscribed and Paid-up Share Capital	
10,00,000 Equity Shares of Rs. 10/-	1,00,00,000

5.6. Names of the Directors and Promoters of Transferor Company-1 along with their addresses are mentioned herein below:-

DIRECTORS			
S. No.	Name of Director	Designation	Address of the Director
1.	Mr. Vishnu R Dusad	Non-Executive Director	D-123, Sector 40, NOIDA - 201301, Uttar Pradesh
2.	Mr. Prithvi Haldea	Non-Executive Director	C-101, Rishi Apartments, Alaknanda, New Delhi - 110019
3.	Mr. Ravi Pratap Singh	Non-Executive Director	1044, Sector 37, Arun Vihar, Noida – 201303, Uttar Pradesh
PROMOTERS			
S. No.	Name of Promoter	Category	Address of the Promoter
1.	Nucleus Software Exports Ltd.	Company	33-35 Thyagraj Nagar Market, New Delhi – 110003

5.7. The date of the Meeting at which the Scheme was approved by the Board of Directors of Transferor Company-1, including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution

Date of Board Meeting approving the Scheme	February 28, 2019
Names of the Directors who voted in favour of the resolution	1. Mr. Ravi Pratap Singh 2. Mr. Vishnu R Dusad
Names of the Directors who voted against the resolution	None
Names of the Director who did not vote or participate on the resolution	Mr. Prithvi Haldea*

* *Note: Mr. Prithvi Haldea did not attend the Board meeting and was granted leave of absence.*

5.8. The amount due to secured or unsecured creditors of Transferor Company-1 as on March 14, 2019 is NIL as there are no secured or unsecured creditors.

6. Details of Avon Mobility Solutions Private Limited (Transferor Company-2)

6.1. General information

Avon Mobility Solutions Private Limited ("Transferor Company-2")	
Corporate Identification Number (CIN)	U72900DL2007PTC341409
Permanent Account Number (PAN)	AAGCA5271N
Incorporation Date	May 15, 2007
Type of the Company	Private Limited Company
Registered Office address	33-35 Thyagraj Nagar Market, New Delhi – 110003
E-mail address	investorrelations@nucleussoftware.com

6.2. The main objects of Transferor Company-2 as provided in Clause III (A) of its Memorandum of Association are as under

1. *"To establish, develop, maintain, and improve, up-grade of software for Wireless Mobile Technologies and Applications.*
2. *To carry on the business of trading, distribution, import and export of software, software products and hardware equipments for Wireless Mobile Technologies and other Applications.*
3. *To provide consultancy for software development, system development, networking, E-commerce and associated logistics for Wireless Technologies and other Applications".*

6.3. Main business carried on by Transferor Company-2: Subsequent to its incorporation in May 2007, the Applicant Transferor Company-2 commenced its business. The Company presently offers logistic solutions, such as proof of delivery automation, integrated parcel logistics, and courier operations solutions. It also offers consultancy and software development services.

6.4. Details of change of name, registered office and objects of the Transferor Company-2 during the last five years: The registered office of Transferor Company-2 was previously located at No. 7, M V Naidu Street, Ground and First Floor, Chetpet, Chennai – 600031 which was shifted to 33-35 Thyagraj Nagar Market, New Delhi – 110003 vide order dated 28th September 2018 passed by the Regional Director, Registrar of Companies ("RoC"), Chennai and filed with the Ministry of Corporate Affairs on 31st October 2018. There has been no change in the name and objects of Transferor Company-2 during the last five years.

6.5. The authorized, issued, subscribed and paid-up share capital of Transferor Company-2 as on date of issue of this notice are as follows:-

Particulars	Amount (in INR)
Authorized Share Capital	
1,00,000 Equity Shares of INR 10/- each	10,00,000
40,00,000 11% Redeemable Non-Cumulative Preference Shares of INR 10/- each	4,00,00,000
Issued, Subscribed and Paid-up Share Capital	
11,110 Equity Shares of Rs. 10/- each	1,11,100
40,00,000 11% Redeemable Non-Cumulative Preference Shares of Rs. 10/- each	4,00,00,000

6.6. Names of the Directors and Promoters of Transferor Company-2 along with their addresses are mentioned herein below:-

DIRECTORS			
S. No.	Name of Director	Designation	Address of the Director
1.	Mr. Thomas Zachariah	Managing Director	Carolina (H), Manganam, PO Vijayapuram, Village Manganam, Kottayam – 686018, Kerala
2.	Mr. Vishnu R. Dusad	Non-Executive Director	D-123, Sector 40, NOIDA - 201301, Uttar Pradesh
3.	Mr. Kalyanasundaram Krishna Kumar	Non-Executive Director	No. 8, Lakshmi Illam, Pondicherry Road, Kottur, Chennai – 600085, Tamil Nadu
PROMOTERS			
S. No.	Name of Promoter	Category	Address of the Promoter
1.	Nucleus Software Exports Ltd.	Company	33-35 Thyagraj Nagar Market, New Delhi – 110003

6.7. The date of the Meeting at which the Scheme was approved by the Board of Directors of Transferor Company-2, including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution

Date of Board Meeting approving the Scheme	February 28, 2019
Names of the Directors who voted in favour of the resolution	1. Mr. Thomas Zachariah 2. Mr. Kalyanasundaram Krishna Kumar 3. Mr. Vishnu R Dusad (through teleconference)
Names of the Directors who voted against the resolution	None
Names of the Director who did not vote or participate on the resolution	Mr. N. Subramaniam*

*Note: 1) Mr. N. Subramaniam did not attend the Board meeting and was granted leave of absence.

2) Mr. N. Subramaniam ceased to be Director of Company w.e.f. April 1, 2019.

6.8. The amount due to secured and unsecured creditors of Transferor Company-2 as on March 14, 2019 is NIL as there are no secured or unsecured creditors.

7. Relationship between Parties, Rationale and Salient Features of the Scheme

7.1. Relationship between the Transferee Company and the Transferor Companies. The Transferor Companies are wholly owned subsidiaries of the Transferee Company.

7.2. Objects and Rationale of the Scheme

The proposed scheme being undertaken with an objective to consolidate the business at one place for effective and efficient management. Pursuant to the amalgamation, there will be no change in the control or management of the Transferor Companies. Therefore, the Proposed Scheme would, *inter-alia*, have the following benefits:

- a. Prevent cost duplication and bring in financial efficiencies of a holding structure. The resultant operations are expected to be substantially cost-efficient which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.
- b. Eliminate layered structures and reduce managerial overlap;
- c. Contribute in furthering and fulfilling the objectives and business strategies of all the companies thereby accelerating growth, expansion, greater access to different market segments and development of the respective businesses currently, being carried through the Transferee Company;
- d. Bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control;
- e. Greater efficiency in cash management of the Transferee Company, an unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value;
- f. The Scheme is not opposed to public policy and shall not have any adverse effect on either the shareholders or employees or creditors of the Transferor Companies or the Transferee Company.

7.3. Salient Features of the Scheme

The salient features of the Scheme are as follows:

- a. "Appointed Date" means the date from which the provisions of this Scheme shall become operational i.e. opening of business hours on April 1, 2019 or such other date as may be assented to and approved by the Board of Directors of the Companies and approved by the Tribunal;
- b. "Effective Date" shall mean the last of the dates on which the conditions set out in Clause 16 of the Scheme are satisfied or waived in accordance with this Scheme. Any reference in this Scheme to the words "*upon the Scheme becoming effective*" or "*date of coming into effect of the Scheme*" or "*Scheme coming into effect*" shall mean the Effective Date.
- c. Since, the Transferor Companies are wholly owned subsidiary companies of the Transferee Company i.e. the entire paid up share capital of the Transferor Companies is being beneficially held by the Transferee Company, no new equity shares of the Transferee Company shall be issued and allotted in respect of shares held by the Transferee Company in the Transferor Companies. Upon the Scheme becoming effective, the entire paid up share capital of the Transferor Companies shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.
- d. Valuation Report and Fairness Opinion is not applicable, since, Transferor Companies are wholly owned subsidiaries of the Transferee Company, the entire share capital of Transferor Companies shall stand cancelled and hence no new equity shares will be allotted by Transferee Company post-sanction of the proposed Scheme of Amalgamation. In view of the above, there would be no share exchange ratio in connection with the proposed Scheme of Amalgamation.

[NOTE: THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME OF AMALGAMATION, YOU ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME OF AMALGAMATION (ENCLOSED) TO GET YOURSELF FULLY ACQUAINTED WITH THE PROVISIONS THEREOF.]

8. Submissions, Approvals and Other Information

- a. The Proposed Scheme was placed before the Board of Directors of the Transferor Companies respectively on February 28, 2019 and Transferee Company on March 1, 2019 and was approved.
- b. Pursuant to the SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Transferee Company has filed the draft scheme with BSE and NSE on March 1, 2019 and specific approval of the stock exchanges is not required in case of merger of wholly-owned subsidiary with its parent company.
- c. On the Scheme being approved by the requisite majority of the Shareholders, the Transferee Company and Transferor Companies shall file a petition with the Hon'ble NCLT for sanction of the Scheme under Sections 230 to 232 of the Companies Act read with the CAA Rules and other relevant rules as framed thereunder.

9. Disclosures

Disclosure about effect of the amalgamation on			
S. No.	Particulars	Transferee Company	Transferor Companies
a.	Key Managerial Personnel ('KMP')	No effect	The Transferor Companies shall cease to exist and thus the question of any change in the KMP of the Transferor Companies does not arise. Apart from the above, the Scheme does not affect the material interests of any of the KMP.
b.	Directors	No effect	The Transferor Companies shall cease to exist and thus the question of any change in the Directors of the Transferor Companies does not arise. Apart from the above, the Scheme does not affect the material interests of any of the Directors.
c.	Promoters	No effect	The entire share capital of Transferor Companies shall stand cancelled and hence no new equity shares will be allotted by Transferee Company to the shareholders of Transferor Companies post-sanction of the proposed Scheme of Amalgamation.
d.	Non-promoter members	No effect	Not Applicable
e.	Depositors	Not Applicable	Not Applicable
f.	Creditors	No effect	No effect
g.	Debenture holders	Not Applicable	Not Applicable
h.	Deposit trustee and debenture trustee	Not Applicable	Not Applicable
i.	Employees of the company	No effect	Employees of the Transferor Companies, with effect from the Appointed Date will become employees of the Transferee Company, without any break in their service. All employee benefits pertaining to such employees shall continue on the same terms and conditions.

10. Directors, Promoters and Key Managerial Personnel

- a. The directors of the Transferor Companies and the Transferee Company and their relatives may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding directly in the respective companies that are the subject of the Scheme, or to the extent the said persons are interested or involved in any of the companies that are the subject of the Scheme or any entity that directly holds shares in any of the companies.
- b. Key Managerial Personnel ("KMPs") other than Directors and their relatives may be deemed to be concerned and/ or interested in the Scheme only to the extent of their shareholding directly in the respective companies that are the subject of the Scheme.
- c. Save as aforesaid, none of the Directors and KMPs of the Transferor Companies and the Transferee Company and their relatives have any material concern or interest, financial and / or otherwise in the Scheme. Further the Companies have not issued any debentures as on date and have not appointed any debenture trustee.
- d. The details of the present Directors and their relatives and KMPs of Transferee Company and Transferor Companies and their relatives and respective shareholdings in Transferee Company and Transferor Companies are as follows:

Extent of shareholding of directors and KMPs of Transferee Company and their respective shareholding in the Transferee Company and the Transferor Companies as on March 31, 2019 are as follows:

S.No	Name	Designation	Equity Shares in Transferee Company	Equity Shares held in Transferor Company-1	Equity Shares held in Transferor Company-2	Preference Shares held in Transferor Company-2
1.	Mr. Vishnu R Dusad	Managing Director	16,03,492	1*	1*	Nil
2.	Mr. Ravi Pratap Singh	CEO and Executive Director	1,51,977	1*	1*	Nil
3.	Ms. Poonam Bhasin	AVP and Company Secretary	10	1*	1*	Nil

* The shares held in the Transferor Companies are held in the capacity of a Nominee Shareholder of Transferee Company.

11. Pre and Post Scheme shareholding pattern of the Transferor Companies and Transferee Company

11.1. Pre-Scheme Shareholding Pattern of Transferor Company-1

S. No.	Description	Pre-Scheme shareholding pattern (As on March 31, 2019)	
		Number of Equity Shares Held	% of Equity Share Capital
1.	Nucleus Software Exports Limited	9,99,994	99.9994
2.	Mr. Vishnu R Dusad	1*	0.0001
3.	Mr. Ravi Pratap Singh	1*	0.0001
4.	Mr. Prakash Purushottam Pai	1*	0.0001
5.	Ms. Poonam Bhasin	1*	0.0001
6.	Mr. Anurag Bhatia	1*	0.0001
7.	Mr. Anil Kumar	1*	0.0001
	Total	10,00,000	100.00

*Nominee of Nucleus Software Exports and the beneficial interest in the share is held by Nucleus Software Exports Limited.

11.2 Pre-Scheme Shareholding Pattern of Transferor Company-2

S. No.	Description	Pre-Scheme shareholding pattern (As on March 31, 2019)		Pre-Scheme shareholding pattern (As on March 31, 2019)	
		Number of Equity Shares held	% of Equity Share Capital	Number of Preference Shares Held	% of Preference Share Capital
1.	Nucleus Software Exports Limited	11,104	99.946	40,00,000	100.00
2.	Mr. Vishnu R Dusad	1*	0.009	Nil	Nil
3.	Mr. Ravi Pratap Singh	1*	0.009	Nil	Nil
4.	Mr. Prakash Purushottam Pai	1*	0.009	Nil	Nil
5.	Ms. Poonam Bhasin	1*	0.009	Nil	Nil
6.	Mr. Anurag Bhatia	1*	0.009	Nil	Nil
7.	Mr. Anil Kumar	1*	0.009	Nil	Nil
	Total	11,110	100.00	40,00,000	100.00

*Nominee of Nucleus Software Exports and the beneficial interest in the share is held by Nucleus Software Exports Limited.

11.3 Pre and Post Scheme Shareholding Pattern of Transferee Company

S. No.	Description	Pre-Scheme shareholding pattern (As on March 31, 2019)		Post Scheme Shareholding pattern	
		Number of Shares Held	% of Share Capital	Number of Shares Held	% of Share Capital
1.	Promoter & Promoter Group	1,96,27,866	67.59	1,96,27,866	67.59
2.	Public	94,12,858	32.41	94,12,858	32.41
3.	Shares Underlying DRs	Nil	Nil	Nil	Nil
4.	Shares held by Employee Trusts	Nil	Nil	Nil	Nil
	Total	2,90,40,724	100.00	2,90,40,724	100.00

12. Investigation or proceedings pending against the Transferor Companies and/ or the Transferee Company under the Companies Act

There are no investigations or proceedings pending against the Transferor Companies and/ or the Transferee Company under Sections 235 to 251 of the erstwhile Companies Act, 1956 or under Sections 210 to 227 of the Companies Act 2013.

13. General

- The proposed Scheme does not affect in any manner nor vary the rights in any manner of the KMPs (as defined under the Companies Act) or directors of the Transferor Companies or the Transferee Company. The Scheme also does not propose any capital or debt restructuring or any compromise or arrangement with the creditors of the Transferor Companies or the Transferee Company.
- It is confirmed that the copy of the Scheme, as approved by Board, has been filed with the concerned ROC.
- In compliance with the requirement of Section 230(5) of the Companies Act and Rule 8 of the CAA Rules, notice in the prescribed form and seeking approvals, sanctions or no-objections shall be served to the concerned regulatory and government authorities for the purpose of the proposed Scheme.

14. The Scheme is conditional upon and subject to the following:

- Such other sanctions and approvals including sanctions of any Governmental Authority or regulatory authority as may be required by law or contract in respect of the Scheme being obtained; and
- the certified copies of the orders of the NCLT referred to in this Scheme being filed with the relevant RoC by the Transferee Company and each of the Transferor Companies, as may be applicable. The Scheme shall become effective on last of the dates on which Transferee Company and each of the Transferor Companies, as may be applicable, file a certified copy of the order of the NCLT sanctioning the Scheme with the relevant RoC.

15. Copy of the NCLT convened meeting Notice, the Scheme of Amalgamation and Explanatory Statement under Sections 230 to 232 of the Companies Act have been placed on the website of the Company at www.nucleussoftware.com

16. The following documents will be open for inspection at its registered office between 10.00 am to 5.00 pm on all working days, except Saturdays, Sundays and Public Holidays, up to 1 (one) day prior to the date of the NCLT convened meeting:

- Copy of the Order dated April 12, 2019 (as amended by order dated May 1, 2019) passed by the Hon'ble National Company Law Tribunal, Principal Bench at New Delhi passed in the above Company Application;
- Copy of the Company Application (CAA) no. 56/PB/2019;
- Copy of Scheme of Amalgamation;
- Copy of the Memorandum and Articles of Association of the Transferor Companies and the Transferee Company;
- Latest audited Financial Statement of the Transferee Company as on December 31, 2018 and Transferor Companies as on March 31, 2018;
- Copy of the Unaudited Annual Accounts of the Transferor Companies as on December 31, 2018;
- Certificate issued by the auditor of the Transferee Company to the effect that the accounting treatment, if any proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of Companies Act;
- Certificate issued by the auditor of the Transferor Companies to the effect that the accounting treatment, if any proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of Companies Act.

Dated this 16 day of May 2019.

Chandigarh

For Nucleus Software Exports Limited

Sd/-

Name: Rajesh Gupta

(Chairperson appointed for the meeting of equity shareholders of Transferee Company)

Registered Office:

33-35 Thyagraj Nagar Market, New Delhi – 110003.



NUCLEUS SOFTWARE EXPORTS LIMITED

CIN – L74899DL1989PLC034594

Registered Office: 33-35, Thyagraj Nagar Market, New Delhi- 110003

Phone: +91-120-4031400 Fax: +91-120-4031672

E-mail: Investorrelations@nucleussoftware.com; Website: www.nucleussoftware.com

ATTENDANCE SLIP

[HON'BLE NATIONAL COMPANY LAW TRIBUNAL (NCLT) CONVENED MEETING OF EQUITY SHAREHOLDERS

Venue of the Meeting: PHD Chambers of Commerce, PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, NIPCCD Campus, Hauz Khas, New Delhi- 110016

Day, Date & Time: Monday, July 8, 2019 at 02:00 PM

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Name of the member(s):
Registered address:
E-mail ID:
Folio No :
Client ID /DP ID*:
No. of Shares held:

* Applicable for investors holding shares in Electronic form.

I certify that I am a member / proxy for the member of the Company.

I/We hereby record my presence at the Meeting of the Members of the Company convened pursuant to the order of the Hon'ble National Company Law Tribunal, Principal Bench, New Delhi, at PHD chambers of commerce, PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, NIPCCD Campus, Hauz Khas, New Delhi- 110016., on Monday July 8, 2019 at 2.00 PM.

..... Name of the Shareholder / Proxy / Authorised Representative (In Block Letters) Signature of the Shareholder / Proxy / Authorised Representative
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Note: Shareholder/Authorised Representative/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance of the venue duly filled and signed.

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL

PRINCIPAL BENCH, NEW DELHI

C.A. (CAA) NO. 56 / PB / 2019

IN THE MATTER OF SECTIONS 230 TO 232 READ WITH OTHER
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH RULES MADE THEREUNDER

AND

IN THE MATTER OF SCHEME OF AMALGAMATION

AMONGST

VIRSTRA I-TECHNOLOGY SERVICES LIMITED

(TRANSFEROR COMPANY-1)

AND

AVON MOBILITY SOLUTIONS PRIVATE LIMITED

(TRANSFEROR COMPANY-2)

AND

NUCLEUS SOFTWARE EXPORTS LIMITED

(TRANSFEREE COMPANY)

FORM NO. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L74899DL1989PLC034594

Name of the company: Nucleus Software Exports Limited

Registered office: 33-35 Thyagraj Nagar Market, New Delhi – 110003, India

Name of the member(s):	
Registered address:	
E-mail ID:	
Folio No/ DP ID/ Client ID*:	

* Applicable for investors holding shares in Electronic form.

I/We, being the equity shareholder(s) of Nucleus Software Exports Limited holding _____ shares of the above named Company, hereby appoint

1. Name: _____
Address: _____
E-mail Id: _____

Signature: _____
or failing him

2. Name: _____
Address: _____
E-mail Id: _____

Signature: _____
or failing him

3. Name: _____
 Address: _____
 E-mail Id: _____
 Signature: _____

as my/our proxy to attend and vote (on a poll through ballot paper or electronic mode) for me/us and on my/our behalf at the meeting of Equity Shareholders of the Company convened pursuant to the Order of Hon'ble NCLT, to be held on the 08th day of July 2019 at 02.00 PM at PHD Chambers of Commerce, PHD House, 4/2, August Kranti Marg, Siri Institutional Area, Block A, NIPCCD Campus, Hauz Khas, New Delhi- 110016 and at any adjournment thereof in respect of the resolution as indicated below:

Resolution No.	Resolution	For	Against
1.	Scheme of Amalgamation (" Scheme ") of wholly owned subsidiaries- Virstra I-Technology Services Limited (" Transferor Company-1 ") and Avon Mobility Solutions Private Limited (" Transferor Company-2 ") into and with the parent company- Nucleus Software Exports Limited (" Transferee Company ") and their respective Shareholders and Creditors.		

Please put a tick mark (v) in the appropriate column against the resolution indicated in the box. This is optional. If the shareholder leaves the "For" or "Against" column blank against the Resolution, the proxy will be entitled to vote in the manner he/she thinks appropriate. If the shareholder wishes to abstain from voting on the resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signed this ____ day of _____ 2019

 Signature of Shareholder

Affix Revenue Stamp

 Signature of Proxy holder(s)

Note:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting.
2. A person can act as proxy on behalf of shareholders not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A shareholder holding more than ten percent of the total share capital of the Company may appoint a single person as a proxy and such person cannot act as a proxy for any other person or shareholder.
3. For the resolution, explanatory statements and notes please refer to the Notice of NCLT Convened Meeting.
4. Please affix revenue stamp.
5. Those shareholders who have multiple folios with different joint holders may use copies of this Proxy Form.
6. In case of multiple proxies, the proxy received later in time shall be accepted.
7. Alterations, if any, made in the Form of Proxy should be initialed.

VOLUME - 2

SCHEME OF AMALGAMATION

AMONGST

VIRSTRA I-TECHNOLOGY SERVICES LIMITED

(TRANSFEROR COMPANY-1)

AND

AVON MOBILITY SOLUTIONS PRIVATE LIMITED

(TRANSFEROR COMPANY-2)

AND

NUCLEUS SOFTWARE EXPORTS LIMITED

(TRANSFeree COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013)**

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PREAMBLE

A. Overview of the Scheme of Amalgamation

- i. This Scheme of Amalgamation (hereinafter referred to as the “Scheme”) provides for the merger and amalgamation of Virstra I-Technology Services Limited (“Transferor Company-1”) and Avon Mobility Solutions Private Limited (“Transferor Company-2”) (Transferor Company-1 and Transferor Company-2 shall collectively be referred to as “Transferor Companies”) into and with Nucleus Software Exports Limited (“Transferee Company”), pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act read with Rule 18 and other applicable provisions of the Rules and Section 2(1B) of the Income Tax Act as applicable for the amalgamation.
- ii. The Transferor Companies and the Transferee Company are companies within the same group and the Transferor Companies are the wholly owned subsidiaries of the Transferee Company since the Transferee Company along with its nominees holds the entire share capital of each of the Transferor Companies. The Transferee Company shall not issue any shares under the Scheme. The existing shareholding of the Transferee Company in each of the Transferor Companies shall get cancelled and extinguished, pursuant to this Scheme.
- iii. Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

B. Description of Companies

- i. Virstra I-Technology Services Limited or Transferor Company-1 is an unlisted public limited company bearing CIN - U72200DL2004PLC126213 and incorporated on 06th May 2004 under the provisions of the Companies Act, 1956. Currently, its registered office is situated at 33-35 Thyagraj Nagar Market, New Delhi – 110003. The Transferor Company-1 is a wholly owned subsidiary of the Transferee Company. The Permanent Account Number of Transferor Company-1 is AABCV8600M.

The main objects of Transferor Company-1 as provided in Clause III (A) of its Memorandum of Association are as under:

1. *“To provide software services, consultancy, data processing, business process management in the field of software maintenance, application, design, development, internet application, integration and other software services.*
 2. *To design, develop, maintain, programme, buy, import, export, purchase, license, Market, implement, rent, hire, acquire, sub-contract and deal in all kind of computer software development, software related system and hardware of computer software development, software related system and hardware of software systems, communication system, programmed products, provide consultancy, data processing services, system study, software documentation and related components and complete software or computer based solutions*
 3. *To carry on the business of analyzing, maintaining, compiling, coding, converting, programming and advising on all matter related to purchase, design, development and implementation of all kind of computer hardware and software system, communication systems, electronic systems, management information systems, data- processing system and data communication systems and in this regard conduct surveys, compile, feed, process, covert any test any kind of data for both analog and digital including CAD/CAM, make reports, specifications, estimates, studies and feasibility reports and provide services including digitization services for any individual, company, industry or other authority .*
 4. *To provide consultancy services to all industries in the area of information technology.*
 5. *To provide training to professionals in information technology.”*
- ii. Avon Mobility Solutions Private Limited or Transferor Company-2 is a private limited company bearing CIN - U72900DL2007PTC341409 and incorporated on 15th May 2007 under the provisions of the Companies Act, 1956. Currently its registered office is situated at 33-35 Thyagraj Nagar Market, New Delhi – 110003. The registered office of Transferor Company-2 was previously located at No. 7, M V Naidu Street, Ground and First Floor, Chetpet, Chennai – 600031 which was shifted to 33-35 Thyagraj Nagar Market, New Delhi – 110003 vide order dated 28th September 2018 passed by the Regional Director, Registrar of Companies (‘RoC’), Chennai. The Transferor Company-2 is a wholly owned subsidiary of the Transferee Company. The Permanent Account Number of Transferor Company-2 is AAGCA5271N.

The main objects of Transferor Company-2 as provided in Clause III (A) of its Memorandum of Association are as under:

1. *“To establish, develop, maintain, and improve, up-grade of software for Wireless Mobile Technologies and Applications.*
 2. *To carry on the business of trading, distribution, import and export of software, software products and hardware equipments for Wireless Mobile Technologies and other Applications.*
 3. *To provide consultancy for software development, system development, networking, E-commerce and associated logistics for Wireless Technologies and other Applications”.*
- iii. Nucleus Software Exports Limited or Transferee Company is a listed public company bearing CIN - L74899DL1989PLC034594 and incorporated on January 9, 1989 under the provisions of the Companies Act, 1956. The shares of the Transferee Company are listed on the Bombay Stock Exchange and National Stock Exchange. The Transferee Company was previously incorporated as a

private limited company under the name of 'Nucleus Software Exports Private Limited' as per the provisions of Companies Act, 1956, however with the effect from October 10, 1994 the name of Transferee Company was changed to 'Nucleus Software Exports Limited' vide certification from ROC, NCT of Delhi and Haryana. The Transferee Company currently has its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003. The Permanent Account Number of Transferee Company is AACAN5382P.

The main objects of Transferee Company as provided in Clause III (A) of its Memorandum of Association are as under:

1. *"To carry on the business of consultants, trading, manufacturing, importing, exporting, agents and distributors of systems study, analysis, design, development and implementation of technologies, software systems/applications based on wireless, mobile or any other technology, for usage in all kinds of businesses, management systems, mobile system, e-commerce and/ or associated logistics including for any other purpose(s) or business(es) whatsoever, communication systems or combination of the computer and communication systems, hardware equipments for any system, product or technology and providing consultancy related to commercial and non-commercial usage, engineering goods, electronics equipments and instruments electrical goods and equipment and computers supply of manpower for supporting software supplied to various commercial and noncommercial users.*
2. *To carry on the business as manufacturers of, fabricators, assemblers, processors and dealers of all kinds of computers, accounting and business, machines, transistors, transformers, receivers, conductors, magnetic materials, microwave components, videogames tapes, discs, fittings switches and all hardware, software and peripherals thereto.*
3. *To own or otherwise establish set up, manage, run and operate through partnership, joint venture or any other mode, training; data processing and information centers and/ or educational Institutions for imparting education, coaching and training in information Technology, Software Solutions, networking, data processing, telecommunication and other allied activities in the fields of computer software, hardware, marketing, management and business related, in India and abroad either through education centers and/or through postal means or through electronic i.e. e-learning services or other media including but not limited to publishing books, magazines, hosting websites for services of content development and support, animation, learning support, learning management systems and knowledge services and other related activities and to carry on the business of data digitalization by digitizing physical and manual records such as text images, videos and audio to carry on the business in India and abroad for commercial as well as non-commercial users.*
4. *To carry on the business of providing outsourcing services for all processors, sub processors, transactions, activities and all other work performed in various industries within India and across the world including but not limited to those process or sub processes that are enabled by information technology data, voice or video collection and processing, call centre services including in bound and out bound calling services of all kinds, technical support, managed data centre, managed technical centre, training centre, web support back office, business or financial analysis, scientific analysis, research work and analysis, storage, disaster recovery, accounting, pay roll, inventory management, customer relationship management, enterprises resources planning and to render computer services for commercial users and to develop software and supply information technology solutions including turnkey solutions, end-to-end solutions, systems integration and development of software, computer hardware, peripherals, networking.*
5. *To operate technology data processing centre or providing management information, analysis, development accounting and business information, and providing data to Corporate, Institutions, individuals in India and abroad to carry on the business of gathering compiling, processing analyzing, distributing, selling, publishing data and information and services and providing access to information regarding financial operations and management of financial services, investment services, business and commercial operations, financial status, credit worthiness and rating consumer responses and management of business of all kinds and descriptions and to provide other services through either computer aided or telephone or any other mode in India or anywhere in world and to carry on the business of providing infrastructure Management services and Application Service provider (ASP) services or commercial usage to Corporates, institutions, individuals, or other legal entity whether in India and abroad.*
6. *To carry on in India or abroad whether independently or in partnership with any other person, the business to provide, promote, develop, design, establish, setup, maintain, organize, undertake, manage, operate, run, market, purchase, sell, distribute, resell, import, export and carry on the business of all types/kinds of electronic and/or virtual payment systems services including integrated software and applications, e-wallets, mobile-wallets, cash card, stored value instruments, payment gateways services, prepaid and/or postpaid payment instruments payment systems including open/ closed/semi-closed systems payment instruments, including all kinds of payment services in any manner whatsoever through offline transaction, internet payment transactions or e-commerce payment transactions in banking, credit card payments, debit card payments, smart card payments, prepaid card payments, electronic cash card payments, electronic cashless payment systems, e-wallet payment systems, mobile payment systems, merchant payment transactions, utility payment transactions, digital COD(Cash on Delivery) payments, remittance transactions, credit reporting services and online search engine services, transaction switching and monitoring and transaction analytics of online financial and non-financial transactions through ATM, POS, Mobile Channels or any other channel available in future, internet, e-commerce, m-Commerce or such other system, mechanism, medium or technology as may be available invented, created from time to time in India or elsewhere, to scale up and to allow seamless integration across multiple business entities spread across various geographical locations to ensure a safe, secure and efficient electronic payment system and to act as marketing agents, consultants, financiers, advisors, technicians far promoting and servicing of different types of payment systems such as closed, semi-closed and open systems relating to Payments and Settlement Services and to take over or give franchises of the same.*

7. *To provide services, management and consultancy in the field of prepaid and/or postpaid payment instruments services, electronic and virtual payment systems, transaction processing, and to act as dealers, distributors, agents, representative of Indian and foreign concerns/persons operating in the line of prepaid, postpaid and other payment system services, and allied activities related thereto”.*

C. Objects and Rationale for the Proposed Scheme

- i. Pursuant to and under the provisions of Sections 230 to 232 and other applicable provisions of the Act, the entire Business and Undertaking of each of the Transferor Companies will be merged and amalgamated into and with the Transferee Company.
- ii. The Transferor Company-1 and Transferor Company-2 are wholly owned subsidiaries of the Transferee Company and are engaged in similar nature of business. The proposed scheme being undertaken with an objective to consolidate the business at one place for effective and efficient management. Pursuant to the amalgamation, there will be no change in the control or management of the Transferor Companies. Therefore, the Proposed Scheme would, *inter-alia*, have the following benefits:
 - a. Prevent cost duplication and bring in financial efficiencies of a holding structure. The resultant operations are expected to be substantially cost-efficient which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
 - b. Eliminate layered structures and reduce managerial overlap;
 - c. Contribute in furthering and fulfilling the objectives and business strategies of all the companies thereby accelerating growth, expansion, greater access to different market segments and development of the respective businesses currently, being carried through the Transferee Company;
 - d. Bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control;
 - e. Greater efficiency in cash management of the Transferee Company, an unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value;
 - f. The Scheme is not opposed to public policy and shall not have any adverse effect on either the shareholders or employees or creditors of the Transferor Companies or the Transferee Company.
 - i. The Scheme has been approved by the Audit committee of Transferee Company and the respective Board of Directors of each of the Transferor Companies and the Transferee Company. Accordingly, it has been decided to make the requisite applications/ petitions before the Tribunal for the sanction of this Scheme.
 - ii. The amalgamation of both the Transferor Companies with the Transferee Company pursuant to and in accordance with this Scheme shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-tax Act, 1961.

D. Parts of the Scheme

The Scheme is divided in the following parts:

- i. **Part-I** provides for Definitions, Interpretation and Share Capital details of the Companies which are common to all Parts. Specific definitions (if any) have been provided in the other Parts therein;
- ii. **Part-II** provides for specific provisions governing the merger and amalgamation of each of the Transferor Companies into and with the Transferee Company;
- iii. **PART-III** deals with certain general terms and conditions applicable to one or more Parts of this Scheme.

PART-I: DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. Definitions

In this Scheme, unless inconsistent / repugnant with the subject, context or meaning thereof, the following initially and/ or fully capitalized words or expressions shall have the meaning as set out herein below:

- 1.1. **“Act”** means the Companies Act, 2013 including any applicable rules and regulations made thereunder, and includes any statutory re-enactments, modifications and / or amendments thereof from time to time and to the extent in force;
- 1.2. **“Applicable Laws”** means any statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force;

- 1.3. **“Appointed Date”** means the date from which the provisions of this Scheme shall become operational i.e. opening of business hours on 01 April 2019 or such other date as may be assented to and approved by the Board of Directors of the Companies and approved by the Tribunal;
- 1.4. **“Appropriate Authority”** means and includes any governmental, statutory, departmental or public body or authority, including Registrar of Companies, Stock Exchanges and the Tribunal;
- 1.5. **“Board of Directors”** in relation to the each of the Transferor Companies and the Transferee Company, as the case may be, means its respective board of directors, and unless it be repugnant to the context or otherwise, shall be deemed to include every committee (including a committee of directors) or any person authorized by the board of directors or such committee of directors duly constituted and authorized, *inter alia*, for the purposes of the amalgamation, the Scheme and/ or any other matter relating thereto;
- 1.6. **“BSE”** means BSE Limited;
- 1.7. **“Business and Undertaking”** shall mean whole of the undertaking and entire business of each of the Transferor Company-1 and Transferor Company-2 as a going concern on the Appointed Date and shall include inter alia the following:
- a. all rights, titles, interests, covenants, undertakings and liabilities including rights, titles and interests continuing in connection with the immovable properties, and buildings, whether freehold, leasehold or otherwise;
 - b. all property, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, including all movable assets, fixed assets, plant and machinery, office equipment, computers, computer software products, data processing and communication equipment and facilities, lines and links, switches and routers, servers, telephones, telexes, facsimile connections, equipment, apparatus, installations, utilities, generators and air conditioners, electricity, water and other service connections, furniture and fixtures, all resources, utilities and facilities, vehicles, work-in-progress including capital work in progress, whether owned, leased or otherwise;
 - c. all the current assets, loans and advances including inter alia inventories of raw materials, components and parts, work-in progress, finished goods and goods-in-transit, account receivables, cash and bank balances, deposits including accrued interest, share application monies, other current assets, actionable claims and debts appertaining to the moveable assets;
 - d. all earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the Transferor Companies, including deposits and rent advance paid to lessors or licensors of office premises, warehousing facilities or residential premises;
 - e. all investments in government securities, shares, debentures and other securities, application money for subscription of shares, debentures, and other securities, made or held by the Transferor Companies, as well as all benefits accrued thereon;
 - f. all permits, quotas, rights, entitlements, allotments, approvals, consents, concessions, benefits arising out of exports of goods and services, exemptions, liberties, advantages, no-objection certificates, certifications, registrations, easements, goodwill, licenses, tenancies, offices and depots, Intellectual Property Rights including trade name and trademarks, service marks, patents, copyrights, moral rights, domain names, applications for copyrights, patents, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, hire purchase arrangements, powers and facilities of every kind and description whatsoever appertaining to the Transferor Companies;
 - g. right to claim tax holidays, if applicable, under the provisions of the Income Tax Act;
 - h. Right to any claim, whether preferred or not, made by Transferor Companies, in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon, with regard to any relevant law, act or rule;
 - i. all the secured and unsecured loans, debts, current liabilities and provisions, and other liabilities, duties and obligations, whether present of future and whether recorded or unrecorded, of the Transferor Companies, as at the Appointed Date (hereinafter collectively referred to as the **“Liabilities”**);
 - j. all contracts, agreements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which Transferor Company-1 or Transferor Company-2 is a party, relating to their respective business, activities and operations;
 - k. all such permanent employees of Transferor Company-1 or Transferor Company-2, employees/personnel engaged on contract basis and contract labourers and secondees/interns/trainees, at its respective offices, branches or otherwise, and any other employees/personnel and contract labourers and interns/trainees hired by Transferor Company-1 or Transferor Company-2 after the date hereof, relating to their respective business, activities and operations; and
 - l. all books, record files, papers, computer programs along with engineering and process information, manuals, data, catalogues, quotations, websites, sales and advertising material, list of present and former customers, customer credit

information, customer pricing information, and other records whether in physical form or electronic form in connection with or relating to the respective business, activities and operations of the Transferor Companies.

- m. all unabsorbed tax losses, unabsorbed tax depreciation, advance taxes, tax deducted at source, tax collected at source, Minimum Alternate tax credit, Service tax input credit balances, all state value added tax input credit balances and input tax under Goods & Services legislation.
- 1.8. **“Effective Date”** shall mean the last of the dates on which the conditions set out in Clause 16 of the Scheme are satisfied or waived in accordance with this Scheme. Any reference in this Scheme to the words **“upon the Scheme becoming effective”** or **“date of coming into effect of the Scheme”** or **“Scheme coming into effect”** shall mean the Effective Date;
- 1.9. **“Government Authority”** means any applicable Central or State Government or local body, Legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof;
- 1.10. **“Income Tax Act”** means the Income Tax Act, 1961, and shall include any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 1.11. **“Input Tax Credit”** means CENVAT Credit as defined under the CENVAT Credit Rules, 2004 and any other tax credits under any indirect tax law for the time being in force including Goods & Service Tax;
- 1.12. **“Intellectual Property Rights”** means (a) copyright, patents, brands, manufacturing process, database rights and rights in trademarks, designs, know-how and confidential information (whether registered or unregistered); (b) applications for registration, and rights to apply for registration, of any of the foregoing rights; and (c) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;
- 1.13. **“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 1.14. **“Official Liquidator”** or **“OL”** means the Official Liquidator having jurisdiction over the Transferor Companies and the Transferee Company;
- 1.15. **“NSE”** means National Stock Exchange of India Limited;
- 1.16. **“Registrar of Companies”** means the Registrar of Companies at NCT of Delhi and Haryana at New Delhi;
- 1.17. **“Rules”** means the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and shall include any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 1.18. **“Scheme”** means this Scheme of Amalgamation of Transferor Company-1 and Transferor Company-2 and Transferee Company and their respective shareholders, in its present form (along with any annexures, schedules, etc. attached hereto), as submitted to the Tribunal or this Scheme with such modification(s), if any, as may be made by the members and/ or the creditors of the Companies or such modification(s) as may be imposed by any competent authority and/ or directed to be made by the Tribunal while sanctioning the Scheme and as accepted by the respective Board of Directors of the Companies;
- 1.19. **“SEBI”** means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992;
- 1.20. **“Shareholders”** with respect to each of the Transferor Company-1 and Transferor Company-2 and the Transferee Company, means respectively, the persons registered from time to time, as the holders of the equity and preference shares of the company concerned;
- 1.21. **“Stock Exchanges”** means BSE and/ or NSE;
- 1.22. **“Transferee Company”** means Nucleus Software Exports Limited, bearing CIN L74899DL1989PLC034594, incorporated on January 9, 1989 under the provisions of the Companies Act, 1956 and having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003;
- 1.23. **“Transferor Company-1”** means Virstra I-Technology Services Limited bearing CIN U72200DL2004PLC126213, incorporated on 06th May 2004 under the provisions of the Companies Act, 1956 and having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003;
- 1.24. **“Transferor Company-2”** means Avon Mobility Solutions Private Limited bearing CIN - U72900DL2007PTC341409, incorporated on 15th May 2007 under the provisions of the Companies Act, 1956 and having its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003;
- 1.25. **“Tribunal”** means the Hon’ble National Company Law Tribunal at New Delhi as constituted under the provisions of the Act having jurisdiction over the Transferor Companies and Transferee Company.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other Applicable Laws, as the case may be or any statutory modification or re-enactment thereof from time to time to the extent in force.

2. Interpretation

- 2.1. References to statutory provisions shall be construed as references to the statutory provisions under Applicable Laws of India unless otherwise specified, and in any event to those provisions as respectively amended, superseded or re-enacted or as their application is modified by any other provisions (whether made before or after the date of this Scheme) from time to time, to the extent in force;
- 2.2. References to Clauses are to the Clauses of this Scheme and references to sub-clauses are to the sub-clauses of the Clause of this Scheme in which the reference appears;
- 2.3. The headings and sub-headings are for information only and shall not affect the construction or interpretation of this Scheme;
- 2.4. The singular shall include the plural and vice versa; and reference to one gender shall include all genders;
- 2.5. Any phrase introduced by the terms "including", "include" or any similar expression shall be construed as illustrative and shall not limit the sense or scope of the word(s) preceding those terms.

3. Date of Taking Effect and Operative Date

- 3.1. The Scheme set out herein in its present form submitted to the Tribunal or this Scheme with such modification(s), if any, as may be made by the members and/ or the creditors of the Companies or such modification(s) as may be imposed by any competent authority and/or directed to be made by the Tribunal while sanctioning the Scheme and as accepted by the respective Board of Directors of the Companies shall be operative from the Appointed Date but shall be effective from the Effective Date.

4. Share Capital

The authorized, share capital of the Transferor Companies and the Transferee Company as on 31st December 2018 is as follows:

4.1. Transferor Company-1

Particulars	Amount (in INR)
Authorized Capital	
10,00,000 Equity Shares of INR 10/- each	1,00,00,000

4.2. Transferor Company-2

Particulars	Amount (in INR)
Authorized Capital	
1,00,000 Equity Shares of INR 10/- each	10,00,000
40,00,000 11% Redeemable Non-Cumulative Preference Shares of INR 10/- each	4,00,00,000

4.3. Transferee Company

Particulars	Amount (in INR)
Authorized Capital	
4,00,00,000 Equity Shares of INR 10/- each	40,00,00,000

It is provided that till the Scheme becomes effective, the Transferor Companies and the Transferee Company are free to alter their authorized, issued, subscribed or paid up share capital as required by respective business requirements (including issue of shares on account of capital infusion in to the relevant company), subject to the necessary permissions and approvals of the concerned Government Authority and their respective Board of Directors and members, if required.

5. Compliance with Tax Laws

- 5.1. This Scheme complies with the conditions relating to "amalgamation" as defined under Section 2(1B) and other relevant sections and provisions of the Income Tax Act. If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of a new enactment or any amendment or coming into force

of any provision of the Income Tax Act or any other Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail and this Scheme may be modified accordingly with consent of the Transferor Companies and the Transferee Company (acting through the powers vested with their respective Board of Directors, which power can be exercised at any time and shall be exercised in the best interests of the companies and their shareholders).

PART-II: AMALGAMATION, TRANSFER AND VESTING

6. Transfer and Vesting

6.1. On occurrence of the Effective Date and with effect from the Appointed Date, the entire Business and Undertaking of the each of the Transferor Company-1 and Transferor Company-2 shall, in terms of Sections 230 to 232 and other applicable provisions of the Act and other provisions of Applicable Law, as may be relevant, pursuant to the sanctioning of the Scheme by the Tribunal, without any further act, instrument, deed, matter or thing, stand transferred and vested in and/ or deemed to be transferred to and vested in the Transferee Company as a going concern, in the following manner:

6.1.1. Transfer of Assets

- a. The entire Business and Undertaking of the Transferor Companies shall stand transferred to and be vested in the Transferee Company without any further act or deed, together with all its properties, assets, rights, benefits and interest therein, subject to existing charges thereon, if any, in favour of banks and financial institutions and other secured lenders, as the case may be;
- b. All the assets of the Transferor Companies as are movable in nature or incorporeal property or are otherwise capable of transfer by physical delivery or by endorsement and delivery or transfer by vesting and recording pursuant to this Scheme, shall stand vested in the Transferee Company, with effect from the Appointed Date, and shall become the assets and an integral part of the Transferee Company;
- c. All movable property of the Transferor Companies, other than those specified in Paragraph 6.1.1.b above, including sundry debtors, cash in hand or in bank, outstanding loans and advances, actionable claims, guarantees, acceptances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Quasi-Government, local and other authorities and bodies, customers and other persons shall without any notice, intimation, act, instrument or deed become the property and integral part of the Transferee Company;
- d. All the licenses, permits, quotas, contracts (together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Companies and all rights and benefits that have accrued or which may accrue to the Transferor Companies, whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company, the licenses, permits, quotas, contracts (together with all non-compete covenants), approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and condition and shall be appropriately registered by the relevant statutory authorities in favor of the Transferee Company pursuant to this Scheme, in order to facilitate the continuation of operations of the Transferor Companies in the Transferee Company without any hindrance, on and from the Appointed Date.
- e. In so far as various incentives, subsidies, special status and other benefits or privileges (including but not limited to right to claim credit in respect of all unabsorbed tax losses, unabsorbed tax depreciation, advance taxes, tax deducted at source, tax collected at source, minimum alternate tax credit, service tax input credit balances, all state value added tax input credit balances and input tax under goods & services legislation, all other rights including sales tax deferrals and exemptions and other benefits) granted by any Government body, local authority or by any other person and availed of by the Transferor Companies are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- f. Upon the transfer of each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax exemptions and benefits, incentives, concessions and other or similar authorizations of the Transferor Companies to the Transferee Company and pursuant to the order of the Tribunal, the Transferee Company shall file the relevant notifications and communications, if any, for the record of the appropriate authorities which shall take them on record.
- g. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Companies after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the bankers of the Transferee Company shall honour all cheques issued by the Transferor Companies for payment after the Effective Date. If

required, the Transferor Companies shall allow maintaining of bank accounts in the name of Transferor Companies by the Transferee Company for such time as may be determined to be necessary by the Transferor Companies and the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Companies. It is hereby expressly clarified that any legal proceedings by or against the Transferor Companies in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Companies shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.

6.1.2. Transfer of Liabilities

- a. Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities including but not limited to all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertaking of the Transferor Companies, all other obligations (including any guarantees, letter of credit or any other instrument or arrangement which may give rise to a contingent liability in whatever form) whether relating to and comprised in any of the Undertaking or otherwise, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its business activities and operations (herein referred to as the Liabilities), shall, pursuant to the sanction of this Scheme by the Tribunal and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause.
- b. Without prejudice to the generality of the provisions contained herein, all loans raised, and liabilities incurred by either of the Transferor Companies after the Appointed Date but before the Effective Date for their operations, shall be deemed to be that of the Transferee Company;
- c. Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date have been discharged or satisfied by the Transferor Companies after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- d. The transfer and vesting of the entire Business and Undertaking of the Transferor Companies, as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof of the respective Transferor Companies, as the case may be;

Provided however that, any reference in any of the security documents or arrangements (to which either of the Transferor Company is a party) to the assets of any of the Transferor Companies, offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to any of the Transferor Companies, as are vested in the Transferee Company by virtue of this Scheme, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferee Company;

6.1.3. Encumbrances

- a. The transfer and vesting of the properties, assets, liabilities and Undertaking of the Transferor Companies to and in the Transferee Company under this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- b. All the existing securities, mortgages, charges, encumbrances or liens (the Encumbrances), if any, as on the Appointed Date and created by the Transferor Companies after the Appointed Date, over the properties, assets, Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such encumbrances secure or relate to Liabilities of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by the Transferor Companies over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.
- c. The existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.
- d. Any reference in any security documents or arrangements (to which the Transferor Companies is a party) to the Transferee Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies transferred to the Transferee Company by virtue of this Scheme. Without prejudice

to the foregoing provisions, the Transferor Companies and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/ or modification(s) of charge(s), with the RoC to give formal effect to the above provisions, if required.

- e. Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.
- f. It is expressly provided that no other terms or conditions of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- g. The provisions of this Clause 6.1.3 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

6.1.4. Contracts, Agreements, Deeds, Licenses, Permits etc.

- a. All contracts, deeds, bonds, share-purchase agreements, memoranda of understanding, letters of intent, undertakings, whether written or otherwise, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferor Companies, or to the benefit of the Transferor Companies, and which are subsisting or having effect immediately before the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the concerned Transferor Company-1 or Transferor Company-2, the Transferee Company had been a party or beneficiary or obligee thereto. Any contingent liabilities arising out of or in connection with the assignment of any tax/ levy deferrals by the Transferor Companies to any third party between the Appointed Date and the Effective Date shall be deemed to be that of the Transferee Company. All insurance benefits (including 'no claim bonuses') arising from the insurance policies so taken by either of the Transferor Companies in relation thereto or in connection therewith, stand transferred to and vested in the Transferee Company, as if the Transferee Company is a party thereto, and the Transferee Company shall be entitled to exercise all rights and privileges and shall be liable to perform all obligations thereunder;
- b. All the leases, tenancies, leave and license agreements, lease agreements or other like agreements entered into by either of the Transferor Companies for taking on lease or rent or license basis, office premises or residential premises and all agreements entered into in relation thereto or in connection therewith, shall stand transferred to and vested in the Transferee Company, as if the Transferee Company is a party thereto, and the Transferee Company shall be entitled to exercise all rights and privileges and shall be liable to perform all obligations thereunder;
- c. All permits, quotas, rights, certificates, entitlements, licenses including those relating to the trade names and trademarks, patents, copy rights and all other Intellectual Property Rights, tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Companies to which any of the Transferor Companies is a party, or to the benefits of which either of the Transferor Companies may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be enforceable fully and effectually as if, instead of the respective Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto or therein;
- d. All statutory licenses, no-objection certificates, permissions or approvals or consents required to carry on operations of the Transferor Companies, or granted to Transferor Companies, or under any other scheme of the Government of India or any of the State Governments as well as the necessary licenses and permits, shall stand vested in or transferred to the Transferee Company without further act or deed, and shall be appropriately transferred or assigned by the statutory authorities concerned therewith in favour of the Transferee Company upon the vesting of the Transferor Companies including their respective Business and Undertaking to the Transferee Company, pursuant to this Scheme. The benefit of all statutory and regulatory permissions, approvals or consents required to carry on the operations of Transferor Companies, shall vest in and become available to the Transferee Company, which shall send the relevant intimations for record of the same with the concerned statutory or any other authority, pursuant to this Scheme;
- e. The Transferee Company will, at any time after this Scheme comes into effect, if so required under any Applicable Law or otherwise considered expedient by the Transferee Company, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to Transferor Companies, or to which either of Transferor Company is a party, in order to give effect to the above provisions;

6.1.5. Legal Proceedings

- a. All suits, claims, actions and proceedings of whatsoever nature by or against Transferor Company-1 and/ or Transferor Company-2 pending or instituted on or before the Effective Date shall neither abate nor shall in any way be prejudicially affected by reason of the said Businesses and Undertakings, having finally stood transferred to or vested in the Transferee Company as envisaged in this Scheme but shall be continued and be enforced by or against the Transferee Company as effectually as if the same has been pending and/or arising against and/ or instituted by or against the Transferee Company.

6.1.6. Employee Matters

Upon the coming into effect of this Scheme:

- a. All the employees, staff, workmen or other labour of Transferor Company-1 and Transferor Company-2 shall become employees, staff, workmen or other labour of the Transferee Company, without any break or interruption in service and on

the same terms and conditions on which they are engaged by the Transferor Companies, up to the Effective Date. Services of all such employees, staff, workmen or other labour with the Transferor Companies up to the Effective Date shall be taken into account for the purpose of retirement benefits to which they may be eligible in the Transferee Company, on or after the Effective Date. Such past services with the Transferor Companies shall be taken into account by the Transferee Company, for the purpose of any retrenchment compensation, should the Transferee Company introduce any such scheme in future. The services of such employees, staff, workmen or other labour shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or superannuation or other statutory purposes and for all purposes will be reckoned from the date of commencement of their services with the Transferor Companies;

- b. As regards the provident fund, gratuity fund, superannuation fund, or any other special fund, if any, created or established by or existing as of the Effective Date, for the benefit of staff, workers, labour or employees of the Transferor Companies (hereinafter collectively referred to as the “**Employee Benefit Funds**”), upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies, for all intents and purposes whatsoever, related to the operation or administration of such Employee Benefit Funds, and in relation to the obligation to make contribution to such Employee Benefit Funds, in accordance with the provisions of such Employee Benefit Funds;
- c. It is the aim and intent of this Scheme that all the rights, powers, duties and obligations respectively of the Transferor Companies in relation to such Employee Benefit Funds shall become those of the Transferee Company, as if the Transferee Company is a party thereto in place of the Transferor Companies. The services of staff, workmen and other employees shall be treated as having been continuous for the purpose of such Employee Benefit Funds. Subject to substitution of the Transferee Company for the respective Transferor Companies as aforesaid, the Transferee Company may, at its discretion, either maintain separate employee benefit funds established by the Transferor Companies for the employees, who are transferred from the Transferor Companies to the Transferee Company or combine those funds with the funds established by the Transferee Company. In case either of the Transferor Companies have not established a separate fund or trust for providing provident fund benefits to its employees, but makes contributions to the regional provident fund authorities, the Transferee Company may, at its discretion, either continue such arrangement or establish a separate fund for the purpose or admit such employees to the funds established by the Transferee Company, and accordingly take steps for transfer of the accumulated balances standing to the credit of such employees.

6.1.7. Treatment of Taxes - Tax related provisions

- a. Notwithstanding anything to the contrary contained in the provisions of this Scheme, Transferee Company shall be entitled to carry forward, avail of, or set-off any unabsorbed tax losses, unabsorbed tax depreciation, Credit of minimum alternative tax and input tax credits of Transferor Companies that remain unutilized as on Appointed Date. Further, any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions as would have been available to Transferor Companies on or before Appointed Date shall be available to Transferee Company as per Applicable Laws;
- b. Upon this Scheme becoming effective, Transferee Company shall be entitled to claim refunds or credits, including Input Tax Credits, with respect to taxes paid by, for, or on behalf of, Transferor Companies under Applicable Laws, including but not limited to income tax, goods and service tax, sales tax, value added tax, service tax, excise duty laws, CENVAT credit or any other taxes/duties/levies, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. For the avoidance of doubt, Input Tax Credits already availed of or utilised by Transferor Companies and Transferee Company in respect of inter se transactions shall not be adversely impacted by the cancellation of inter se transactions pursuant to this Scheme;
- c. Upon this Scheme becoming effective, any advance tax, self-assessment tax, minimum alternate tax and unexpired credit thereof or TDS credit available or vested with Transferor Companies, including any taxes paid and taxes deducted at source and deposited by Transferor Companies on inter se transactions during the period between Appointed Date and the Effective Date shall be treated as tax paid by Transferee Company and shall be available to Transferee Company for set-off against its liability under the Income Tax Act and any excess tax so paid shall be eligible for refund together with interest. Further, TDS deposited, TDS certificates issued, or TDS returns filed by Transferor Companies on transactions shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by Transferee Company. Any TDS deducted by, or on behalf of, Transferor Companies on inter se transactions will be treated as tax deposited by Transferee Company;
- d. Upon this Scheme becoming effective, any goods and service tax (GST), service tax or any other tax charged by, for, or on behalf of, Transferor Companies on inter se transactions and in respect of which CENVAT credit or any Input Tax Credit is not available or has not been claimed by Transferee Company, shall be treated as goods and service tax (GST), service tax or any other tax (as the case may be) paid in cash by Transferor Companies, without any further action on the part of the relevant Transferor Companies and Transferee Company;
- e. Transferee Company is expressly permitted to file or revise its corporate income tax, TDS, goods and services tax, wealth tax, service tax, excise, VAT, entry tax, professional tax or any other statutory returns, statements or documents in order to avail credit for advance tax paid, depreciation, tax deducted at source, claim for sum prescribed under Section 43B of the Income Tax Act on payment basis, deduction for provisions written back previously disallowed, by / relating to Transferor Companies under the Income Tax Act, credit of tax paid (including Credit of minimum alternative tax, under Section 115JB read with Section 115JAA of the Income Tax Act, available to Transferor Companies as on the Appointed Date), credit of foreign taxes paid / withheld etc., if any, pertaining to Transferor Companies upon this Scheme becoming effective, and

where necessary to give effect to this Scheme, even if the prescribed time limits for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum. Transferee Company is expressly permitted to amend, if required, its TDS or other statutory certificates and shall have the right to claim refunds, tax credits, set-offs and, or, adjustments relating to its income or transactions entered into by it with effect from Appointed Date.

- f. The taxes or duties paid by, for, or on behalf of, Transferor Companies relating to the period on or after Appointed Date (regardless of the period they relate to, shall be deemed to be the taxes or duties paid by Transferee Company, as effectively as if the Transferee Company had paid the same and Transferee Company shall be entitled to claim credit or refund for such taxes or duties;
- g. In accordance with the Cenvat Credit Rules, 2004 framed under Central Excise Act, 1944, state value added tax and Goods & Services tax as are prevalent on the Effective Date, the unutilized credits relating to excise duties, state value added tax, Goods & Services tax and service tax paid on inputs / capital goods / input services lying in the accounts of the Undertaking of the Transferor Companies shall be permitted to be transferred to the credit of the Transferee Company, (including in electronic form / registration), as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty / service tax/ Goods & Services tax payable by it.

Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, but without limitation to income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax, Goods & Services tax etc.) to which the Transferor Companies is entitled to in terms of applicable laws, shall be available to and vest in the Transferee Company, (including in electronic form / registration), upon this Scheme coming into effect.

- h. As and from the Effective Date, all tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies. All tax liabilities of the Transferor Companies determined prior to Effective Date as well as tax liabilities pertaining to past periods determined after the Effective Date shall be transferred and enforced against the Transferee Company in the same manner and to the same extent as would or might have been enforced against the Transferor Companies.

Further, all tax proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme.

6.1.8. Inter-se Transactions:

Without prejudice to the provisions of this Scheme, with effect from the Appointed Date, any loans, advances, obligations and any other transactions (including any billings, guarantees, letters of credit, letters of comfort or any other instruments or arrangements) between the Transferor Companies and the Transferee Company shall, ipso facto, stand cancelled and discharged and there shall be no rights, liabilities or obligations outstanding as between the relevant Companies and appropriate effect shall be given to such cancellation and discharge in the books of accounts and records of the Transferee Company. For the avoidance of doubt, it is hereby clarified that with effect from the Appointed Date, there will be no accrual of interest or other charges in respect of any loans, advances and other obligations as between any of the Transferor Companies and the Transferee Company. In so far as any shares, securities, debentures or notes issued by the Transferor Companies, and held by the Transferee Company and vice versa are concerned, the same shall, stand cancelled without any further act or deed as on the Effective Date, and shall have no effect and the Transferor Companies or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.

6.1.9. Declaration of Dividend:

- a. During the period between the Appointed Date and up to and including the Effective Date, the Transferor Companies shall not declare any dividend without the prior written consent of the Board of Directors of the Transferee Company.
- b. For the avoidance of doubt, it is hereby declared that nothing in the Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the Record Date for the purpose of dividend and the shareholders of the Transferor Companies shall not be entitled to dividend, if any, declared by the Transferee Company prior to the Effective Date.

6.1.10. Miscellaneous

- a. Insofar as any securities (including equity shares), debentures or notes issued by the any of the Transferor Companies and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by holder of such securities, at any time prior to the Effective Date, stand cancelled and shall have no further effect. _
- b. The Transferee Company shall be entitled to take all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of Transferor Companies' immovable property or the properties occupied or used or enjoyed by the Transferor Companies is received by the Transferee Company;
- c. All motor vehicles of any description whatsoever of any of the Transferor Companies shall stand transferred to and be vested in the Transferee Company with effect from the Appointed Date, and the Transferee Company shall take steps, on or after the Effective Date, for substitution of the name of the Transferee Company in place of the respective Transferor Company,

in the certificates of registration and other documents relating to motor vehicles and the appropriate Governmental and Registration Authorities shall accordingly substitute the name of the Transferee Company in place of the respective Transferor Company.

7. Conduct of Business by the Transferor Companies

7.1. With effect from the Appointed Date and until the Effective Date:

- a. The Transferor Companies shall carry on and shall be deemed to have carried on all their businesses and activities as hitherto for and on account of, and for the benefit of and in trust for, Transferee Company and shall stand possessed of their businesses, including all the assets and properties, on account of, and for the benefit of, and in trust for, the Transferee Company;
- b. All the income and profits accruing to the Transferor Companies and expenditure and losses arising or incurred (including the effect of taxes, if any, thereon) by the Transferor Companies, shall, for all purposes, be treated and be deemed to be and accrue as the incomes and profits or expenditure or losses or taxes of the Transferee Company, as the case may be.
- c. The Transferor Companies shall carry on its business with reasonable diligence and in the same manner as it has been doing hitherto, and the Transferor Companies shall not, save for anything done in the ordinary course of business, alter or substantially expand their business except with the written concurrence of the Transferee Company;
- d. The Transferor Companies shall not, without the written concurrence of the Transferee Company, alienate, charge or encumber any of their assets and properties, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of approval of the Scheme by the Board of Directors of the Transferor Companies;
- e. The Transferor Companies shall not vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligation undertaken prior to the date of approval of the Scheme by the Board of Directors of the Transferor Companies, the terms and conditions of employment of any of their employees, nor shall they conclude settlement with any union or its employees except with the written concurrence of the Transferee Company;
- f. Upon the Scheme becoming effective, with effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Companies as on the close of business on the date preceding the Appointed Date, whether or not provided in its books, and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company;
- g. Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Companies shall be deemed to have been exercised by the Transferor Companies for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Companies shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

7.2. For the purpose of giving effect to the vesting of the Business and Undertaking of the Transferor Companies, pursuant to Orders passed by the Tribunal, the Transferee Company shall, at any time, be entitled to get the recording of the change in the legal right(s), in accordance with the provisions of Sections 230 to 232 of the Act and in terms of directions, if any, given by the Tribunal. Further the Transferee Company shall be authorised to execute any pleadings, applications, forms, deeds, documents or other writings, as are required to remove any difficulties, seek modifications to the Scheme and carry out any formalities or compliances as are necessary for the implementation of this Scheme.

7.3. Pending sanction of the Scheme, the Transferee Company shall be entitled to apply to the Central and the State Governments, all other applicable authorities, agencies and/or organizations, for such consents, approvals, permissions and sanctions as may be required to own and operate the Business and Undertaking of each of the Transferor Companies, and the Transferor Companies will provide such reasonable assistance as may be required by the Transferee Company in this regard.

8. Consideration

8.1. For the purposes of this Scheme, it is hereby clarified that as the Transferor Companies are wholly owned subsidiaries of the Transferee Company and there would be no issue of shares by the Transferee Company in consideration of the amalgamation. Consequently, upon the Scheme coming into effect, the investments in the equity and/ or preference share capital of Transferor Company-1 and Transferor Company-2 appearing in the books of accounts of the Transferee Company will stand extinguished and cancelled.

8.2. Upon the Scheme becoming effective, the entire paid up share capital in the Transferor Companies fully held by the Transferee Company and/or its nominee(s) on the Effective Date shall stand extinguished and all such shares certificates representing the shares in the Transferor Companies shall be deemed to be cancelled on the Effective Date without any further application, act or deed.

9. Combination and Reclassification of the Authorized Share Capital and Amendment of Memorandum of Association of Transferee Company

9.1. With effect from the Appointed Date and upon the Scheme becoming effective, pursuant to Sections 230 and 232 read with Sections 13 and 61 and other applicable provisions of the Act, and Clause V of the Memorandum of Association of Transferee Company, the authorized share capital of Transferee Company shall stand reclassified and increased from the present authorized share capital consisting of 4,00,00,000 (Four Crore) equity shares of INR 10/- (Rupees Ten only) each aggregating to INR 40,00,00,000/- (Rupees Forty Crore only) to 4,11,00,000 (Four Crore Eleven Lakh) equity shares of INR 10/- (Rupees Ten only) each and 40,00,000 (Forty Lakh) preference shares of INR 10/- (Rupees Ten only) collectively aggregating to INR 45,10,00,000/- (Rupees Forty Five Crore Ten Lakh only). The fees/duty already paid by Transferor Companies for their authorized share capital shall be deemed to have been paid by Transferee Company. The amended Clause V of the Memorandum of Association of the Transferee Company shall without any further act, deed or instrument be substituted as follows:

“The Authorised Share Capital of the Company is Rs. 45,10,00,000/- (Rupees Forty Five Crore Ten Lakh) divided into 4,11,00,000 (Four Crore Eleven Lakh) equity shares of INR 10/- (Rupees Ten) each and 40,00,000 (Forty Lakh) preference shares of INR 10/- (Rupees Ten) each.”

9.2. With effect from the Appointed Date and upon the Scheme becoming effective, the main objects of the Transferor Company-1 and Transferor Company-2 as covered in Paragraph B(i) and B(ii) respectively of this Scheme shall be added to the existing main objects of the Transferee Company in sub clause A of Clause III of its Memorandum of Association. The amended Clause III(A) of the Memorandum of Association of the Transferee Company shall without any further act, deed or instrument be substituted as follows:

1. *“To carry on the business of consultants, trading, manufacturing, importing, exporting, agents and distributors of systems study, analysis, design, development, coding, programme and implementation of technologies, software systems/ applications based on wireless, mobile, internet application or any other technology, for usage in all kinds of businesses, management systems, programmed products, mobile system, e-commerce and/or associated logistics including for any other purpose(s) or business(es) whatsoever, communication systems or combination of the computer and communication systems, hardware equipments for any system, product or technology and providing consultancy related to commercial and non-commercial usage, engineering goods, electronics equipments and instruments electrical goods and equipment and computers supply of manpower for supporting software supplied to various commercial and noncommercial users.*
2. *To carry on the business as manufacturers of, fabricators, assemblers, processors and dealers of all kinds of computers, accounting and business, machines, transistors, transformers, receivers, conductors, magnetic materials, microwave components, videogames tapes, discs, fittings switches and all hardware, software and peripherals thereto.*
3. *To own or otherwise establish set up, manage, run and operate through partnership, joint venture or any other mode, training; data processing and information centers and/ or educational Institutions for imparting education, coaching and training in information Technology, Software Solutions, networking, data processing, telecommunication and other allied activities in the fields of computer software, hardware, marketing, management and business related, in India and abroad either through education centers and/or through postal means or through electronic i.e. e-learning services or other media including but not limited to publishing books, magazines, hosting websites for services of content development and support, animation, learning support, learning management systems and knowledge services and other related activities and to carry on the business of data digitalization by digitizing physical and manual records such as text images, videos and audio to carry on the business in India and abroad for commercial as well as non-commercial users.*
4. *To carry on the business of providing outsourcing services for all processors, sub processors, transactions, activities and all other work performed in various industries within India and across the world including but not limited to those process or sub processes that are enabled by information technology data, voice or video collection and processing, call centre services including in bound and out bound calling services of all kinds, technical support, managed data centre, managed technical centre, training centre, web support back office, business or financial analysis, scientific analysis, research work and analysis, conduct surveys, compile, feed, process, covert any test any kind of data for both analog and digital including CAD/CAM, make reports, specifications, estimates, studies and feasibility reports, storage, disaster recovery, accounting, pay roll, inventory management, customer relationship management, enterprises resources planning and to render computer services for commercial users and to develop software and supply information technology solutions including turnkey solutions, end-to-end solutions, systems integration, programme and development of software, computer hardware, peripherals, networking.*
5. *To operate technology data processing centre or providing management information, analysis, development accounting and business information, and providing data to Corporate, Institutions, individuals in India and abroad to carry on the business of gathering compiling, processing analyzing, distributing, selling, publishing data and information and services and providing access to information regarding financial operations and management of financial services, investment services, business and commercial operations, financial status, credit worthiness and rating consumer responses and management of business of all kinds and descriptions and to provide other services through either computer aided or telephone or any other mode in India or anywhere in world and to carry on the business of providing infrastructure Management services and Application Service provider (ASP) services or commercial usage to Corporates, institutions, individuals, or other legal entity whether in India and abroad.*
6. *To carry on in India or abroad whether independently or in partnership with any other person, the business to provide, promote, develop, design, establish, setup, maintain, organize, undertake, manage, operate, run, market, purchase, sell, distribute, resell, import, export and carry on the business of all types/kinds of electronic and/or virtual payment systems services including integrated software and applications, e-wallets, mobile-wallets, cash card, stored value instruments, payment gateways services, prepaid and/or postpaid payment instruments payment systems including open/ closed/semi-*

closed systems payment instruments, including all kinds of payment services in any manner whatsoever through offline transaction, internet payment transactions or e-commerce payment transactions in banking, credit card payments, debit card payments, smart card payments, prepaid card payments, electronic cash card payments, electronic cashless payment systems, e-wallet payment systems, mobile payment systems, merchant payment transactions, utility payment transactions, digital COD(Cash on Delivery) payments, remittance transactions, credit reporting services and online search engine services, transaction switching and monitoring and transaction analytics of online financial and non-financial transactions through ATM, POS, Mobile Channels or any other channel available in future, internet, e-commerce, m-Commerce or such other system, mechanism, medium or technology as may be available invented, created from time to time in India or elsewhere, to scale up and to allow seamless integration across multiple business entities spread across various geographical locations to ensure a safe, secure and efficient electronic payment system and to act as marketing agents, consultants, financiers, advisors, technicians far promoting and servicing of different types of payment systems such as closed, semi-closed and open systems relating to Payments and Settlement Services and to take over or give franchises of the same.

7. *To provide services, management and consultancy in the field of prepaid and/or postpaid payment instruments services, electronic and virtual payment systems, transaction processing, and to act as dealers, distributors, agents, representative of Indian and foreign concerns/persons operating in the line of prepaid, postpaid and other payment system services, and allied activities related thereto."*

9.3. Pursuant immediately to the increase of authorized share capital and the addition of main objects as envisaged above, the Memorandum of Association of Transferee Company shall automatically stand amended and altered accordingly.

9.4. Transferee Company shall file the amended copy of its Memorandum of Association and Articles of Association with the Appropriate Authority within a period of 30 days (or within such time as prescribed under Applicable Law) from the Effective Date and the Appropriate Authority shall take the same on record.

9.5. It is hereby clarified that the consent of the shareholders of Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 13, Section 14, Section 61, Section 64 or any other applicable provisions of the Act, would be required to be separately passed.

10. Accounting Treatment

Upon the Scheme becoming effective, the amalgamation of the Transferor Companies with the Transferee Companies Company will be accounted for in the following manner:

10.1. The amalgamation shall be accounted for an "Amalgamation in the nature of Business Combination of entities under common control". Thereby the accounting treatment, as applicable, shall be in accordance with Appendix C of IND AS 103.

10.2. The accounting treatment will be as under:

- a. upon coming into effect of this Scheme, for the purpose of accounting for and dealing with the value of the assets, liabilities, reserves, etc., as dealt with herein below in the books of account of Transferee Company, unaudited financial statements of Transferor Companies as on the close of business of the date immediately preceding the Appointed Date shall be prepared;
- b. all the assets, liabilities and reserves of Transferor Companies as recorded in their respective financial statements referred to in sub-clause (a) above shall be recorded in the books of accounts of Transferee Company as such, subject to suitable adjustments being made to ensure uniformity of accounting policies, if any; which shall be in compliance with the accounting standards prescribed in this regard;
- c. the amount of any inter-company balances between Transferor Companies and Transferee Company, appearing in the books of account of Transferee Company or Transferor Companies, as the case may be, as on Appointed Date, shall stand cancelled without any further act or deed. For the avoidance of doubt, it is hereby clarified that with effect from Appointed Date, there will be no accrual of interest or other charges in respect of any such loans, advances and other obligations.

10.3. The amount recorded in books of Transferee Company as investments in Transferor Companies shall stand cancelled. Surplus or deficit, if any, arising as a result of amalgamation, shall be transferred to capital reserve on amalgamation. The treatment accorded shall be in compliance with Appendix C of IND AS 103.

10.4. The identity of the reserves of Transferor Companies, if any, and to the extent deemed appropriate by the Board of Directors of Transferee Company, shall be preserved and they shall appear in the financial statements of Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Companies, as on the date immediately preceding the Appointed Date. Accordingly, if prior to this Scheme becoming effective there is any reserve in the financial statements of an Transferor Companies, which are available for distribution to shareholders, whether as bonus shares or dividend or otherwise, the same would continue to remain available for such distribution by Transferee Company, subsequent to this Scheme becoming effective.

10.5. The amount lying in the balance of the "profit and loss account" in the books of account of the Transferor Companies shall be added to or set-off from, as the case may be, the corresponding balance appearing in the financial statements of Transferee Company.

- 10.6. Transferee Company shall make suitable entries in its books to give effect to all transactions of Transferor Companies in respect of assets, liabilities, reserves, income and expenses, from the Appointed Date to the Effective Date.
- 10.7. In case of any differences in accounting policies followed by Transferor Companies from that of Transferee Company, suitable adjustments ought to be made, to the extent material and practicable, so as to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policies.
- 10.8. Notwithstanding the above, the Board of Directors of Transferee Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner, if such accounting treatment is considered more appropriate. The same shall be in compliance with IND AS 103 notified by the Ministry of Corporate Affairs.

11. Saving of Concluded Transactions

- 11.1. The transfer of Business and Undertaking of the Transferor Companies as envisaged above shall not affect any transaction or proceedings already concluded by the Transferee Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferor Companies accept and adopts all acts, deeds and things done and executed by the Transferee Company in respect thereto as done and executed by Transferee Company on behalf of itself.

12. Dissolution of Transferor Companies

- 12.1. Upon this Scheme becoming effective, Transferor Companies shall without any further act or deed, stand dissolved without being wound up without any further act or deed by the parties. The name of Transferor Companies shall be dissolved and removed by the Registrar of Companies. Transferee Company shall make necessary filings in this regard.

PART-III: GENERAL TERMS AND CONDITIONS

13. Provisions Applicable to the Scheme

- 13.1. Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative in the order mentioned hereunder:
 - a. amalgamation of Transferor Companies into and with the Transferee Company in accordance with Part II of the Scheme;
 - b. combination of the authorised share capital of the Transferor Companies and the Transferee Company and reclassification of the authorised share capital of the Transferee Company as provided in Paragraph 9.2 of Part II of this Scheme; and
 - c. amendment of the main objects of the Transferee Company as provided in Paragraph 9.2 of Part II of this Scheme;
 - d. Dissolution of the Transferor Companies as provided in Paragraph 12.1 of Part- II of this Scheme.

14. Application to Tribunal

- 14.1. The Transferor Companies and the Transferee Company shall make all applications/ petitions under sections 230 and 232 and other applicable provisions of the Act to the Tribunal for sanctioning of this Scheme and obtain all approvals as may be required under Applicable Law.

15. Listing Agreement and SEBI Compliances

- 15.1. Since the Transferee Company is a listed company, this Scheme is subject to the compliances of all the requirements under the Listing Regulations and all statutory directives of SEBI insofar as they relate to sanction and implementation of the Scheme.
- 15.2. Per the Regulation 37(6) of the Listing Regulations relaxation has been provided in relation to the requirement of obtaining prior approval or no objection/ observation letter of the Stock Exchanges and SEBI in case of merger of wholly owned subsidiary with its holding company. The draft Scheme shall be filed with the Stock Exchanges for disclosure purposes in compliance with the above Regulation.

16. Conditionality of the Scheme

Subject to the provisions of this Scheme, this Scheme shall become effective on the last of the following dates (“Effective Date”):

- 16.1. The Scheme as sanctioned by the Tribunal under Sections 230 to 232 of the Act and certified copies of such Orders of the Tribunal sanctioning the Scheme being filed with the Registrar of Companies by the Transferee Company and the Transferor Companies, as may be applicable.
- 16.2. The receipt of the requisite, consent, approval or permission of any Government, statutory or regulatory authority which under Applicable Law may be necessary for the implementation of this Scheme.

17. Modification or Amendments to the Scheme

- 17.1. Transferor Companies and the Transferee Company, through their respective Board of Directors (which shall include any committee or person authorized by the said Boards in this regard) may assent from time to time, on behalf of all persons concerned, to any extension, modifications which either the Board of Directors of Transferor Companies and the Transferee Company, deem fit and/ or approved/ imposed by the creditors/ members or any other authority, amendments to the Scheme (including modification in the Appointed Date) or to any conditions or limitations that the Tribunal, and /or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Transferor Companies and the Transferee Company, acting through their respective authorized representatives, be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 17.2. For the purpose of giving effect to this Scheme or modifications or amendments thereof or additions thereto, the Board of Directors of Transferor Companies and the Transferee Company, including any person(s) or committee as may be authorized by the respective Board of Directors on their behalf may give and are hereby authorized to determine and give all such directions as are necessary and such determination or directions, as the case may be, shall be binding on all the parties in the manner as if the same were specifically incorporated in this Scheme.

18. Revocation or Withdrawal of the Scheme

- 18.1. Subject to the order of the Tribunal, the Board of Directors of the Companies shall be entitled to revoke, cancel, withdraw and declare this Scheme to be of no effect at any stage if: (i) this Scheme is not being sanctioned by the Tribunal or if any of the consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not obtained or for any other reason; (ii) in case any condition or alteration imposed by the Tribunal, shareholders/ creditors of the Companies or any other authority is not acceptable to the Board of Directors of the Companies; (iii) the Board of Directors of the Companies are of the view that the coming into effect of this Scheme in terms of the provisions of this Scheme or filing of the drawn up order with any Governmental Authority could have adverse implication on all or any of Transferor Companies and the Transferee Company; (iv) any change in Applicable Law; (v) owing to reasons as otherwise deemed fit by the Board of Transferor Companies and the Transferee Company. On revocation, withdrawal, or cancellation, this Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the companies or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, each party shall bear its own costs unless otherwise mutually agreed.
- 18.2. In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Companies, and/or their respective shareholders and/or creditors, and the terms and conditions of the Scheme, the latter shall prevail.

19. Severability

- 19.1. If any part of this Scheme is determined to be invalid, illegal or unenforceable by the Tribunal or any Court(s) of competent jurisdiction or is otherwise found to be unworkable for any reason whatsoever, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme, and the remainder of the Scheme shall remain in full force and effect as if such provision (or part thereof) had not originally been contained in the Scheme. Further, if deletion of such part of the Scheme shall cause this Scheme to become materially adverse to the Transferor Companies and/ or Transferee Company, then in such case the Companies shall attempt to bring about a modification in this Scheme, that will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

20. Costs, Charges and Expenses

- 20.1. All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in connection with the Scheme and matters incidental thereto, shall be on account of and borne by Transferee Company.

21. Miscellaneous

- 21.1. Any doubt or difference or issue between the parties hereto or any of their shareholders, creditors, employees and/or persons entitled to or claiming any right to any equity shares in the Transferee Company or any equity shares in the Transferor Companies, as to the construction thereof or as to any account, valuation to be taken or made of any asset or liability transferred to the Transferee Company or as to anything else contained in or relating to or arising out of this Scheme, shall be decided jointly by the Boards of the Transferor Companies and the Transferee Company, whose decision shall be final and binding on all concerned.
- 21.2. In the event of this Scheme not becoming effective, this Scheme shall become null and void and no rights or liabilities whatsoever shall accrue to, or be incurred inter-se by, the parties or their respective shareholders or creditors or employees or any other person.



NUCLEUS SOFTWARE EXPORTS LIMITED

CIN – L74899DL1989PLC034594

Registered Office: 33-35, Thyagraj Nagar Market, New Delhi- 110003

Phone: +91-120-4031400 Fax: +91-120-4031672

E-mail: Investorrelations@nucleussoftware.com; Website: www.nucleussoftware.com

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF NUCLEUS SOFTWARE EXPORTS LIMITED EXPLAINING EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

PREAMBLE

- A. The proposed scheme of amalgamation (“Scheme”) envisages the amalgamation of the entire business and undertaking of its wholly owned subsidiaries - Virstra I-Technology Services Limited (“Transferor Company-1”) and Avon Mobility Solutions Private Limited (“Transferor Company-2”) (hereinafter together referred to as “Transferor Companies”) into and with Nucleus Software Exports Limited (“Transferee Company”) pursuant to Sections 230 to 232 of the Companies Act, 2013 (the “Act”);
- B. As per Section 232(2)(c) of the Act, it is required that the Board of Directors adopt a report explaining the effect of the Scheme on Shareholders, Key Managerial Personnel (“KMP”), Promoters and Non-Promoter Shareholders, laying out in particular the share exchange ratio and specifying any special valuation difficulties. The said report is required to be circulated to the shareholders and creditors along with the notice convening the meeting of members/ creditors, if any, ordered by the National Company Law Tribunal (“NCLT”);
- C. Having regard to the aforesaid provision, the Board took into consideration, *inter alia*, the rationale of the Scheme, its impact on the Company’s shareholders, the financial position of the Transferor Companies and other documents placed before it to enable them to adopt the report under Section 232(2)(c) of the Act;

Report adopted by the Board of Directors of the Company under Section 232(2)(c) of the Act is given below:

After considering the abovementioned background and recommendations of the Audit Committee, the Board approved the Scheme and noted the following:

1. Objects and Rationale of the Scheme

- 1.1. The Board noted that pursuant to amalgamation, the entire Business and Undertaking of each of the Transferor Companies will be merged and amalgamated into and with the Transferee Company.
- 1.2. The Transferor Company-1 and Transferor Company-2 are wholly owned subsidiaries of the Transferee Company and are engaged in similar nature of business. The proposed scheme being undertaken with an objective to consolidate the business at one place for effective and efficient management. Pursuant to the amalgamation, there will be no change in the control or management of the Transferor Companies. Therefore, the Proposed Scheme would, *inter-alia*, have the following benefits:
 - a. Prevent cost duplication and bring in financial efficiencies of a holding structure. The resultant operations are expected to be substantially cost-efficient which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
 - b. Eliminate layered structures and reduce managerial overlap;
 - c. Contribute in furthering and fulfilling the objectives and business strategies of all the companies thereby accelerating growth, expansion, greater access to different market segments and development of the respective businesses currently, being carried through the Transferee Company;
 - d. Bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control;
 - e. Greater efficiency in cash management of the Transferee Company, an unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value;
 - f. The Scheme is not opposed to public policy and shall not have any adverse effect on either the shareholders or employees or creditors of the Transferor Companies or the Transferee Company.

2. Re. Valuation Report

- 2.1. The Board noted that there is no requirement for any share entitlement ratio since the Transferor Companies are wholly owned subsidiaries of the Transferee Company. The Board also observed that since there is no change in the shareholding pattern of the Transferee Company pursuant to the Scheme, there is no requirement to obtain a valuation report.

3. Re. No Objection from Securities and Exchange Board of India ("SEBI")

- 3.1.** The Scheme solely provides for merger and amalgamation of the entire business and undertaking of each of Virstra I-Technology Services Limited and Avon Mobility Solutions Private Limited, which are wholly owned subsidiaries, into and with Nucleus Software Exports Limited, its parent holding company.
- 3.2.** Therefore, pursuant to Paragraph 7 of the Circular bearing no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**Circular**") issued by SEBI read with regulation 37(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there is no requirement to obtain a no-objection letter from stock exchanges, valuation report from an independent chartered accountant, audit committee report, fairness opinion by a SEBI registered Merchant Banker, report on complaints, etc. The Scheme shall be filed with the stock exchanges for disclosure purposes only.

4. Effect of Scheme on the Shareholders of the Company

- 4.1.** The Board noted that in relation to the equity shareholders of the Transferee Company, there will be no dilution in their shareholding in the Transferee Company as there will be no fresh issue and allotment of shares by the Transferee Company pursuant to the proposed Scheme.
- 4.2.** The Board further noted that upon the Scheme becoming effective, the entire paid up share capital in the Transferor Companies, fully held by the Transferee Company, shall stand extinguished and cancelled.

5. Effect of Scheme on the KMPs of the Company

- 5.1.** The Board noted there will be no change in the KMPs of the Transferee Company pursuant to the Scheme.

6. Effect of Scheme on the Promoter/ Non-Promoter Group of the Company

- 6.1.** The Board noted that there will be no change in position of promoters as a result of implementation of the proposed Scheme. This is because the Transferor Companies are the wholly owned subsidiaries of the Transferee Company and the proposed Scheme envisages the extinguishment and cancellation of the shares held by the Transferee Company in the Transferor Companies.
- 6.2.** The proposed Scheme does not entitle the promoter/ non-promoter group, related parties/ associates/ subsidiaries of the promoter/ non-promoter group of the Transferee Company to any additional shares. There will be no change in the shareholding of promoter/ non-promoter group of the Transferee Company as a result of implementation of the proposed Scheme.

Pursuant to the above discussions, the Board to conclude that the Transferee Company will carry on the businesses of Transferor Companies alongwith its own business with reasonable care, diligence and prudence to ensure that the interests of the stakeholders of Transferor Companies are not jeopardised. The Scheme will be beneficial to the Transferee Company and all its stakeholders and the terms thereof are fair and reasonable.

For and on behalf of **NUCLEUS SOFTWARE EXPORTS LIMITED**

Sd/-
R P Singh
CEO & Executive Director

Sd/-
Vishnu R Dusad
Managing Director

Place: Noida
Date: 01.03.2019

NUCLEUS SOFTWARE EXPORTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2018

(Amount in Rupees Lacs unless otherwise stated)

Particulars	Note	As at 31 December 2018	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	3,121	2,932
Intangible assets	2.1	159	124
Intangible assets under development		4	-
Financial assets			
Investments	2.2	26,767	26,173
Trade receivables	2.3	-	272
Loans	2.4	6	9
Others	2.5	433	982
Deferred tax assets (net)	2.6	853	969
Income tax asset (net)	2.7	1,636	1,340
Other non-current assets	2.8	70	52
Total non-current assets		33,049	32,853
Current assets			
Financial assets			
Investments	2.9	14,530	13,196
Trade receivables	2.10	6,728	6,807
Cash and cash equivalents	2.11	1,438	1,861
Other bank balances	2.12	3,542	2,719
Loans	2.13	26	29
Others	2.14	155	29
Other current assets	2.15	1,454	1,641
Total current assets		27,873	26,282
Total assets		60,922	59,135
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.16	2,904	2,904
Other equity	2.17	42,526	39,080
Total equity		45,430	41,984
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.18	103	91
Provisions	2.19	741	490
Total non-current liabilities		844	581
Current liabilities			
Financial liabilities			
Trade payables	2.20	1,396	5,104
Other financial liabilities	2.21	2,817	25
Provisions	2.22	232	171
Income tax liabilities (net)	2.23	95	-
Other current liabilities	2.24	10,108	11,270
Total current liabilities		14,648	16,570
Total equity and liabilities		60,922	59,135

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

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

For and on behalf of the Board of Directors

Sd/-

KANIKA KOHLI

Partner

Membership number : 511565

Sd/-

SIDDHARTHA MAHAVIR ACHARYA

Chairman

Sd/-

VISHNU R DUSAD

Managing Director

Sd/-

RAVI PRATAP SINGH

CEO & Whole-time Director

Sd/-

ASHISH NANDA

Chief Financial Officer

Sd/-

POONAM BHASIN

AVP (Secretarial) & Company Secretary

Place : Gurugram
Date : 28 January 2019

Place : Chennai
Date : 28 January 2019

NUCLEUS SOFTWARE EXPORTS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018

(Amount in Rupees Lacs unless otherwise stated)

	Notes Ref.	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For the nine months ended 31 December 2018	For the nine months ended 31 December 2017
1. REVENUE FROM OPERATIONS					
Income from software product and services	2.25	10,026	8,770	29,197	24,541
2. OTHER INCOME	2.26	746	537	3,441	3,470
3. TOTAL INCOME (1+2)		10,772	9,307	32,638	28,011
4. EXPENSES					
a. Employee benefit expenses	2.27	6,026	5,275	17,704	15,301
b. Operating and other expenses	2.28	2,621	2,109	6,984	6,131
c. Finance cost	2.29	7	7	23	26
d. Depreciation and amortisation expense	2.1	181	167	525	487
TOTAL EXPENSES		8,835	7,558	25,236	21,945
5. PROFIT BEFORE TAX (3-4)		1,937	1,749	7,402	6,066
6. INCOME TAX EXPENSE					
a. Net current tax expense		208	339	1,382	1,063
b. Deferred tax (credit) /charge	2.6	(6)	0	(70)	3
NET TAX EXPENSE		202	339	1,312	1,066
7. PROFIT FOR THE PERIOD (5-6)		1,735	1,410	6,090	5,000
8. OTHER COMPREHENSIVE INCOME / (LOSS)					
(A) (i) Items that will not be reclassified to profit or loss					
a) Remeasurements of the defined benefit plans		(14)	(16)	(43)	(48)
b) Equity instruments through other comprehensive income		74	177	(171)	(87)
(ii) Tax relating to Items that will not be reclassified to profit or loss		15	2	15	8
(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		278	68	108	(77)
Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		(69)	(10)	(38)	(20)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		284	221	(129)	(224)
9. TOTAL COMPREHENSIVE INCOME (7+8)		2,019	1,631	5,961	4,776
Profit attributable to:					
Owners of the Company		1,735	1,410	6,090	5,000
Other comprehensive income attributable to:					
Owners of the Company		284	221	(129)	(224)
Total comprehensive income attributable to:					
Owners of the Company		2,019	1,631	5,961	4,776
10. EARNINGS PER EQUITY SHARE					
Equity shares of Rupees 10 each					
a. Basic (Rs)		5.97	4.85	20.97	16.10
b. Diluted (Rs)		5.97	4.85	20.97	16.10
Number of shares used in computing earnings per share					
a. Basic		29,040,724	29,040,724	29,040,724	31,058,680
b. Diluted		29,040,724	29,040,724	29,040,724	31,058,680

See accompanying notes forming part of the financial statements 1 & 2

See accompanying notes forming part of the financial statements 1 & 2

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AVP (Secretarial) &
Company Secretary

Sd/-

RAVI PRATAP SINGH
CEO & Whole-time Director

Place : Gurugram
Date : 28 January 2019

Place : Chennai
Date : 28 January 2019

NUCLEUS SOFTWARE EXPORTS LIMITED
CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2018
(Amount in Rupees Lacs unless otherwise stated)

	For the nine months ended 31 December 2018	For nine months ended 31 December, 2017
A. Cash flow from operating activities		
Net profit before tax	7,402	6,066
Adjustment for:		
Depreciation and amortisation expense	525	488
Unrealised exchange gain / loss on translation of foreign currency accounts (net)	263	(53)
Dividend received from current, non trade investments	(479)	(591)
Dividend received from non-current, non trade investment	(47)	(119)
Dividend received from subsidiary companies	(1,400)	(1,389)
Interest income on financial assets- carried at amortised cost	(1,284)	(1,268)
MTM (gain) / loss on mutual funds	(227)	(6)
Net gain / (loss) on sale of investments	(9)	-
Profit on sale of fixed assets (net)	(27)	(4)
Provision for doubtful debts/advances/other current assets	16	4
Loss on impairment of preference shares of subsidiary	250	-
Provision for impairment of investment	451	-
Operating profit before working capital changes	5,434	3,128
Adjustment for (increase) / decrease in operating assets		
Trade receivables	356	(884)
Loans	7	(1)
Other assets	(225)	(262)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(3,687)	1,185
Provisions	312	89
Other liabilities	1,445	2,821
	3,642	6,076
Income taxes paid (net)	(1,397)	(1,105)
Net cash from operating activities (A)	2,245	4,971
B. Cash flow from investing activities		
Acquisition of property, plant and equipment, intangible assets including intangible intangible assets under development	(715)	(524)
Proceeds from sale of property, plant and equipment	29	-
Payments to acquire mutual funds, tax free bonds and preference shares	(23,999)	(30,134)
Proceeds from sale of mutual funds, tax free bonds and preference shares	22,145	-
Investment in subsidiary	(183)	38,250
Bank balance not considered as cash and cash equivalents - placed	(750)	(30)
Bank balance not considered as cash and cash equivalents - matured	690	(782)
Interest on fixed deposits and others received	654	-
Dividend received from non trade investments	479	572
Dividend on long term trade investment	47	591
Dividend from subsidiary company	1,400	119
	1,400	1,389
Net cash from investing activities (B)	(203)	9,451
C. Cash flow from financing activities		
Dividend paid (including corporate dividend tax)	(2,516)	(1,669)
Buyback of equity shares	-	(11,701)
Net cash used in financing activities (C)	(2,516)	(13,370)
Net decrease in cash and cash equivalents (A+B+C)	(474)	1,052
Opening cash and cash equivalents	1,861	1,094
Exchange difference on translation of foreign currency bank accounts	51	(43)
Closing cash and cash equivalents	1,438	2,103
Supplementary information		
Restricted cash	42	41

Notes:

i. Figures in brackets indicate cash outflow.

See accompanying notes forming part of the financial statements
In terms of our report attached

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

Sd/-

KANIKA KOHLI
Partner

Membership number : 511565

For and on behalf of the Board of Directors

Sd/-

SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-

ASHISH NANDA
Chief Financial Officer

Sd/-

VISHNU R DUSAD
Managing Director

Sd/-

POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Sd/-

RAVI PRATAP SINGH
CEO & Whole-time Director

Place : Gurugram
Date : 28 January 2019

Place : Chennai
Date : 28 January 2019

NUCLEUS SOFTWARE EXPORTS LIMITED
STATEMENT OF CHANGES IN EQUITY

(Amount in Rupees Lacs unless otherwise stated)	
A. Equity share Capital	
Balance as of 1 April 2018	2,904
Changes in equity share capital during the period	-
	Balance as on 31 December 2018
	2,904
Balance as of 1 January 2018	2,904
Changes in equity share capital during the period	-
	Balance as on 31 March 2018
	2,904
Balance as of 1 April 2017	3,239
Changes in equity share capital during the period	-
	Balance as on 31 December 2017
	2,904

* (Change in equity share capital rounded off to Rs. 335 lacs hence this is not equivalent to addition to capital redemption reserve of Rs. 334 lacs)

B. Other Equity

	Reserves and Surplus		Retained earnings	Items of OCI		Total
	Capital reserve	Capital Redemption reserve		Hedging reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2018	89	334	37,827	2	(11)	39,080
Profit for the period	-	-	6,090	-	-	6,090
Dividend on equity shares	-	-	(2,323)	-	-	(2,323)
Corporate dividend tax	-	-	(192)	-	-	(192)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	70	-	70
Equity Instruments through Other Comprehensive Income	-	-	-	-	(171)	(171)
Remeasurements of the defined benefit plans (net of tax)	-	-	-	-	(28)	(28)
Balance as of 31 December 2018	89	334	41,402	72	(39)	42,526

	Reserves and Surplus		Retained earnings	Items of OCI		Total
	Capital reserve	Capital Redemption reserve		Hedging reserve	Equity instrument through other comprehensive income	
Balance as of 1 January 2018	89	334	36,267	39	(98)	37,579
Profit for the period	-	-	1,560	-	-	1,560
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	(37)	-	(37)
Equity Instruments through Other Comprehensive Income	-	-	-	-	(109)	(109)
Remeasurements of the defined benefit plans (net of tax)	-	-	-	-	87	87
Balance as on 31 March 2018	89	334	37,827	2	(11)	39,080

	Reserves and Surplus			Items of OCI		Total
	Capital reserve	Securities premium	Capital Redemption reserve	Retained earnings	Hedging reserve	
Balance as of 1 April 2017	89	219	-	36,189	136	1,035
Profit for the period	-	-	-	5,000	-	5,000
Dividend on equity shares	-	-	-	(1,619)	-	(1,619)
Corporate dividend tax	-	-	-	(49)	-	(49)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	-	(97)	(97)
Equity Instruments through Other Comprehensive Income	-	-	-	-	-	(87)
Remeasurements of the defined benefit plans (net of tax)	-	-	-	-	-	(40)
Addition for buy-back of equity shares (see note 2.16 vi)	-	-	334	-	-	334
Unlited for buy back of equity shares (see note 2.16 v)	-	(219)	-	(6,227)	-	(3,254)
Balance as of 31 December 2017	89	-	334	(0)	39	948

See accompanying notes forming part of the financial statements

In terms of our report attached

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

Sd/-
KANAKA KOHLI
Partner
Membership number : 511565

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

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

Place : Gungram
Date : 28 January 2019

Place : Chennai
Date : 28 January 2019

Note 1:

1.1 Company overview

Nucleus Software Exports Limited ('Nucleus' or 'the Company') was incorporated on 9 January, 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October, 1994. The Company made an initial public offer in August 1995. As at 31 December 2018 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 Singapore, USA, Japan, Netherlands, South Africa and Australia. The Company has wholly owned subsidiaries in India. 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 financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Financial statements were approved for issue by the Board of Directors on 28 January 2019.

b) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lacs unless otherwise indicated. Further, amounts below INR 50,000 have been rounded off to '- ' in the financial statements while rounding off to the nearest lacs unless otherwise indicated.

c) Current and non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

- It is expected to be settled in the company's normal operating cycle;
 - It is held primarily for the purpose of being traded;
 - It is due to be settled within 12 months after the reporting date; or
 - The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
- Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has ascertained its operating cycle, being a period within 12 months for the purpose of classification of assets and liabilities as current and non-current.

d) Basis of measurement

The 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 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 financial statements is included in the following notes:

- Lease classification – Note 2.30
- Estimates of expected contract costs to be incurred to complete contracts- Note 2.24

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 current tax expense and payable – Note 2.7
- Estimated useful life of property, plant and equipment and Intangible assets – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligations— Note 2.37
- Impairment of trade receivables- Note 2.3 and Note 2.10
- Impairment loss on preference shares carried at amortised cost.
- Estimation of fair value of preference shares in subsidiary

f) Measurement of fair values

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

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

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

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

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

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

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

ii. Revenue recognition

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

- Effective 1 April, 2018, the Company 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 Company 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 Company.
- 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.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as Service income accrued but not due. (only act of invoicing is pending in accordance with terms of the contract).

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

Contracts are subject to modification to account for changes in contract specification and requirements. The 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.

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

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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 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 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.

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

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

b) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial assets: Subsequent measurement and gains and losses

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

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 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 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 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 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 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.

Post sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

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.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. 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.

During the quarter ended 31 December 2018, 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. The effect on account of adoption of this amendment was insignificant.

b) Foreign operations

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

x. Earnings per share

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

xi. Taxation

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

a) Current tax

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

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

b) Deferred tax

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

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

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

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

xii. Employee benefits

Defined contribution plans

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

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which

are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Employee stock option based compensation

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

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

xiii. 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

a. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

b. Lease payments

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflation increases.

xv. Research and development

Revenue expenditure pertaining to research is charged to the 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.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.1 Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				(Amount in Rupees Lacs unless otherwise stated)			
	As at 1 April 2018	Additions	Deductions / adjustments	As at 31 December 2018	As at 1 April 2018	Depreciation for the period	Deductions / adjustments	As at 31 December 2018	As at 31 December 2018	As at 31 March 2018	As at 31 March 2018	As at 31 March 2018
Tangible assets												
Freehold land	34 (34)	-	-	34 (34)	-	-	-	-	-	34 (34)	34 (34)	34 (34)
Leasehold land	560 (560)	-	-	560 (560)	16 (8)	6 (8)	-	22 (16)	538 (544)	538 (544)	544 (552)	544 (552)
Buildings	1,627 (1,602)	27 (25)	-	1,654 (1,627)	177 (86)	73 (91)	-	250 (177)	1,404 (1,450)	1,404 (1,450)	1,450 (1,516)	1,450 (1,516)
Plant and equipment	189 (162)	7	-	196 (189)	140 (116)	13 (24)	-	153 (140)	43 (49)	43 (49)	49 (47)	49 (47)
Office equipment	75 (62)	21	-	96 (75)	29 (13)	12 (16)	-	41 (29)	55 (46)	55 (46)	46 (49)	46 (49)
Computer equipment	1,242 (810)	383 (432)	3	1,622 (1,242)	675 (371)	250 (304)	2	923 (675)	699 (567)	699 (567)	567 (439)	567 (439)
Vehicles	247 (212)	93 (84)	13 (49)	327 (247)	85 (53)	48 (57)	12 (25)	121 (85)	206 (162)	206 (162)	162 (159)	162 (159)
Furniture and fixtures	92 (4)	86 (88)	-	178 (92)	12 (2)	24 (10)	0	36 (12)	142 (80)	142 (80)	80 (2)	80 (2)
	4,066 (3,446)	617 (669)	16 (49)	4,667 (4,066)	1,134 (649)	426 (510)	14 (25)	1,546 (1,134)	3,121 (2,932)	3,121 (2,932)	2,932 (2,798)	2,932 (2,798)
Intangible assets												
Software	638 (559)	135 (79)	-	773 (638)	514 (377)	99 (137)	-	614 (514)	159 (124)	159 (124)	124 (182)	124 (182)
Total	4,704 (4,005)	752 (748)	16 (49)	5,440 (4,704)	1,648 (1,026)	525 (647)	14 (25)	2,160 (1,648)	3,280 (3,056)	3,280 (3,056)	3,056 (2,980)	3,056 (2,980)

Note:

(i) Figures in bracket pertain to previous year ended 31 March 2018/ 31 March 2017.

(ii) 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.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2 NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018

2.2 A. NON-CURRENT INVESTMENTS

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 31 December 2018	As at 31 March 2018
Investments in equity shares of subsidiaries (unquoted)		
<i>Equity shares at cost</i>		
a. 625,000 (625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd.,	163	163
b. 1,000,000 (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 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha	41	41
d. 1,000,000 (1,000,000) equity shares of Rs 10 each, fully paid up, in VirStra i-Technology Services Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	100	100
e. 7,500 (7,500) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands	489 (489)	489 (489)
f. 10,000,000 (10,000,000) equity shares of Rs. 10 each, fully paid up, in Nucleus Software Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	1,194	1,194
g. 100,000 (100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	55	55
h. 10 (10) equity shares of ZAR 61,200 each fully paid up, in Nucleus Software South Africa (Pty.) Limited, South Africa	32	32
i. 11,110 (10,666) equity shares of Rs 10 each, fully paid up in Avon Mobility Solutions Private Limited	350	192
	1,935	1,777
Investment in equity instruments (Quoted)		
<i>Equity shares at FVOCI</i>		
250,000 (250,000) equity shares of Rs. 10 each, fully paid up, in Ujivan Financial Services Limited	693	864
Investments in preference shares of subsidiaries (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
3,650,000 (2,650,000) 11% Preference shares of Rs. 10 each fully paid up in Avon Mobility Solutions Private Limited.	115	265
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 8.15% L&T Finance Holdino Ltd.(Preference Shares - 2020)	1,478	1,395
b. 16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	541
Less: Provision for diminution in value of investment	-	-
c. 17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	100	100
Less: Provision for diminution in value of investment	(75)	-
d. 8.33% Tata Capital Ltd (Preference Shares - 2022)	123	116
e. 7.50% Tata Capital (Preference Shares - 2020)	1,585	1,500
f. 8.33% Tata Capital (Preference Shares - 2021)	-	504
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
a. 8.20% Tata Motors Finance Ltd (CCPS - 2020)	546	534
b. 10% Tata Motors Finance Ltd (CCPS - 2025)	2,089	-
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 7.18% Indian Railwav Finance Corporation Limited Tax free bonds 2023	958	965
b. 8.23% Indian Railwav Finance Corporation Limited Tax free bonds 2024	529	540
c. 8.09% Power Finance Corporation Tax Free Bonds 2021	469	480
d. 7.51% Power Finance Corporation Tax Free Bonds 2021	510	519
e. 8.00% Indian Railwav Finance Corporation Limited Tax free bonds 2022	2,078	2,126
f. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,010	1,031
g. 7.11% Power Finance Corporation Tax Free Bonds 2025	52	53
h. 7.21% India Infrastructure Finance Company Limited Tax Free Bonds 2022	-	516
i. 7.55% Indian Railwav Finance Corporation Limited Tax Free Bonds 2021	304	310
j. 8.20% Power Finance Corporation Tax Free Bonds 2022	63	64
k. 7.28% Indian Railwav Finance Corporation Limited Tax free bonds 2030	46	47
l. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	128	121
m. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	149	142
n. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	115	109
o. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	157	160
p. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	128	131
q. 7.21% Power Finance Corporation (PFC) Tax Free Bonds 2022	504	515
r. 7.35% Indian Railwav Finance Corporation Tax Free Bonds 2031	119	122
s. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	212	201
t. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	587	562
u. 8.51% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	591	-
Investment in mutual funds (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
a. HDFC FMP 1169D February 2017 (1)	569	541
b. HDFC FMP 1150D February 2017 (1)	341	324
c. Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	551	524
d. ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	1,101	1,046
e. ICICI Prudential FMP - Series 82 - 1225 Days Plan B	537	509
f. UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	536	509
g. Reliance Fixed Horizon Fund XXXV (1227 days) -series 12	531	504
h. Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	536	509
i. ICICI Prudential FMP - Series 82 - 1203 Days Plan K	533	504
j. Reliance Fixed Horizon Fund XXXVI - Series 6	531	503
k. UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	529	501
Investment in mutual funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. Axis ST Direct- Weekly Dividend	-	656
b. UTI ST Income-IP-Monthly Dividend	-	314
c. HDFC Corporate Bond Fund - Growth-Direct	256	248
d. DSP BlackRock Bankind & PSU Debt Fund - Growth- Direct	532	507
e. ICICI Prudential Income Opportunities Fund - Growth- Direct	525	506
f. IDFC Corporate Bond Fund - Growth- Direct	671	641
g. L&T Short Term Opportunities Fund - Growth- Direct	535	509
h. Reliance FRF - ST - Growth- Direct	530	508
	24,024	23,267
Aggregate amount of non-current investments	26,767	26,173
Aggregate book value of quoted investments	19,485	19,708
Aggregate market value of quoted investments (*)	19,360	20,055
Aggregate value of unquoted investments	7,734	6,465
Aggregate amount of impairment in value of quoted investments	451	-
Aggregate amount of impairment in value of unquoted investments	652	652

(*) Market value of preference shares includes premium.

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

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

Fair value as at	Dividend income recognised during	Dividend income recognised during	Fair value as at
31 December 2018	Quarter ended 31 December 2018	period ended 31 December 2018	31 March 2018
Investment in Ujivan Financial Services Limited	693	-	864

No strategic investments were disposed off during quarter and nine months ended 31 December 2018 as well in previous year 17-18 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

NUCLEUS SOFTWARE EXPORTS LIMITED
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(Amount in Rupees Lacs unless otherwise stated)

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 December 2018	As at 31 March 2018
2.3 NON - CURRENT TRADE RECEIVABLES (Unsecured)		
- Considered good	-	272
	<u>-</u>	<u>272</u>
2.4 LONG-TERM LOANS (Unsecured considered good unless otherwise stated)		
a. Loans and advances to employees - Staff Loans	6	9
b. Loan to subsidiary (considered doubtful)	732	732
	<u>738</u>	<u>741</u>
Less: Loss allowance for loan to subsidiary	(732)	(732)
	<u>6</u>	<u>9</u>
2.5 OTHER NON-CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)		
Security deposits	201	132
Long-term bank deposits	232	850
	<u>433</u>	<u>982</u>
Note:		
[Long term bank deposits include deposits held with bank for maturity more than 12 months from balance sheet date Rs 18 Lacs (31 March 2018 Rs 17 lacs) under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.]		

2.6 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

(Amount in Rupees Lacs unless otherwise stated)

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the nine months ended 31 December 2018	For the nine months ended 31 December 2017
Current tax	1,382	1,063
Deferred tax	(70)	3
Net tax expense	<u>1,312</u>	<u>1,066</u>

B. Income tax recognised in other comprehensive income

	Before tax	Tax expense / (benefit)	Net of tax
Remeasurements of net defined benefit plans	(43)	(15)	(28)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	108	38	70
Income tax recognised in other comprehensive income	<u>65</u>	<u>23</u>	<u>42</u>

2.6 DEFERRED TAX ASSETS (NET) (CONT'D)

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 nine months ended 31 December 2018	Percentage	For the nine month ended 31 December 2017
Profit before tax		7,402		6,066
Domestic tax rate	35%	2,587	35%	2,099
Effect of exempt non-operating income and deduction	-8%	(623)	-11%	(685)
Effect of non- deductible expenses	2%	128	1%	58
Additional deduction on research and development expenses	-5%	(371)	-4%	(269)
Taxes on income at different rates	-3%	(225)	-3%	(194)
Tax pertaining to prior years and Branch tax and others	-2%	(184)	1%	57
Effective tax	18%	1,312	18%	1,066

D. Movement in temporary differences

(Amount in Rupees Lacs unless otherwise stated)

Particulars	Balance as at 1 April 2018	Recognised [(Credited)/ Charge] in profit or loss during the nine month ended 31 December 2018	Recognised [(Credited)/ Charge] in OCI during the nine month ended 31 December 2018	Other adjustment *	Balance as at 31 December 2018
(i) Deferred tax assets					
Provisions- compensated absences, gratuity and other employee benefits	384	(11)	(15)	-	410
Provision for doubtful trade receivables / Loans and service income accrued but not due	409	(3)	-	-	412
MAT credit entitlement	305	7	-	(163)	135
Trade receivables, security deposit and loans at amortised cost	48	14	-	-	34
Investment in preference shares	1,146	(105)	(15)	(163)	1,053
(ii) Deferred tax liabilities					
Property, plant and equipment	93	(4)	-	-	89
Forward contracts	1	-	38	-	39
Investments	83	32	-	-	115
	<u>177</u>	<u>28</u>	<u>38</u>	<u>-</u>	<u>243</u>
(iii) Net deferred tax asset	<u>969</u>	<u>(70)</u>	<u>23</u>	<u>(163)</u>	<u>853</u>

* Rs. 163 lacs MAT credit utilised during the period.

2.7 INCOME TAX ASSETS (NET)

- Advance income tax [net of provision of Rs. 2,109 lacs (previous year Rs. 2,933 lacs)]	1,636	1,340
	<u>1,636</u>	<u>1,340</u>

2.8 OTHER NON- CURRENT ASSETS

(Unsecured considered good unless otherwise stated)		
a. Employee advances	38	38
b. Capital advances	-	21
Less : Provision for doubtful advances	-	(14)
	<u>38</u>	<u>45</u>
c. Prepaid expenses	0	1
d. Deferred rent	32	6
	<u>70</u>	<u>52</u>

NUCLEUS SOFTWARE EXPORTS LIMITED
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2.9 Current investments

Investment in mutual funds

(Amount in Rupees Lacs unless otherwise stated)

Name	As at 31 December 2018	As at 31 March 2018
-Investment in Mutual Funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	828	540
Baroda Pioneer Treasury Advantage Fund - Plan B Daily Dividend- Re-investment	-	1,672
Aditya Birla Sunlife Arbitrage Fund -Dividend-Direct Plan-Reinvestment	868	832
Aditya Birla Sunlife Floating Rate-Long Term-Daily Dividend-Direct Plan-Reinvestment	-	84
Aditya Birla Sunlife Saving Fund -Daily Dividend-Direct-Reinvestment	507	129
Aditya Birla Sun Life Liquid Fund -Daily Dividend Reinvestment	725	611
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	1,732	1,027
HDFC Floating Rate Income Fund - Short term Plan- Wholesale Option - Direct-DDR	-	363
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend-Reinvestment option	259	28
ICICI Prudential Flexible Income Plan - Direct Plan-DDR	-	36
IDFC Arbitrage Fund Direct Plan- Monthly DR- Direct	701	670
Invesco India Liquid Fund - DDR-Direct	-	169
Kotak Equity Arbitrage Fund- Fortnightly DR- Direct	3,232	3,095
L&T Ultra Short Direct Plan-Daily Dividend-Reinvestment Option	-	-
L&T Liquid Fund Direct Plan -DDR Plan	615	562
Reliance Arbitrage Fund-Direct Monthly Dividend Plan	1,147	1,095
Reliance Medium Term Fund-Direct Plan Daily Dividend Plan	-	1
SBI Liquid Fund - DDR - Direct	877	-
HDFC Liquid Fund - Direct Daily Dividend Plan	449	-
Tata Liquid Fund Direct Plan - Daily Dividend	776	-
DSP Liquidity Fund Direct Plan-DDR	599	-
ICICI Prudential Liquid Fund - DP Daily Dividend	471	-
UTI Liquid Cash Plan - Direct Daily Dividend Plan	744	-
-Fixed Maturity Plans/Interval Plans (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
HDFC FMP 1128D March 2015(1) Direct Growth	-	637
ICICI Prudential FMP Series 76-1108 Days Plan V-Direct-Growth	-	636
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
9% L&T Finance Holdings Limited -Preference Shares 2018	-	1,009
Aggregate amount of investment	14,530	13,196
Aggregate book value of quoted investments	-	2,282
Aggregate market value of quoted investments	-	2,277
Aggregate value of unquoted investments	14,530	10,914

NUCLEUS SOFTWARE EXPORTS LIMITED
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Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 December 2018	As at 31 March 2018
2.10 CURRENT TRADE RECEIVABLES (Unsecured)		
Trade receivables		
- Considered good	6,529	6,613
- Considered doubtful	<u>226</u>	<u>228</u>
	6,755	6,841
Less: Allowances for doubtful debts-trade receivables	(226)	(228)
	<u>6,529</u>	<u>6,613</u>
Due from subsidiaries - considered good (see note 2.35)	199	194
Total	<u>6,728</u>	<u>6,807</u>
2.11 CASH AND CASH EQUIVALENTS		
a. Cash on hand	-	1
b. Remittance in transit	-	86
c. Balances with scheduled banks:		
- in current accounts	58	50
- in EEFC accounts	1,052	1,291
d. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	11	16
- Citibank, United Arab Emirates	22	17
- Citibank, USA	25	30
e. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	270	370
Total	<u>1,438</u>	<u>1,861</u>
2.12 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	40	24
b. Balances with scheduled banks in deposit accounts		
- Maturity with in 12 months	3,502	2,695
Total	<u>3,542</u>	<u>2,719</u>
Note:		
[Balance with scheduled banks in deposit accounts include Rs 42 lacs (31 March 2018 Rs 42 lacs) which are under lien and restricted from being settled with in 12 months from the balance sheet date.]		
2.13 SHORT-TERM LOANS (Unsecured considered good unless otherwise stated)		
Loans and advances to employees		
- Staff Loans	26	29
	<u>26</u>	<u>29</u>
2.14 OTHER CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)		
a. Security deposit	3	-
b. Mark-to-market gain on forward contracts	111	3
c. Expenses recoverable from customers	41	26
	<u>155</u>	<u>29</u>
2.15 OTHER CURRENT ASSETS (Unsecured considered good unless otherwise stated)		
a. Service income accrued but not due		
- Considered good	848	922
- Considered doubtful	<u>223</u>	<u>214</u>
	1,071	1,136
Less : Provision for service income accrued but not due	(223)	(214)
	848	922
b. Employee advances	57	37
c. Prepaid expenses	316	340
d. Contract cost	84	-
e. Balances with government authorities		
-GST/ VAT credit receivable	65	33
- Interest on income tax refund	43	-
f. Others		
- Supplier advances		
- Considered good	40	306
g. Deferred employee benefits	1	3
	<u>1,454</u>	<u>1,641</u>

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(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 31 December 2018	As at 31 March 2018
2.16 SHARE CAPITAL		
a. Authorised		
Equity shares		
40,000,000 (40,000,000) equity shares of Rs. 10 each	4,000	4,000
b. Issued, Subscribed and Paid-Up		
Issued		
32,386,524 (32,386,524) equity shares of Rs. 10 each		
Subscribed and Paid-Up		
29,040,724 (29,040,724) equity shares of Rs. 10 each, fully paid up	2,904	2,904
(Includes: 2,800 (2,800) forfeited equity shares pending reissue (see note (iv) below)		
	2,904	2,904

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 period :-**

Particulars	Opening balance	Allotted under Employee Stock Option Plans / Extinguishment of shares under buy back (see note 2.16 vi)	Closing balance
a. For the period ended 31 December 2018			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	290,407,240	-	290,407,240
b. For the year ended 31 March 2018			
- Number of shares	32,383,724	(3,343,000)	29,040,724
- Amount (In Rupees)	323,837,240	(33,430,000)	290,407,240

(ii) The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend is paid on the approval of the shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at 31 December 2018		As at 31 March 2018	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	30.99%	9,000,000	30.99%
Nucleus Software Engineers Private Limited	2,385,882	8.22%	2,385,882	8.22%
Madhu Dusad	3,066,248	10.56%	3,066,248	10.56%
Vishnu R Dusad	1,603,492	5.52%	1,603,492	5.52%

(iv) **Details of forfeited shares**

Particulars	As at 31 December 2018		As at 31 March 2018	
	(Number)	(Rupees)	(Number)	(Rupees)
Equity shares with voting rights	2,800	15,000	2,800	15,000

(v) **Employees Stock Option Plan ("ESOP")**

a. Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.

b. The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, the majority of whom are independent directors.

c. There are no options granted, forfeited and exercised during the period under ESOP Scheme 2015.

(vi) The Board of Directors of the Company, at its meeting held on April 25, 2017 had approved a proposal to buy-back not exceeding Rs 11,779 lacs at maximum price of Rs. 350 per equity share.

The Shareholders of the Company approved the scheme of Buyback of 33,43,000 (Thirty Three Lakhs Forty Three Thousand) equity shares of the face value of Rs.10/- each fully paid up at a price of Rs. 350/- (Rupees Three Hundred and Fifty Only) (the "Buyback Price") payable in cash aggregating upto Rs. 11,701/-lacs (Rupees Eleven thousands Seven Hundred One lacs) through Postal Ballot on June 15, 2017. The Company made the Public Announcement of the same which was published on June 19, 2017.

Further pursuant to Shareholders' approval vide Postal Ballot in June 2017, the Buy Back Committee of Board of Directors on 16th June 2017 approved the Buyback of 33,43,000 of fully paid up Equity Shares of face value of Rs. 10/ each of the Company at price of Rs. 350/- per Equity share, payable in cash for an aggregate consideration not exceeding Rs. 11,701 lacs. The settlement of the Buyback was done on 8th September, 2017 and 33,43,000 Equity shares bought back were extinguished on 14th September, 2017.

Capital Redemption Reserve was created to the extent of share capital extinguished Rs 334 lacs. An amount of Rs 3,254 lacs from Retained Earnings was used to offset the excess of buy-back cost of Rs 11,701 lacs over par value of shares after adjusting the balance lying in Security Premium of Rs 219 lacs and General Reserve of Rs 8,227 lacs.

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(Amount in Rupees Lacs unless otherwise stated)

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 December 2018	As at 31 March 2018
2.17 OTHER EQUITY		
a. Capital reserve	89	89
b. Securities premium account	-	-
c. Capital redemption reserve	334	334
d. Retained earnings	41,402	37,827
e. Other comprehensive income	701	830
Total	42,526	39,080

(Amount in Rupees Lacs unless otherwise stated)

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the period ended 31 December 2018	Year ended 31 March 2018
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Securities premium account		
Opening balance	-	219
Utilised for buy back of equity shares (see note 2.16 vi)	-	(219)
Closing balance	-	-
c. Capital Redemption reserve		
Opening Balance	334	-
Addition during the period	-	334
Closing balance (see note 2.16 vi)	334	334
d. Retained Earnings		
Opening balance	37,827	36,189
Utilised for buy back of equity shares (see note 2.16 vi)	-	(3,254)
Add: Profit for the period	6,090	6,560
- Final dividend on equity shares [see note (i) below]	(2,323)	(1,619)
- Corporate Dividend tax	(192)	(49)
Closing balance	41,402	37,827
e. Other comprehensive income		
Equity instrument through other comprehensive income		
Opening balance	839	1,035
Addition / (Deletion)	(171)	(196)
Closing balance	668	839
Hedging reserve, net [see note 2.30]		
Opening balance	2	136
Addition / (Deletion)	70	(134)
Closing balance	72	2
Remeasurement of net defined benefit plans, net		
Opening balance	(11)	(58)
Addition / (Deletion)	(28)	47
Closing balance	(39)	(11)
	701	830
	42,526	39,080

Note :

- (i) The Board of Directors on May 3, 2018 have recommended a payment of Final Dividend of Rs. 8 per share (on equity share of par value of Rs. 10 each) for the year ended March 31, 2018. The payment was approved in the Annual General Meeting held on 2 July, 2018.

Nature and purpose of other reserves

Capital reserve

The company had transferred forfeited ESOP application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

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

Hedging reserve

This comprises as the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Equity instrument through other comprehensive income

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

NUCLEUS SOFTWARE EXPORTS LIMITED
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Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 December 2018	As at 31 March 2018
2.18 OTHER NON- CURRENT FINANCIAL LIABILITIES		
Annual incentive payable	103	91
	103	91
2.19 NON-CURRENT PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	598	490
- Provision for gratuity (see note 2.39)	143	-
	741	490
2.20 TRADE PAYABLES		
a. Trade payables (see note below)	923	4,700
b. Due to subsidiaries (see note 2.35)	473	404
	1,396	5,104
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.		
2.21 OTHER CURRENT FINANCIAL LIABILITIES		
a. Unpaid dividends	40	24
b. Payable for purchase of Property, plant and equipment and Intangible assets	42	1
c. Other payable	75	-
d. Employee payable	2,660	-
	2,817	25
2.22 CURRENT PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	232	171
	232	171
2.23 INCOME TAX LIABILITIES		
Provision for tax (net of advance tax of Rs. 1.540 lacs (previous year Rs. Nil))	95	-
	95	-
2.24 OTHER CURRENT LIABILITIES		
a. Advance from customers / Advance billings	5,247	6,045
b. Deferred revenue	4,370	4,354
c. Other payables - statutory liabilities	491	499
d. Payable to gratuity trust (see note 2.39)	-	372
	10,108	11,270

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Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For nine months ended 31 December 2018	For nine months ended 31 December 2017
2.25 INCOME FROM SOFTWARE PRODUCTS AND SERVICES				
a. Software products and services (see note 2.38)				
- Domestic	3,385	3,306	10,835	9,097
- Overseas	6,641	5,464	18,362	15,444
	10,026	8,770	29,197	24,541
2.26 OTHER INCOME				
a. Interest income on financial assets- carried at amortised cost :				
- Deposits with banks	72	68	193	238
- Tax free bonds	170	163	490	465
- Debentures	-	10	-	30
- Non- current trade receivable	12	10	41	51
- Fixed maturity plan	109	67	325	223
- Preference shares	60	109	227	312
- Others	3	0	8	4
b. Interest income on income tax refund	43	-	43	62
c. Dividend income from				
- Current, non trade investments	178	124	479	591
- Non-current, non trade investment	6	13	47	119
- Subsidiary companies	-	-	1,400	1,389
c. Net gain / (loss) on sale of investments				
- Non-current, non trade investment	9	(2)	9	(2)
d. MTM gain or (loss) on				
- Current, non trade investments	5	5	10	6
- Non-current, non trade investment	128	-	216	-
e. - Gain / (Loss) on exchange fluctuation	(52)	(35)	(93)	(30)
f. Other non-operating income				
- Net profit on sale of fixed assets/discarded assets	-	-	27	4
- Rental income - subsidiary	2	-	5	-
- Miscellaneous income	1	5	14	8
	746	537	3,441	3,470
2.27 EMPLOYEE BENEFIT EXPENSE				
a. Salaries and wages	5,459	4,864	16,160	14,112
b. Contribution to provident and other funds	291	255	857	734
c. Gratuity expense	76	58	228	174
d. Staff welfare expenses	200	98	459	281
	6,026	5,275	17,704	15,301
2.28 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expense	226	229	682	745
b. Cost of software purchased for delivery to clients	40	50	141	146
c. Power and fuel	86	93	324	331
d. Rent (see note 2.31)	119	72	269	219
e. Repair and maintenance				
- Buildings	11	15	39	27
- Others	97	73	265	210
f. Insurance	9	10	29	32
g. Rates and taxes	4	5	14	93
h. Travel expenses				
- Foreign	329	256	919	778
- Domestic	129	92	333	267
i. Advertisement, business development and promotion	61	46	148	101
j. Legal and professional (see note 2.33)	92	95	287	341
k. Directors remuneration	31	30	100	91
l. Conveyance	44	48	134	139
m. Communication	40	46	134	129
n. Training and recruitment	82	87	209	265
o. Net loss on sale of fixed assets/discarded assets	-	10	-	10
p. Conference, exhibition and seminar	46	47	161	124
q. Information technology expenses	193	205	576	531
r. Provision for doubtful debts/advances/other current assets	12	19	16	4
s. Impairment loss on preference shares carried at amortised cost	150	-	451	-
t. Fair value change of preference shares of subsidiary at FVTPL	250	-	250	-
u. Commission to channel partners	56	72	123	118
v. Expenditure on corporate social responsibility (see note 2.42)	27	29	81	82
w. Sales and marketing fee	362	320	990	992
x. Miscellaneous expenses	125	160	309	356
	2,621	2,109	6,984	6,131
Directors Remuneration includes :				
Non Executive Directors				
a. Commission	22	17	75	57
b. Sitting fees	9	13	25	34
	31	30	100	91
2.29 FINANCE COST				
Bank Charges	7	7	23	26
	7	7	23	26

2.30 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at 31 December 2018 are as follows:

(Amount in Rupees Lacs unless otherwise stated)								
Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	1,438	-	-	1,438	1,438			
Other bank balances (2.12)	3,542	-	-	3,542	3,542			
Investments (2.2 and 2.9)								
Equity Instruments (Other than subsidiaries)	-	-	693	693	693	693		
Tax free bonds	8,708	-	-	8,708	9,026	9,026		
Mutual funds (other than FMPs)	-	17,578	-	17,578	17,578	17,578		
Fixed maturity plans (FMPs)	6,296	-	-	6,296	6,233	6,233		
Preference shares *	3,337	2,750	-	6,087	6,170	3,408	2,647	115
Trade receivables (2.3 and 2.10)	6,728	-	-	6,728	6,728			
Loans (2.4 and 2.13)	32	-	-	32	32			
Other financial assets (2.5 and 2.14)	477	-	111	588	588			
	30,558	20,328	804	51,690	52,028			
Liabilities:								
Trade payables (2.20)	1,396	-	-	1,396	1,396			
Other financial liabilities (2.18 and 2.21)	2,920	-	-	2,920	2,920			
	4,316	-	-	4,316	4,316			

(* Market value of preference shares includes premium.)

The carrying value and fair value of financial instruments by categories of 31 March 2018 were as follows:

(Amount in Rupees Lacs unless otherwise stated)								
Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	1,861	-	-	1,861	1,861			
Other bank balances (2.12)	2,719	-	-	2,719	2,719			
Investments (2.2 and 2.9)								
Equity Instruments (Other than subsidiaries)	-	-	864	864	864	864		
Tax free bonds	8,713	-	-	8,713	9,094	9,094		
Mutual funds (other than FMPs)	-	14,803	-	14,803	14,803	14,803		
Fixed maturity plans (FMPs)	7,248	-	-	7,248	7,231	7,231		
Preference shares	5,699	265	-	5,964	5,948	5,683		265
Trade receivables (2.3 and 2.10)	7,080	-	-	7,080	7,080			
Loans (2.4 and 2.13)	38	-	-	38	38			
Other financial assets (2.5 and 2.14)	1,010	-	-	1,010	1,010			
	34,368	15,068	864	50,300	50,648			
Liabilities:								
Trade payables (2.20)	5,104	-	-	5,104	5,104			
Other financial liabilities (2.18 and 2.21)	116	-	-	116	116			
	5,220	-	-	5,220	5,220			

The carrying amount of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities 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.

2.30 Financial Instruments (Cont'd)

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 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 purchases 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 as the rupee appreciates/ depreciates against these currencies.

The Company's risk management policy is to hedge 40% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, most 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.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Currency	As at 31 December 2018		As at 31 March 2018	
	Amount in foreign currency in lacs	Amount in Rupees in lacs	Amount in foreign currency in lacs	Amount in Rupees in lacs
Receivable				
USD	46	3,214	53	3,433
EURO	1	88	1	78
MYR	10	163	11	182
SGD	0	14	-	16
JPY	186	118	184	113
ZAR	5	20	19	102
AED	9	176	6	105
CHF	0	4	-	4
GBP	9	770	5	438
AUD	0	0	-	22
Payable				
USD	73	5,119	93	6,044
EUR	1	83	2	132
MYR	4	60	9	156
GBP	1	77	1	104
SGD	4	180	4	187
CHF	-	4	-	7
AED	23	437	2	41
ZAR	14	67	63	349
JPY	139	88	159	98
AUD	10	482	7	358
PHP	3	3	-	-
NGN	2	-	-	-
SAR	-	1	-	4

For the period ended 31 December 2018 and 31 March 2018 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Company's incremental profit by Rs. 204 lacs and Rs. 299 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 period and the current reporting period.

b) Price risk

(i) Exposure

The Company's exposure to equity securities and mutual funds price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

(ii) Sensitivity

The sensitivity of profit or loss in respect of investments in mutual funds and equity instruments (other than subsidiaries) at the end of the reporting period for +/- 2% change in price and net asset value is presented below:

	Impact on profit before tax		Impact on other components of equity	
	31 December 2018	31 March 2018	31 December 2018	31 March 2018
Increase 2%				
Mutual funds	352	296	-	-
Equity instruments (other than subsidiaries)	-	-	14	17
Decrease 2%				
Mutual funds	(352)	(296)	-	-
Equity instruments (other than subsidiaries)	-	-	(14)	(17)

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward 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					
Forward contract outstanding	Buy/Sell	As at	Equivalent amount in Rupees in lacs	As at	Equivalent amount in Rupees in lacs
		31 December 2018	31 December 2018	31 March 2018	31 March 2018
In USD (Amount in USD lacs)	Sell	59	4,117	65	4,204

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

Particulars	As at	Equivalent amount in Rupees in lacs	As at	Equivalent amount in Rupees in lacs
	31 December 2018	31 December 2018	31 March 2018	31 March 2018
Not later than one month	10	698	14	913
Later than one month and not later than three months	14	977	21	1,336
Later than three months and not later than one year	35	2,442	30	1,955

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

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

Particulars

	31 December 2018	31 March 2018
Balance at the beginning of the period	2	136
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	70	(134)
Balance at the end of the period	72	2

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

	Nine month ended	Nine month ended	Quarter ended	Quarter ended
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss),net	108	(77)	278	68
Hedge ineffectiveness recognised in profit or (loss)	-	-	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	(235)	232	(50)	(38)

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The following table provides quantitative information about offsetting of derivative financial assets

Particulars	As at 31 December 2018	As at 31 March 2018
Gross amount of recognized financial asset/ (financial liabilities)	111	3
Net amount presented in balance sheet	111	3

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 Rs. 6,728 lacs and Rs. 7,079 lacs as of 31 December 2018 and 31 March 2018 respectively and unbilled revenue amounting to Rs. 848 lacs and Rs. 922 lacs as of 31 December 2018 and 31 March 2018, 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 unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers.

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

Particulars	Nine month ended 31 December 2018	Year ended 31 March 2018
	(in %)	(in %)
Revenue from top customer	12.63%	12.67
Revenue from top five customers	29.47%	29.54

Credit risk exposure

The lifetime expected credit loss on customer balances and service income accrued but not due for the period ended 31 December 2018 is Rs. 1 lacs and reversal for the year ended 31 March 2018 was Rs. 37 lacs.

Particulars	Nine month ended 31 December 2018	Year ended 31 March 2018
	(in %)	(in %)
Balance at the beginning	228	343
Impairment loss recognised/(reversal)	1	(37)
Amounts written off	(3)	(78)
Balance at the end	226	228

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 December 2018

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	18,191	0%	-	18,191
		Loans to employee	6	0%	-	6
		Security deposits	201	0%	-	201
	Financial assets for which credit risk has increased significantly and not credit-impaired	NA	NA	NA	NA	NA
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and credit-impaired	Loans to subsidiaries	732	100%	(732)	-
		Investment at amortised cost	601	75%	(451)	150

As at 31 March 2018

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	19,378	0%	-	19,378
		Loans to employee	9	0%	-	9
		Security deposits	132	0%	-	132
	Financial assets for which credit risk has increased significantly and not credit-impaired	NA	NA	NA	NA	NA
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and credit-impaired	Loans to subsidiaries	732	100%	(732)	-

b) Expected credit loss for trade receivables under simplified approach

As at 31 December 2018

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	3,816	1,985	449	117	142	446	6,954
Expected credit losses (Loss allowance provision)	-	-	-	9	6	211	226
Carrying amount of trade receivables (net of impairment)	3,816	1,985	449	108	135	235	6,728

As at 31 March 2018

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	4,651	1,440	380	129	276	431	7,307
Expected credit losses (Loss allowance provision)	-	-	-	-	27	201	228
Carrying amount of trade receivables (net of impairment)	4,651	1,440	380	129	249	230	7,079

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 the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 December 2018, the Company had a working capital of Rs. 13,225 lacs including cash and cash equivalent of Rs. 1,438 lacs and current investment of Rs. 14,530 lacs (31 March 2018 Rs. 9,712 lacs including cash and cash equivalents of Rs 1,861 lacs and current investments of Rs. 13,196 lacs).

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 December 2018:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,396	-	1,396
Other financial liabilities	2,817	103	2,920

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2018:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	5,104	-	5,104
Other financial liabilities	25	91	116

c) Capital Management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an appropriate capital structure

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

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

The Company monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 December 2018	As at 31 March 2018
Total Liabilities	15,492	17,151
Less: Cash and cash equivalents	1,438	1,861
Adjusted debt	14,054	15,290
Total equity	45,430	41,984
Adjusted net debt to equity ratio	0.31	0.36

(i) Risk management

For the purpose of the Company'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 Company's capital management is to maximise the shareholder value.

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

(ii) Dividends

Particulars	31 December 2018	31 March 2018
(i) Equity Shares		
Final dividend for the year ended 31 March 2018 of Rs. 8 Per share fully paid up (31 March 2017 of Rs. 5 Per share fully paid up)	2,323	1,619
(ii) Dividends not recognised at the end of reporting period	-	2,323

The Board of Directors on May 3, 2018 have recommended a payment of Final Dividend of Rs. 8 per share (on equity share of par value of Rs. 10 each) for the year ended March 31, 2018. The payment was approved in the Annual General Meeting held on 2 July, 2018. This dividend was paid on 07 July, 2018.

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2.31 OPERATING LEASE

Obligations on long-term, non-cancellable operating leases

The Company has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the quarter and nine months ended 31 December 2018 are Rs. 119 lacs (previous period Rs. 72.19 lacs) and Rs 269 Lacs (previous period Rs 219 Lacs) respectively. The future minimum lease payments in respect of non-cancellable lease is as follows:

Particulars	As at 31 December 2018	As at 31 December 2017
Lease Obligations Payable		
a Not later than 1 year	148	-
b Later than 1 year but not later than 5 years	365	-
c More than 5 year	-	-
	513	-

2.32 Contingent liabilities and Commitments (to the extent not provided for)

Particulars	As at 31 December 2018	As at 31 March 2018
(Amount in Rupees Lacs unless otherwise stated)		

a. Contingent liabilities

Claims against the Company not acknowledged as debts

69

b. Capital Commitments

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

84

30

c. Other Commitments

The Company is committed to provide financial support to its subsidiary companies, as and when required.

a. The Company does not have any pending litigation which would impact its financial position.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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(Amount in Rupees Lacs unless otherwise stated)

Particulars	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For nine months ended 31 December 2018	For nine months ended 31 December 2017
2.33 Auditors remuneration (excluding taxes)				
a. As auditors - statutory audit, including quarterly audits	13	12	39	32
b. For other services	4	3	11	5
c. Reimbursement of expenses	1	1	5	3
	18	16	55	40

2.34 Earnings per share

(Amount in Rupees Lacs unless otherwise stated)

Particulars	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For the nine months ended 31 December 2018	For the nine months ended 31 December 2017
a. Profit after taxation available to equity shareholders (Rupees)	1,735	1,410	6,090	5,000
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	29,040,724	29,040,724	29,040,724	31,058,680
c. Effect of dilutive issue of shares	-	-	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share (Numbers)	29,040,724	29,040,724	29,040,724	31,058,680
e. Basic earnings per share (Rupees)	5.97	4.85	20.97	16.10
f. Diluted earnings per share (Rupees)	5.97	4.85	20.97	16.10

2.35 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

a. Subsidiary Companies

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan
- Nucleus Software Inc., USA
- Nucleus Software Netherlands B.V., Netherlands
- VirStra i-Technology Services Limited, India
- Nucleus Software Limited, India
- Nucleus Software Australia Pty. Ltd., Australia
- Nucleus Software South Africa Pvt. Limited. South Africa
- Avon Mobility Solutions Private Limited

b. Other related parties:

- Key managerial personnel:
- Vishnu R. Dusat (Managing Director)
 - Ravi Pratap Singh (Whole time Director)
 - Ashish Nanda (Chief Financial officer)
 - Poonam Bhasin (Company Secretary)
 - Nucleus Software Foundation (see note 2.42)
 - Avon Solutions & Logistics Pvt Ltd

2.35 RELATED PARTY TRANSACTIONS

Transactions with related parties

(Amount in Rupees Lacs unless otherwise stated)

Particulars	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For nine months ended 31 December 2018	For nine months ended 31 December 2017
a. Software development services and products				
- Nucleus Software Japan Kabushiki Kaisha, Japan	72	154	298	410
- Nucleus Software Solutions Pte Ltd, Singapore	256	230	707	726
- Nucleus Software Inc., USA	-	-	-	14
- Nucleus Software Netherlands B.V., Netherlands	-	-	-	1
	328	384	1,005	1,151
b. Other income				
Dividend income				
- VirStra i-Technology Services Limited, India	-	-	400	500
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	-	369	-
- Nucleus Software Solutions Pte Ltd, Singapore	-	-	631	437
- Nucleus Software Inc., USA	-	-	-	452
	-	-	1,400	1,389
c. Other income				
Rental Income				
- Avon Mobility Solutions Private Limited, India	2	-	5	-

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2.35 RELATED PARTY TRANSACTIONS (CONT'D)
Transactions with related parties

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For nine months ended 31 December 2018	For nine months ended 31 December 2017
a. Salary and other benefits to Key managerial personnel				
Short-term employee benefits	82	75	411	295
Contribution to provident and other funds	6	5	17	15
	88	80	428	310
b. Cost of software purchased for delivery to clients				
- Nucleus Software Solutions Pte Ltd, Singapore	7	7	21	20
c. Outsourced technical service expense				
- VirStra i-Technology Services Limited, India	5	-	28	-
- Nucleus Software Australia Pty Ltd.	93	81	272	246
	98	81	300	246
d. Expenditure on Corporate Social Responsibility				
Nucleus Software Foundation (see note 2.41)	27	29	81	82
e. Lease rent paid				
- Nucleus Software Limited, India	55	27	82	82
f. Reimbursement of expenses from				
- Nucleus Software Solutions Pte Ltd, Singapore	5	4	15	18
- Nucleus Software Japan Kabushiki Kaisha, Japan	138	131	436	388
- Nucleus Software Inc., USA	-	-	3	2
- Nucleus Software Netherlands B.V., Netherlands	-	-	1	1
- VirStra i-Technology Services Limited, India	-	-	1	-
- Avon Mobility Solutions Private Limited, India	-	-	2	-
- Nucleus Software Australia Pty Ltd., Australia	-	-	-	3
	143	135	458	412
g. Reimbursement of expenses to				
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	1	-	2
	9	1	9	2
h. Sales & marketing fee				
- Nucleus Software Japan Kabushiki Kaisha, Japan	85	78	245	294
- Nucleus Software Solutions Pte Ltd, Singapore	194	210	491	511
- Nucleus Software Inc., USA	37	-	116	-
- Nucleus Software Australia Pty Ltd.	45	38	137	98
- Nucleus Software South Africa Pty Ltd	-	(6)	-	89
	361	320	989	992
i. Communication Expenses				
- Avon Solutions & Logistics Pvt Ltd	6	7	17	17
j. Investment in Preference Shares				
- Avon Mobility Solutions Private Limited	50	-	100	-
k. Salary to Ms Kritika Dusat (Relative of Key Managerial personnel)	-	11	11	11

Outstanding balances as at year end

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 31 December 2018	As at 31 March 2018
a. Trade receivables		
- Nucleus Software Solutions Pte Ltd, Singapore	81	81
- Nucleus Software Japan Kabushiki Kaisha, Japan	118	113
	199	194
b. Trade payables		
- Nucleus Software Solutions Pte Ltd, Singapore	57	179
- VirStra i-Technology Services Limited, India	8	-
- Nucleus Software Japan Kabushiki Kaisha, Japan	88	98
- Nucleus Software Australia Pty Ltd., Australia	148	119
- Nucleus Software Limited, India	9	8
- Nucleus Software Inc., USA	38	-
	348	404
c. Expenses Payable to Subsidiaries		
- Nucleus Software Solutions Pte Ltd, Singapore	123	-
- VirStra i-Technology Services Limited, India	2	-
	125	-
d. Loans to subsidiaries		
- Nucleus Software Limited, India	732	732
e. Provision for doubtful loan		
- Nucleus Software Limited, India	732	732
f. Investments in subsidiary companies (net of provision) (see note 2.2)	1,935	1,777
g. Investments in preference shares of subsidiary companies		
- Avon Mobility Solutions Private Limited	115	265

2.36 Research and development expenditure

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For nine months ended 31 December 2018	For nine months ended 31 December 2017
Expenditure on research and development as per Ind AS 38				
Revenue Expenditure	452	864	2,357	2,104

The Company had been accorded initial recognition for the in-house Research and Development (R&D) unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which was valid till 31 March, 2015. The Company further received renewal of recognition for its R&D center for three years starting from 1 April 2015 till 31 March 2018 and subsequently from 1 April 2018 till 31 March 2021.

2.37 Segment reporting – Basis of preparation

a. Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the geographies of Company's customers and internal reporting systems. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators by geographical segments.

b. Composition of reportable segments

The 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 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 is set out below:

a(i) For the quarter ended 31 December 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	3,385	750	1,593	1,373	2,142	530	253	-	10,026
Expenses	1,747	312	1,619	776	1,149	209	172	43	6,027
Segment result	1,638	438	(26)	597	993	321	81	(43)	3,999
Unallocated corporate expenditure									2,114
Operating profit before taxation									1,191
Other income									746
Profit before taxation									1,937
Tax Expense									208
Net current tax expense									(6)
Net deferred tax credit									202
Profit for the quarter									1,735

a (ii) For the quarter ended 31 December 2017

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	3,306	777	1,252	969	1,757	383	264	62	8,770
Expenses	1,604	287	1,299	743	1,051	211	166	83	5,444
Segment result	1,702	490	(47)	226	706	172	98	(21)	3,326
Unallocated corporate expenditure									2,114
Operating profit before taxation									1,212
Other income									537
Profit before taxation									1,749
Tax Expense									339
Net current tax expense									-
Net deferred tax credit									339
Profit for the quarter									1,410

a (iii) Revenue from a top customer, who is contributing more than 10% of total revenue, is presented segment wise as follows:

For the quarter ended 31 December 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	-	-	-	1,365	-	-	-	-	1,365

For the quarter ended 31 December 2017

Revenue from operations	-	-	-	939	-	-	-	42	981
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b (i) For the nine months ended 31 December 2018

Description	(Amount in Rupees)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	10,836	2,024	4,784	3,711	5,711	1,347	754	30	29,197
Expenses	5,088	861	4,658	2,374	3,518	570	502	253	17,824
Segment result	5,748	1,163	126	1,337	2,193	777	252	(223)	11,373
Unallocated corporate expenditure									7,412
Operating profit before taxation									3,961
Other income									3,441
Profit before taxation									7,402
Tax Expense									1,382
Net current tax expense									(70)
Net deferred tax credit									1,312
Profit for the period									6,090

b (ii) For the nine months ended 31 December 2017

Description	(Amount in Rupees)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	9,097	2,140	3,419	3,100	4,717	811	795	462	24,541
Expenses	4,570	960	3,737	2,386	2,812	356	518	247	15,585
Segment result	4,527	1,180	(318)	714	1,905	455	277	215	8,956
Unallocated corporate expenditure									6,360
Operating profit before taxation									2,596
Other income									3,470
Profit before taxation									6,066
Tax Expense									1,063
Net current tax expense									3
Net deferred tax credit									1,066
Profit for the period									5,000

b (iii) Revenue from a top customer, who is contributing more than 10% of total revenue, is presented segment wise as follows:

For the nine months ended 31 December 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	-	-	-	3,688	-	-	-	-	3,688

For the nine months ended 31 December 2017

Revenue from operations	-	-	-	2,902	-	-	-	296	3,198
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Assets and liabilities of reportable segments being geographies are as follows:

a. As at 31 December 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	3,704	294	1,183	879	1,445	708	-	36	8,249
Unallocated corporate assets									52,673
Total assets									60,922
Segment liabilities	5,591	477	3,267	730	2,431	1,678	529	38	14,741
Unallocated corporate liabilities									751
Total liabilities									15,492
									45,430

b. As at 31 March 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	4,148	553	1,123	527	1,242	881	22	70	8,566
Unallocated corporate assets									50,569
Total assets									59,135
Segment liabilities	5,999	541	4,413	951	2,676	1,270	414	22	16,286
Unallocated corporate liabilities									865
Total liabilities									17,151
Capital employed									41,984

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

a (i) For the quarter ended 31 December 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)									103
Total capital expenditure									103
Depreciation expenditure (Unallocated)									181
Total depreciation									181
Segment non-cash expense other than depreciation	14	-	(3)		1	-			12
Total non cash expenditure	14	0	(3)	0	1	0	-	-	12

a (ii) For the quarter ended 31 December 2017

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)									120
Total capital expenditure									120
Depreciation expenditure (Unallocated)									167
Total depreciation									167
Segment non-cash expense other than depreciation	15	-	-		4	-			19
Total non cash expenditure	15	-	-	-	4	-	-	-	19

b (i) For the nine months ended 31 December 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)									756
Total capital expenditure									756
Deorecipation expenditure (Unallocated)									525
Total depreciation									525
Segment non-cash expense other than depreciation	27	-	(4)	-	(7)	-	-	-	16
Total non cash expenditure other than depreciation	27	-	(4)	-	(7)	-	-	-	16

b (ii) For the nine months ended 31 December 2017

Description	(Amount in Rupees Lacs unless otherwise stated)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (Unallocated)									532
Total capital expenditure									532
Depreciation expenditure (Unallocated)									487
Total depreciation									487
Segment non-cash expense other than depreciation	11	-	1	-	17	(25)	-	-	4
Total non cash expenditure other than depreciation	11	-	1	-	17	(25)	-	-	4

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.38 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***

Description	(Amount in Rupees Lacs unless otherwise stated)						Total
	India	Far East	South East Asia	Europe	Middle East	Africa	
Revenue from operations	3,385	750	1,593	1,373	2,142	530	10,026
						253	-

Description	(Amount in Rupees Lacs unless otherwise stated)						Total
	India	Far East	South East Asia	Europe	Middle East	Africa	
Revenue from operations	3,306	777	1,252	969	1,757	383	8,770

b (i) For the nine months ended 31 December 2018

Description	(Amount in Rupees)						Total
	India	Far East	South East Asia	Europe	Middle East	Africa	
Revenue from operations	10,836	2,024	4,784	3,711	5,711	1,347	29,197

b (ii) For the nine months ended 31 December 2017

Description	(Amount in Rupees)						Total
	India	Far East	South East Asia	Europe	Middle East	Africa	
Revenue from operations	9,097	2,140	3,419	3,100	4,717	811	24,541

* Disclosure relating to revenues by geography has been made with respect to location of customers.

(B) **Revenues in products and services ***

Description	(Amount in Rupees Lacs unless otherwise stated)		
	Products	Other services	Total
For the quarter ended 31 December 2018			
Revenue	9,447	579	10,026
For the quarter ended 31 December 2017			
Revenue	8,258	512	8,770
For the nine months ended 31 December 2018			
Revenue	27,568	1,629	29,197
For the nine months ended 31 December 2017			
Revenue	22,939	1,602	24,541

* 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.

2.39 Employee Benefit Obligations

Defined contribution plans

An amount of Rs 518 lacs for the half year ended 30 September 2018 (Year ended 31 March 2018 Rs 917 lacs), have been recognized as an expense in respect of Company's contribution for Provident Fund and Rs. 3 lacs (Year ended 31 March 2018 Rs. 6 lacs) for Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

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 Rs. 20 lacs in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and compensated absence has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

The Company had made contributions to Nucleus Software Export Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 30 September 2018 :

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2018	As at 31 March 2018
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	2,155	1,655
Current service cost	142	227
Past service cost	-	274
Interest on defined benefit obligation	72	103
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	(89)	(52)
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	120	29
Benefits paid	(38)	(81)
Obligation at year end	2,362	2,155
b. Change in plan assets		
Plan Assets at year beginning, at fair value	1,783	1,444
Expected return on asset plan	62	96
Contributions by employer	-	311
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	2	13
Benefits paid	(38)	(81)
Plan assets at year end, at fair value	1,809	1,783
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	2,362	2,155
Fair value of plan assets	1,809	1,783
Funded status- Surplus/ (Deficit)	553	372
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	553	372
d. Expected employer's contribution next year	200	200
e. Expense recognised in Profit or Loss		
Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	Year ended 30 September 2018	Year ended 31 March 2018
Current service cost	142	227
Past service cost	-	274
Interest cost	10	13
Net gratuity cost	152	514

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

f. Remeasurements income recognised in other comprehensive income:

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the half year ended 30 September 2018	Year ended 31 March 2018
Actuarial (gain) / loss on defined benefit obligation	31	(23)
Return on plan assets excluding interest income	(2)	(13)
	29	(36)

g. Economic assumptions :

Particulars	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 30 September 2018	As at 31 March 2018
	Discount rate	8.20%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected return on plan assets:

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

h. Demographic assumptions

Retirement age	58 years	58 years
Mortality table	IALM Mortality (2006-08)	IALM Mortality (2006-08)

Assumptions regarding future mortality have been based on published statistics and mortality table.

i. Withdrawal rates

Ages - Withdrawal Rate	
21-50 years	- 20%
51-54 years	- 2%
55-57 years	- 1%

j. Category of asset

Insurer Managed Funds	1,809	1,783
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The company does not invest directly in any property occupied by the company nor in financial security issued by the company.

k Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

Particulars :	Year ended 30 September 2018		Year ended 31 March 2018	
	Increase	Decrease	Increase	Decrease
Increase/(Decrease) in obligation with 0.5% movement in discount rate	(53)	55	(50)	53
Increase/(Decrease) in obligation with 0.5% movement in future rate of increase in compensation levels	42	(42)	42	(41)

Actuarial valuation of the Company's liability on account of gratuity as at 30 September 2018 was carried out by an independent actuary. The Company has a policy of getting the actuarial valuation done on a half yearly basis. Accordingly, the actuarial valuation has not been carried out for the quarter and nine months ended 31 December, 2018. Accordingly, disclosures required under Ind-AS19 have been made for the half year ended 30 September 2018.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.40 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

(Amount in Rupees Lacs unless otherwise stated)

Particulars	Quarter ended 31 December 2018	Quarter ended 31 December 2017	For the nine months ended 31 December 2018	For Nine months ended 31 December 2017
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Income from software services and products	10,026	8,770	29,197	24,541
Software development expenses	6,366	5,624	18,788	16,278
Gross Profit	3,660	3,146	10,409	8,263
Selling and marketing expenses	1,029	950	2,720	2,662
General and administration expenses	1,259	817	3,203	2,518
Operating profit before depreciation	1,372	1,379	4,486	3,083
Depreciation and amortisation expense	181	167	525	487
Operating profit after depreciation	1,191	1,212	3,961	2,596
Other income	746	537	3,441	3,470
Profit before tax	1,937	1,749	7,402	6,066
Tax expense:				
Net current tax expense	208	339	1,382	1,063
Deferred tax (credit) /charge	(6)	0	(70)	3
	202	339	1,312	1,066
Profit for the period	1,735	1,410	6,090	5,000

2.41 TRANSFER PRICING

The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions and specified domestic transactions. The Company will further update above information and records and expects these to be in existence latest by due date of the filing of return, as required under law. The management is of the opinion that all above transactions are at arm's length so that aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

2.42 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(Amount in Rupees Lacs unless otherwise stated)

Particulars	For nine months ended 31 December 2018	For nine months ended 31 December 2017
Gross amount required to be spent by Company during the year ended 31 March 2019 / 31 March 2018 :	108	111
Amount spent during the period on purposes other than Construction/acquisition of any asset	81	82
Details of related party transactions:		
Nucleus Software Foundation (See note 2.35)	81	82

2.43 On March 17, 2016, the Company has acquired 96% stake in Avon Mobility Solutions Private Limited ('Avon'), a Mobile Technology Solutions provider for a purchase consideration of Rs 192 lacs. The Company has also taken over Avon's net liabilities aggregating to Rs. 125 lacs. Further, the Company had an option to acquire the remaining 4% shares of Avon as per terms and conditions of share purchase agreement executed with the shareholders of Avon. The Company has further subscribed during the nine months ended 31 December 2018, 1,000,000 (previous year 31 March 2018, 300,000) 11% redeemable preference shares of face value of Rs. 10 per share, for a minimum tenor of 5 years and maximum tenor of 20 years. Further, during the nine months ended 31 December 2018, the Company vide share purchase agreement dated 10 July 2018 exercised the call option and acquired remaining 444 shares in Avon, thereby, now it has become wholly owned subsidiary of the Company.

For B S R & ASSOCIATES LLP

Chartered Accountants
Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

Sd/-
KANIKA KOHLI
Partner
Membership number : 511565

Sd/-
SIDDHARTHA MAHAVIR ACHARYA
Chairman

Sd/-
VISHNU R DUSAD
Managing Director

Sd/-
RAVI PRATAP SINGH
CEO & Whole-time Director

Sd/-
ASHISH NANDA
Chief Financial Officer

Sd/-
POONAM BHASIN
AVP (Secretarial) &

Company Secretary

Place : Gururam
Date : 28 January 2019

Place : Chennai
Date : 28 January 2019

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH 2018

Particulars	Notes Ref.	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
ASSETS				
Non-current assets				
Property, plant and equipment	2.1	679,996	523,468	554,624
Intangible assets	2.1	91,999	288,403	964,808
Financial assets				
Other financial assets	2.2	5,084,111	6,036,045	5,929,025
Deferred tax asset	2.3	20,308,437	24,486,471	32,225,000
Income tax asset (net)	2.4	1,244,278	2,346,973	2,209,734
Other non-current assets	2.5	67,399	-	-
		27,476,220	33,681,360	41,883,191
Current Assets				
Financial assets				
Investments	2.6	105,634,687	116,811,987	57,648,879
Trade receivables	2.7	15,425,189	11,174,222	15,500,176
Cash and cash equivalents	2.8	3,655,031	3,069,338	8,750,709
Other bank balances	2.9	-	890	890
Loans	2.10	652,941	927,183	114,427
Other financial assets	2.11	32,370	1,963,729	888,769
Other current assets	2.12	4,829,374	4,455,073	1,729,568
		130,229,592	138,402,422	84,633,418
Total Assets		157,705,812	172,083,782	126,516,609
EQUITY & LIABILITIES				
EQUITY				
Equity Share capital	2.14	10,000,000	10,000,000	10,000,000
Other equity		130,110,546	145,466,841	103,227,574
		140,110,546	155,466,841	113,227,574
LIABILITIES				
Non-current liabilities				
Provisions	2.15	3,395,789	3,412,376	3,054,166
		3,395,789	3,412,376	3,054,166
Current liabilities				
Financial liabilities				
Trade payables	2.16	6,846,449	6,576,753	6,391,294
Other financial liabilities	2.17	-	111,718	890
Provisions	2.18	1,137,003	1,065,550	1,065,619
Other current liabilities	2.19	6,216,025	5,450,544	2,777,066
		14,199,477	13,204,565	10,234,869
TOTAL EQUITY AND LIABILITIES		157,705,812	172,083,782	126,516,609

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

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

For and on behalf of the Board of Directors

Sd/-
RAKESH DEWAN
Partner
Membership number : 092212

Sd/-
VISHNU R DUSAD
Director

Sd/-
RAVI PRATAP SINGH
Director

Place : Gurugram
Date : May 03, 2018

Place : Noida
Date : May 03, 2018

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Notes Ref.	Year ended 31 March 2018	Year ended 31 March 2017
		(Rupees)	(Rupees)
1. REVENUE FROM OPERATIONS			
Income from software services	2.20	154,383,568	152,496,149
2. OTHER INCOME	2.21	6,410,021	6,959,298
3. TOTAL REVENUE (1+2)		160,793,589	159,455,447
4. EXPENSES			
a. Employee benefits expense	2.22	76,277,766	76,820,139
b. Operating and other expenses	2.23	21,670,819	20,237,498
c. Finance cost/Bank charges	2.24	296,959	466,553
d. Depreciation and amortisation expense	2.1	587,211	1,091,834
TOTAL EXPENSES		98,832,755	98,616,024
5. PROFIT BEFORE TAX (3-4)		61,960,834	60,839,423
6. TAX EXPENSE			
a. Current tax expense		11,885,126	19,978,232
b. Deferred tax (credit) / charge	2.3	4,036,651	(697,317)
NET TAX EXPENSE		15,921,777	19,280,915
7. PROFIT FOR THE PERIOD (5-6)		46,039,057	41,558,508
8. OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans,net		724,042	(380,582)
(B) (i) Items that will be reclassified subsequently to profit or loss			
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)		(1,940,394)	1,061,341
TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)		(1,216,352)	680,759
9. TOTAL COMPREHENSIVE INCOME (7+8)		44,822,705	42,239,267

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

	Notes Ref.	Year ended 31 March 2018	Year ended 31 March 2017
		(Rupees)	(Rupees)
10. EARNINGS PER EQUITY SHARE			
Equity shares of Rupees 10 each			
a. Basic		46.04	41.56
b. Diluted		46.04	41.56
Number of shares used in computing earnings per share			
a. Basic		1,000,000	1,000,000
b. Diluted		1,000,000	1,000,000
See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

For B S R & ASSOCIATES LLP

Chartered Accountants

Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

Sd/-

RAKESH DEWAN

Partner

Membership number : 092212

Place : Gurugram

Date : May 03, 2018

Sd/-

VISHNU R DUSAD

Director

Place : Noida

Date : May 03, 2018

Sd/-

RAVI PRATAP SINGH

Director

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in Rupees)

Balance as of 1 April 2017	Changes in equity share capital during the year	Balance as on 31 March 2018
10,000,000	-	10,000,000

Balance as of 1 April 2016	Changes in equity share capital during the year	Balance as on 31 March 2017
10,000,000	-	10,000,000

B. Other Equity

(Amount in Rupees)

	Reserves and Surplus		Items of OCI		Total
	General reserve	Retained earnings	Hedging reserve	Remeasurements of the defined benefit plans	
Balance as of 1 April 2017	66,067,678	77,816,016	1,963,729	(380,582)	145,466,841
Profit for the year	-	46,039,057	-	-	46,039,057
Interim dividend on equity shares	-	(50,000,000)	-	-	(50,000,000)
Corporate dividend tax	-	(10,179,000)	-	-	(10,179,000)
Effective gain/(loss) on hedging instruments	-	-	(1,940,394)	-	(1,940,394)
Remeasurements of the defined benefit plans	-	-	-	724,042	724,042
Balance as of 31 March 2018	66,067,678	63,676,073	23,335	343,460	130,110,546

(Amount in Rupees)

	Reserves and Surplus		Items of OCI		Total
	General reserve	Retained earnings	Hedging reserve	Remeasurements of the defined benefit plans	
Balance as of 1 April 2016	66,067,678	36,257,508	902,388	-	103,227,574
Profit for the year	-	41,558,508	-	-	41,558,508
Effective gain on hedging instruments	-	-	1,061,341	-	1,061,341
Remeasurements of the defined benefit plans	-	-	-	(380,582)	(380,582)
Balance as of 31 March 2017	66,067,678	77,816,016	1,963,729	(380,582)	145,466,841

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

Sd/-

RAKESH DEWAN

Partner
Membership number : 092212

Place : Gurugram
Date : May 03, 2018

Sd/-

VISHNU R DUSAD

Director

Place : Noida
Date : May 03, 2018

Sd/-

RAVI PRATAP SINGH

Director

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Notes Ref.	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
A. Cash flow from operating activities			
Net profit before tax		61,960,834	60,839,423
Adjustment for:			
Depreciation and amortisation expense		587,211	1,091,834
Exchange difference on translation of foreign currency accounts		(433,724)	(359,711)
Dividend received from non trade investments		(4,423,885)	(4,180,154)
Profit on sale of fixed assets		-	(215,174)
MTM gain or (loss) on mutual funds		251,216	(582,953)
Interest income on fixed deposits with banks		(24,456)	(29,206)
Operating profit before working capital changes		57,917,196	56,564,059
Adjustment for (increase)/decrease in operating assets			
Trade receivable		(3,886,878)	4,325,954
Other financial assets		1,251,522	(812,756)
Other assets		(434,925)	(2,816,939)
Adjustment for Increase/ (decrease) in operating liabilities			
Provisions		911,286	(22,441)
Trade payables		251,111	205,143
Other financial liabilities		(111,718)	-
Other liabilities		765,481	2,673,477
		56,663,075	60,116,497
Income tax paid (net)		(10,782,451)	(11,679,626)
Net cash flow from operating activities (A)		45,880,624	48,436,871
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress		(547,344)	(273,445)
Proceeds from sale of fixed assets		-	215,174
Purchase of current investments		(128,623,918)	(184,185,972)
Proceeds on sale of current investments		139,550,000	125,605,772
Interest income		-	-
Dividend received from investments		4,423,885	4,180,154
Net cash flow from / (used in) investing activities (B)		14,802,623	(54,458,317)
C. Cash flow from financing activities			
Interim dividend paid		(50,000,000)	-
Corporate dividend tax paid		(10,179,000)	-
Net cash flow from / (used in) financing activities (C)		(60,179,000)	-
Net (decrease) / increase in cash and cash equivalents (A+B+C)		504,247	(6,021,446)
Cash and cash equivalents at the beginning of the year	2.8	3,069,338	8,750,709
Exchange difference on translation of foreign currency bank accounts		81,446	340,075
Cash and cash equivalents at the end of the year	2.8	3,655,031	3,069,338

See accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

Sd/-

RAKESH DEWAN

Partner

Membership number : 092212

Sd/-

VISHNU R DUSAD

Director

Sd/-

RAVI PRATAP SINGH

Director

Place : Gurugram

Date : May 03, 2018

Place : Noida

Date : May 03, 2018

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:

1.1 Company Overview

VirStra *i*-Technology Services Limited ('Virstra' or 'the Company') was incorporated in May 2004 in India. Virstra is a wholly owned subsidiary company of Nucleus Software Exports Ltd. The Company's business broadly consists of offshore and onsite software support services to other group companies.

The Financial statements were approved for issue by the Board of Directors on May 03, 2018.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no. 2.32 and 2.33.

b) Functional and Presentation currency

The financial statements are presented in Indian Rupees (Rupees), which is also the Company's functional currency.

c) Basis of measurement

The 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

d) Use of estimates and judgements

In preparing these 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:

- Lease classification – Note 2.27

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 current tax expense and payable – Note 2.4
- Estimated useful life of property, plant and equipment – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligation-- Note 2.29

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- Impairment of trade receivables- Note 2.7

e) Measurement of fair values

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

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

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

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

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

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

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

ii. Revenue Recognition

Revenue from software services comprises income from time and material contracts, which is recognised as the services are rendered.

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

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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. 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 profit or loss.

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

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

Asset category	Mangement estimate of useful life (in years)	Useful life as per Schedule II(in years)
Tangible asset		
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

*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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. Refer Note 2.32

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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets- Refer Note 2.32.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

vi. Financial instruments

a) Recognition and initial measurement

Trade receivables issued 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
- FVTPL

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

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

d) Offsetting

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

e) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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 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

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

b) Impairment of non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the 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.

Post Sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. 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.

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 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.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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 Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

xii. Employee benefits

Defined contribution plans

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

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

xiii. 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. Operating leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor`s expected inflation increases.

xv. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the 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. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
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2.1 Property, plant and equipment and Intangible assets

PARTICULARS	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT	
	As at 1 April 2017	Additions (Deductions / adjustments)	As at 31 March 2018	As at 1 April 2017	Depreciation for the year	Deductions / adjustments	As at 31 March 2018	As at 31 March 2017
Tangible assets								
- Computers	676,270 (469,608)	428,451 (206,662)	1,104,721 (676,270)	373,933 -	216,154 (373,933)	-	590,087 (373,933)	302,337 (469,608)
- Office equipment	262,627 (85,016)	- (177,611)	262,627 (262,627)	41,496 -	55,769 (41,496)	-	97,265 (41,496)	221,131 (85,016)
- Furniture and fixtures	-	-	-	-	-	-	-	-
Intangible assets								
- Softwares	938,897 (554,624)	428,451 (384,273)	1,367,348 (938,897)	415,429 -	271,924 (415,429)	-	687,352 (415,429)	523,468 (554,624)
	964,808 (964,808)	118,883 -	1,083,691 (964,808)	676,405 -	315,287 (676,405)	-	991,692 (676,405)	288,403 (964,808)
Total	1,903,705 (1,519,432)	547,334 (384,273)	2,451,039 (1,903,705)	1,091,834 -	587,211 (1,091,834)	- -	1,679,044 (1,091,834)	771,995 (811,871)
								811,871 (1,519,432)

Note:

i. Figures in brackets denote amounts pertaining to the previous year.

ii. 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. Details of Gross Block of asset and accumulated depreciation as on 31 March 2016 are as under

Tangible assets	Gross Block as on 31 March 2016	Accumulated depreciation as on 31 March 2016	Deemed Cost as on 1 April 2016
Computer equipment	26,279,866	25,810,258	469,608
Office equipment	13,524,966	13,439,950	85,016
Furniture and fixtures	713,380	713,380	-
Intangible assets	40,518,212	39,963,588	554,624
Software	3,963,924	2,999,116	964,808

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
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Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
	(Rupees)	(Rupees)	(Rupees)
2.2 OTHER NON-CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)			
a. Security deposits	4,651,877	5,579,420	5,501,606
b. Long-term bank deposits	432,234	456,625	427,419
	5,084,111	6,036,045	5,929,025

2.3 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

Particulars	Year ended	Year ended
	31 March 2018	31 March 2017
	(Rupees)	(Rupees)
Current tax	11,885,126	19,978,232
Deferred tax	4,036,651	(697,317)
Net tax expense	15,921,777	19,280,915

B. Income tax recognised in other comprehensive income

	Before tax	Tax expense / (benefit)	Net of tax
Remeasurements of net defined benefit plans	856,420	132,378	724,042
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(1,931,389)	9,005	(1,940,394)
Income tax recognised in other comprehensive income	(1,074,969)	141,383	(1,216,352)

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	Year ended 31 March 2018	Percentage	Year ended 31 March 2017
Profit before tax		61,960,834		60,839,423
Domestic tax rate	28%	17,071,759	33%	20,115,338
Tax exempt income	-2%	(1,218,891)	-2%	(1,382,084)
Tax disallowances	0%	169,709	1%	547,661
Prior period taxes	0%	(100,800)	0%	-
Effective tax	26%	15,921,777	32%	19,280,915

D. Movement in temporary differences

Particulars	Balance as at 1 April 2017	Recognised [(Credited)/ Charge] in profit or loss during the year	Recognised [(Credited)/ Charge] in OCI during the year	Balance as at 31 March 2018	Balance as at 1 April 2016
Provision for compensated absences and gratuity	1,775,342	402,400	(132,378)	2,045,364	1,512,341
Property, plant and equipment	773,681	(49,646)	-	724,035	884,711
Forward contracts	545,346	(545,346)	(9,005)	(9,005)	-
MAT credit entitlement	21,392,102	(3,844,059)	-	17,548,043	29,827,948
	24,486,471	(4,036,651)	(141,383)	20,308,437	32,225,000

2.4 INCOME TAX ASSETS (NET)

Particulars	As at	As at	As at
	31 March 2018	31 March 2017	1 April 2016
	(Rupees)	(Rupees)	(Rupees)
Advance tax (net of provision for tax Rs 49,954,240 (31 March 2017 : Rs. 82,861,937 , 1 April 2016 : Rs.62,883,705))	1,244,278	2,346,973	2,209,734
	1,244,278	2,346,973	2,209,734

2.5 OTHER NON- CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

Deferred rent	67,399	-	-
	67,399	-	-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.6 CURRENT INVESTMENTS			
Investment in Mutual Funds (Unquoted)			
<i>Mutual funds at fair value through profit or loss (FVTPL)</i>			
335,685.30 units (31 March 2017 :141,410.53 units, 1 April 2016 : 576,094.17) of ICICI Prudential Liquid Direct Plan Daily Dividend	33,624,624	14,149,733	57,648,879
137,081.48 units (31 March 2017 : 6,504.58 units, 1 April 2016 : Nil) ICICI Prudential Flexible Income Plan - DDR - Direct	14,502,522	687,767	-
2,293,126.49 units (31 March 2017: 6,215,454.31 units , 1 April 2016 : Nil) ICICI Prudential Ultra Short Term Plan- Direct Plan- Daily Dividend-Reinvestment option	23,187,636	62,815,867	-
1,960,829.53 units(31 March 2017: 1,824,464.38 units 1 April 2016: Nil) ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend-Reinvestment option	28,318,104	26,614,073	-
286,674.84 Units (31 March 2017: 1,236,756.74 units, 1 April 2016: Nil) IDFC Money Manager- Direct Plan- Daily Dividend-Reinvestment option	2,909,348	12,544,547	-
305,668.95 units (31 March 2017: Nil , 1 April 2016: Nil) IDFC Ultra Short term plan- Daily Dividend-Reinvestment option	3,092,453	-	-
Total	105,634,687	116,811,987	57,648,879
Aggregate amount of unquoted investment	105,634,687	116,811,987	57,648,879
2.7 CURRENT TRADE RECEIVABLES			
(Unsecured)			
Trade receivables			
- Considered good	15,425,189	11,174,222	15,500,176
	15,425,189	11,174,222	15,500,176
2.8 CASH AND CASH EQUIVALENTS			
a. Cash on hand	1,689	15,796	5,877
b. Balances with scheduled banks:			
- in current accounts	818,547	371,678	8,091,652
- in EEFC accounts	2,834,795	2,681,864	653,180
	3,655,031	3,069,338	8,750,709
2.9 OTHER BANK BALANCES			
a. Balances with scheduled banks in earmarked accounts:			
- unclaimed dividend accounts	-	890	890
	-	890	890
2.10 SHORT-TERM LOANS			
(Unsecured considered good unless otherwise stated)			
Loans and advances to employees (considered good)			
- Staff loans	41,669	27,500	27,000
- Employee advances	611,272	899,683	87,427
	652,941	927,183	114,427
2.11 OTHER CURRENT FINANCIAL ASSETS			
(Unsecured considered good unless otherwise stated)			
Mark-to-market gain on forward contracts (see note 2.26)	32,370	1,963,729	888,769
	32,370	1,963,729	888,769
2.12 OTHER CURRENT ASSETS			
(Unsecured considered good unless otherwise stated)			
a. Prepaid expenses	211,923	137,019	220,262
b. Supplier advance	1,263,328	1,292,641	1,074,416
c. Employee advances	95,798	478,275	366,267
d. Other advances	676,972	676,972	-
e. Balances with government authorities	2,171,215	1,870,166	-
f. Deferred rent	410,138	-	68,623
	4,829,374	4,455,073	1,729,568

2.13 SHARE CAPITAL

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a. Authorised			
Equity shares			
1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each	10,000,000	10,000,000	10,000,000
b. Issued, subscribed and fully paid-Up			
1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each	10,000,000	10,000,000	10,000,000

Refer notes (i) to (iii) below

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :

As at the beginning of the year			
- Number of Shares	1,000,000	1,000,000	1,000,000
- Amount	10,000,000	10,000,000	10,000,000
Shares issues/ (bought back) during the year			
- Number of Shares	-	-	-
- Amount	-	-	-
As at the end of the year			
- Number of Shares	1,000,000	1,000,000	1,000,000
- Amount	10,000,000	10,000,000	10,000,000

(ii) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs. 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) Details of shares held by Nucleus Software Exports Limited, the Holding Company

- Number of Shares (see note below)	1,000,000	1,000,000	1,000,000
- Percentage	100%	100%	100%
- Amount	10,000,000	10,000,000	10,000,000

Note : Out of the above, 6 (Previous year 6) equity shares of Rs. 10 each are held by nominees on behalf of the Holding Company.

2.14 OTHER EQUITY

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
a. General reserve	66,067,678	66,067,678	66,067,678
b. Retained Earnings	63,676,073	77,816,016	36,257,508
c. Other comprehensive Income	366,795	1,583,147	902,388
	130,110,546	145,466,841	103,227,574

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
a. General reserve		
Opening balance	66,067,678	66,067,678
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing balance	66,067,678	66,067,678
b. Retained Earnings		
Opening balance	77,816,016	36,257,508
Add: Profit for the year	46,039,057	41,558,508
Less : Appropriations		
- Interim Dividend [see note (i) below]	(50,000,000)	-
- Tax on Interim Dividend	(10,179,000)	-
	63,676,073	77,816,016
c. Other comprehensive Income		
Remeasurement of net defined benefit plans		
Opening balance	(380,582)	-
Add: Movement during the year	724,042	(380,582)
Closing balance	343,460	(380,582)
Hedging reserve (see note 2.26)		
Opening balance	1,963,729	902,388
Add: Movement during the year	(1,940,394)	1,061,341
Closing balance	23,335	1,963,729
	366,795	1,583,147
Closing balance	130,110,546	145,466,841

Note:

- (i) The Board of Directors of the Company, at their meeting held on 27 June 2017, had declared an interim dividend of Rs. 50/- per equity share. The interim dividend was paid to the shareholders before 31 March 2018.
- (ii) The Board of Directors of the Company recommended a payment of Final Dividend of Rs.40/- per equity share (on equity share of par value of Rs. 10 each) for the year ended 31 March 2018. The payment is subject to approval of shareholders at the ensuing Annual General Meeting. The final dividend declared in the previous was Rs. Nil per equity share.

Nature and purpose of other reserves

General reserve

The Company transferred certain percentage of retained earnings to general reserve as per the provisions for dividend distribution under the Companies Act, 2013.

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)

Hedging reserve

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
2.15 LONG-TERM PROVISIONS			
Provision for employee benefits			
-Provision for compensated absences	3,395,789	3,412,376	3,054,166
	3,395,789	3,412,376	3,054,166
2.16 TRADE PAYABLES			
Trade payables	-	-	-
- Micro and Small Enterprises (see note below)	6,846,449	6,576,753	6,391,294
- Others	6,846,449	6,576,753	6,391,294

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.

2.17 OTHER CURRENT FINANCIAL LIABILITIES

a. Unclaimed dividend	-	890	890
b. Payable for purchase of fixed assets	-	110,828	-
	-	111,718	890

2.18 SHORT-TERM PROVISIONS

Provision for employee benefits			
-Provision for compensated absences	1,137,003	1,065,550	1,065,619
	1,137,003	1,065,550	1,065,619

2.19 OTHER CURRENT LIABILITIES

a. Other payables - statutory liabilities	2,802,671	2,539,400	1,983,539
b. Payable to Holding Company	-	-	339,193
c. Payable to Fellow subsidiary Company	-	635,366	-
d. Payable to gratuity trust	2,819,342	1,965,563	454,334
e. Book overdraft	75,067	310,215	-
f. Deferred revenue	518,945	-	-
	6,216,025	5,450,544	2,777,066

This comprises as 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.

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Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	(Rupees)	(Rupees)
2.20 INCOME FROM SOFTWARE SERVICES		
a. Income from software services	154,383,568	152,496,149
	154,383,568	152,496,149
2.21 OTHER INCOME		
a. Interest income on financial assets- carried at amortised cost :		
- Deposits with banks	24,456	29,206
- Income tax refund	279,819	-
- Security deposit	710,381	9,191
b. Dividend income from		
- Current, non trade investments	4,423,885	4,180,154
c. Gain / (Loss) on exchange fluctuation	599,577	(405,946)
d. MTM gain or (loss) on mutual funds	(251,216)	582,953
e. Other non-operating income		
- Net profit on sale of fixed assets/discarded assets	-	215,174
- Miscellaneous income	623,119	2,348,566
	6,410,021	6,959,298
2.22 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	67,725,065	70,057,926
b. Contribution to provident and other funds	3,740,860	3,879,452
c. Gratuity expense (see note 2.29)	3,227,416	1,319,978
d. Staff welfare expenses	1,584,425	1,562,783
	76,277,766	76,820,139
2.23 OPERATING AND OTHER EXPENSES		
a. Rent and hire charges	6,156,290	5,329,962
b. Repair and maintenance		
- Buildings	808,887	748,810
- Others	634,612	727,551
c. Insurance	94,508	217,050
d. Rates & taxes	11,745	154,665
e. Travelling		
- Foreign	3,042,946	2,588,280
- Domestic	829,440	815,667
f. Legal and professional (see note 2.25)	2,050,060	1,881,659
g. Conveyance	1,501,279	1,474,211
h. Communication	1,157,784	1,273,289
i. Training and recruitment	191,091	425,854
j. Power and fuel	3,469,196	3,043,196
k. Director sitting fee	200,400	160,800
l. Miscellaneous expenses	1,522,581	1,396,504
	21,670,819	20,237,498
2.24 FINANCE COST		
Bank charges	296,959	466,553
2.25 Legal and professional include :		
a. As auditors - statutory audit*	350,000	350,000
	350,000	350,000

* excluding taxes

2.26

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2018 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
Assets:					
Cash and cash equivalents (2.8)	3,655,031	-	-	3,655,031	3,655,031
Investments (2.6)	-	105,634,687	-	105,634,687	105,634,687
Mutual funds	15,425,189	-	-	15,425,189	15,425,189
Trade receivables (2.7)	652,941	-	-	652,941	652,941
Loans (2.10)	5,116,481	-	-	5,116,481	5,116,481
Other financial assets (2.2 and 2.11)	24,849,642	105,634,687	-	130,484,329	130,484,329
Liabilities:					
Trade payables (2.16)	6,846,449	-	-	6,846,449	6,846,449
Other financial liabilities (2.17)	-	-	-	-	-
	6,846,449	-	-	6,846,449	6,846,449

The carrying value and fair value of financial instruments by categories of 31 March 2017 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
Assets:					
Cash and cash equivalents (2.8)	3,069,338	-	-	3,069,338	3,069,338
Other bank balances (2.9)	890	-	-	890	890
Investments (2.6)	-	116,811,987	-	116,811,987	116,811,987
Mutual funds	11,174,222	-	-	11,174,222	11,174,222
Trade receivables (2.7)	927,183	-	-	927,183	927,183
Loans (2.10)	7,999,774	-	-	7,999,774	7,999,774
Other financial assets (2.2 and 2.11)	23,171,407	116,811,987	-	139,983,394	139,983,394
Liabilities:					
Trade payables (2.16)	6,576,753	-	-	6,576,753	6,576,753
Other financial liabilities (2.17)	111,718	-	-	111,718	111,718
	6,688,471	-	-	6,688,471	6,688,471

The carrying value and fair value of financial instruments by categories of April 1, 2016 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
Assets:					
Cash and cash equivalents (2.8)	8,750,709	-	-	8,750,709	8,750,709
Other bank balances (2.9)	890	-	-	890	890
Investments (2.6)	-	57,648,879	-	57,648,879	57,648,879
Mutual funds	15,500,176	-	-	15,500,176	15,500,176
Trade receivables (2.7)	114,427	-	-	114,427	114,427
Loans (2.10)	6,817,794	-	-	6,817,794	6,817,794
Other financial assets (2.2 and 2.11)	31,183,997	57,648,879	-	88,832,876	88,832,876
Liabilities:					
Trade payables (2.16)	6,391,294	-	-	6,391,294	6,391,294
Other financial liabilities (2.17)	890	-	-	890	890
	6,392,184	-	-	6,392,184	6,392,184

The carrying amount of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities 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 security deposit 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.

b) Price risk

(a) Exposure

The Company's exposure to Mutual funds price risk arises from investments held by the Company and classified in the balance sheet at fair value through profit or loss.

(b) Sensitivity

The sensitivity of profit or loss in respect of investments in mutual funds at the end of the reporting period for +/- 2% change in price and net asset value is presented below:

	Impact on profit before tax		
	31 March 2018	31 March 2017	1 April 2016
Increase 2%			
Mutual funds	2,112,694	2,336,240	1,152,978
Decrease 2%			
Mutual funds	(2,112,694)	(2,336,240)	(1,152,978)

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

Forward contracts

Forward contract outstanding	Buy/Sell	As at	Equivalent amount in Rupees	As at	Equivalent amount in Rupees	As at	Equivalent amount in Rupees
		31 March 2018	31 March 2018	31 March 2017	31 March 2017	1 April 2016	1 April 2016
In USD	Sell	600,000	39,108,000	600,000	38,910,000	600,000	39,756,000

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

Particulars

	As at	Equivalent amount in Rupees	As at	Equivalent amount in Rupees	As at	Equivalent amount in Rupees
	31 March 2018	31 March 2018	31 March 2017	31 March 2017	1 April 2016	1 April 2016
Not later than one month	100,000	6,518,000	100,000	6,485,000	100,000	6,485,000
Later than one month and not later than three months	200,000	13,036,000	200,000	12,970,000	200,000	12,970,000
Later than three months and not later than one year	300,000	19,554,000	300,000	19,455,000	300,000	19,455,000

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2018:

Particulars

	Year ended	Year ended
	31 March 2018	31 March 2017
Balance at the beginning of the period	1,963,729	888,769
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	(1,931,359)	1,074,960
Balance at the end of the period	32,370	1,963,729

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.

The following table provides quantitative information about offsetting of derivative financial assets

Particulars

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Gross amount of recognized financial asset	32,370	1,963,729	888,769
Amount set off	-	-	-
Net amount presented in balance sheet	32,370	1,963,729	888,769

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 Rs. 15,425,189 Rs. 11,174,222 and Rs. 15,500,176 as of March 31, 2018, March 31, 2017 and April 1, 2016. The Company has least credit risk as entire revenue is from fellow subsidiaries and which has positive net worth. 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. The Company has nil expected credit loss allowance.

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.

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 the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2018, the Company had a working capital of Rs. 11,6030,116 including cash and cash equivalent of Rs. 3,655,031 and current investment of Rs. 105,634,687 (31 March 2017 Rs. 125,197,858 including cash and cash equivalents of Rs 3,069,338 and current investments of Rs. 116,811,987).

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	6,846,449	-	6,846,449
Other financial liabilities	-	-	-

b) 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.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particulars	As at March 2018	Level 1	Level 2	Level 3
Financial assets				
Mutual fund units (2.6)	105,634,687	105,634,687	-	-
Mark-to-market gain on forward contracts (see note 2.11)	32,370	-	32,370	-
Non - Current Financial Assets- Security deposits (2.2)	4,651,877	-	-	4,651,877

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2017:

Particulars	As at March 2017	Level 1	Level 2	Level 3
Financial assets				
Mutual fund units (2.6)	116,811,987	116,811,987	-	-
Mark-to-market gain on forward contracts (see note 2.11)	1,963,729	-	1,963,729	-
Non - Current Financial Assets- Security deposits (2.2)	5,579,420	-	-	5,579,420

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April, 2016:

Particulars	As at April 2016	Level 1	Level 2	Level 3
Financial assets				
Mutual fund units (2.6)	57,648,879	57,648,879	-	-
Mark-to-market gain on forward contracts (see note 2.11)	888,769	-	888,769	-
Non - Current Financial Assets- Security deposits (2.2)	5,501,606	-	-	5,501,606

c) 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 parent 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) Hedge accounting

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'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 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 purchases 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.

The Company's risk management policy is to hedge 40 to 55% of its estimated foreign currency exposure in respect of forecast sales over the following 12 months at any point in time. The Company 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 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.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees
Receivable						
JPY	7,847,376	4,826,921	2,158,917	1,252,127	8,966,791	5,289,510

Note 1-Forward contract outstanding USD 600,000/-, Rs. 39,108,000/- (previous year 31 March 2017 USD 600,000/-, Rs 38,910,000/-,previous year 1 April 2016 USD 600,000 Rs 39,756,000) against receivables)

For the period ended March 31, 2018, March 31, 2017 and March 31, 2016, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Company's incremental profit by Rs. 482,692 Rs. 125,213 and Rs. 528,951

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 period and the current reporting period.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	6,576,753	-	6,576,753
Other financial liabilities	111,718	-	111,718

The table below provides details regarding the contractual maturities of significant financial liabilities as of April 1, 2016:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	6,391,294	-	6,391,294
Other financial liabilities	890	-	890

d) 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 so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

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

The Company monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises of long term and short term liabilities less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Total Liabilities	17,595,266	16,616,941	13,289,035
Less: Cash and cash equivalents	3,655,031	3,069,338	8,750,709
Adjusted debt	13,940,236	13,547,603	4,538,326
Total equity	140,110,546	155,466,841	113,227,574
Adjusted net debt to equity ratio	0.10	0.09	0.04

(i) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

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

(ii) Dividends

Particulars	31 March 2018	31 March 2017	1 April 2016
(i) Equity Shares			85,000,000
Interim dividend for the year ended 31 March 2018 of Rs. 50 (1 April 2016 of Rs. 85) Per fully paid up	50,000,000	-	
(ii) Dividends not recognised at the end of reporting period	40,000,000		
The Board of Directors of the Company recommended a payment of Final Dividend of Rs.40/- per equity share (on equity share of par value of Rs. 10 each) for the year ended 31 March 2018. The payment is subject to approval of shareholders at the ensuing Annual General Meeting. The final dividend declared in the previous was Rs. Nil per equity share.			

2.27

OPERATING LEASE

Obligations on long-term, non-cancellable operating leases

The company leases office space and other assets under operating lease. The Lease rental expense recognised in the statement of profit and loss for the year in respect of such lease is Rs. 6,156,290 (previous year Rs. 5,329,962). The future minimum lease payment in respect of such lease is as follows:

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
Lease obligations payable			
a. Not later than 1 year	861,570	5,624,138	861,570
b. Later than 1 year but not later than 5 years	-	944,855	-
	861,570	6,568,993	861,570

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2.28 RELATED PARTY TRANSACTIONS

List of related parties

a. Holding Company - where control exists

- Nucleus Software Exports Limited

b. Fellow Subsidiary:

- Nucleus Software Solution Pte. Ltd., Singapore

- Nucleus Software Japan Kabushiki Kaisha, Japan

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)	Year ended 1 April 2016 (Rupees)
Transactions with related parties			
i. Sale of services			
- Nucleus Software Solution Pte. Ltd., Singapore	116,537,722	124,498,409	170,627,410
- Nucleus Software Japan Kabushiki Kaisha, Japan	37,845,846	25,561,240	-
ii. Reimbursement of expenses			
From related parties			
- Nucleus Software Solution Pte. Ltd., Singapore	-	-	289,711
- Nucleus Software Japan Kabushiki Kaisha, Japan	44,770,122	37,676,296	-
To related parties			
- Nucleus Software Exports Limited	82,192.00	212,215	-
- Nucleus Software Solution Pte. Ltd., Singapore	-	-	794,853
iii. Dividend paid			
- Nucleus Software Exports Limited	50,000,000	-	84,999,830

Outstanding balances as at year end

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
i Trade receivables			
- Nucleus Software Solution Pte. Ltd., Singapore	10,598,268	9,922,050	15,500,176
- Nucleus Software Japan Kabushiki Kaisha, Japan	4,826,921	1,252,172	-
ii Other current liabilities			
- Nucleus Software Exports Limited	-	-	339,193
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	635,366	-

2.29 Employee benefit obligations

Defined contribution plans

An amount of Rs. 3,740,860 (previous year Rs. 3,879,452) has been recognized as an expense in respect of Company's contribution for Provident Fund deposited with the government authorities.

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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 Rs 2,000,000 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 leave encashment has been determined using the Projected Unit Credit method, with actuarial valuations being carried out at the balance sheet date.

During the year, the Company has made contributions to Nucleus Software Export Limited Employees Group Gratuity Assurance Scheme, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2018 :

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	12,012,831	10,801,497
Current service cost	1,420,069	1,367,483
Past service cost	1,662,166	-
Interest on defined benefit obligation	749,425	735,752
Remeasurement due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(373,947)	373,212
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	(266,716)	(44,529)
Benefits paid	(740,779)	(1,220,584)
Obligation at year end	14,463,049	12,012,831
b. Change in fair value of plan assets during the year		
Plan assets at year beginning, at fair value	10,047,269	10,347,163
Expected return on asset plan	648,301	739,200
Contributions by employer	1,517,217	189,332
Remeasurement due to :		
Actuarial return on plan assets less interest on plan assets	171,700	(7,842)
Benefits paid	(740,779)	(1,220,584)
Plan assets at year end, at fair value	11,643,708	10,047,269
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	14,463,049	12,012,831
Fair value of plan assets	11,643,708	10,047,269
Funded status -Deficit	2,819,341	1,965,562
Net liability recognised in the Balance Sheet	2,819,341	1,965,562
d. Expected employer's contribution next year	1,000,000	1,000,000
e. Gratuity cost for the year:		
Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Current service cost	1,420,069	1,367,483
Past service cost	1,662,166	-
Interest cost	145,181	(47,505)
Net gratuity cost	3,227,416	1,319,978
f. Remeasurements income recognised in other comprehensive income:		
Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Actuarial (gain) loss on defined benefit obligation	(684,720)	372,740
Return on plan assets excluding interest income	(171,700)	7,842
	(856,420)	380,582

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Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
g. Assumptions :-		
Economic assumptions		
Discount rate	7.40%	6.90%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

h. **Demographic assumptions**

Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality

Withdrawal rates

Ages Withdrawal Rate %	Ages Withdrawal Rate %
21-50 years - 20%	21-50 years - 20%
51-54 years - 2%	51-54 years - 2%
55-57 years - 1%	55-57 years - 1%

i. **Category of assets**

Insurer managed funds	11,643,708	10,047,269
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J. **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 2018		Year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(358,684)	374,593	(289,509)	301,522
Salary escalation rate (0.5% movement)	283,476	(284,922)	206,621	(203,017)

2.30 Segment reporting

Based on the guiding principles stated in indAS 108 on "Segment Reporting" with the accounting standards specified under section 133 of the Act, as applicable, the Company has identified its business of providing software development services as one reportable business segment only. Accordingly, no additional disclosure for segment reporting have been made in the financial statements.

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

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
	a. Contingent Liabilities	-	-
b. Capital Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).	-	108,520	-
	-	108,520	-

2.32 First-time adoption of Ind-AS

These financial statements of Virstra I Technology Limited for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in note 2.33.

Exemptions availed and exceptions applied on first time adoption of Ind-AS 101

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions:

A Optional exemptions availed

1 Property plant and equipment and intangible assets

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. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

B Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability for decommissioning costs.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

3 Hedge Accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2016 are reflected as hedges in the Company's results under Ind AS. The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

2.33 Reconciliations

a) Reconciliation of Total Equity

Particulars	Note	As at 31 March, 2017	As at 1 April 2016
Equity as reported under Previous GAAP (A)		154,802,638	113,229,856
Impact of Ind AS opening adjustment (B)		(2,282)	-
Investments in Mutual funds at Fair value through PL	1.1	657,294	6,910
Movement in deposits at amortised cost	1.2	9,191	(9,192)
(C)		666,485	(2,282)
Equity in accordance with Ind AS (A+B+C)		155,466,841	113,227,574
Total equity after tax adjustment in accordance with Ind AS		155,466,841	113,227,574
Movement in equity		664,203	(2,282)

b) Reconciliation of total comprehensive income

Particulars	For the year ended 31 March, 2017
Profit as per Previous GAAP	40,511,441
Adjustments	
Investments in Mutual funds at Fair value through PL	657,294
Movement in deposits at amortised cost	9,191
Actuarial gain or loss reclassified to OCI	380,582
	1,047,067
Profit in accordance with Ind AS	41,558,508
Tax effects of adjustments	-
Profit for the year after tax adjustment in accordance with Ind AS	41,558,508
Other Comprehensive Income (OCI)	
Add:	
Effective portion of gain (loss) on hedging instruments of effective cash flow hedges, net	1,061,341
	1,061,341
Less:	
Actuarial gain or loss reclassified from OCI	380,582
OCI	680,759
Total Comprehensive Income as per Ind AS	42,239,267

2.33 Reconciliations

c) Equity reconciliations

Particulars	Note	Opening Balance Sheet as at April 1, 2016		As at March 31, 2017			
		Reclassified IGAAP*	Effect of transition to Ind -AS	Ind AS	Reclassified IGAAP	Effect of transition to Ind -AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		554,624	-	554,624	523,468	-	523,468
Intangible assets		964,808	-	964,808	288,403	-	288,403
Financial assets	1.2	6,006,839	(77,814)	5,929,025	6,036,045	-	6,036,045
Deferred tax asset (net)		32,225,000	-	32,225,000	24,486,471	-	24,486,471
Income tax asset		2,209,734	-	2,209,734	2,346,973	-	2,346,973
Current Assets							
Financial assets	1.1	57,641,970	6,910	57,648,879	116,147,783	664,204	116,811,987
Investments		15,500,176	-	15,500,176	11,174,222	-	11,174,222
Trade receivables		8,750,709	-	8,750,709	3,069,338	-	3,069,338
Cash and cash equivalents		890	-	890	890	-	890
Other bank balances		114,427	-	114,427	927,183	-	927,183
Loans		888,769	-	888,769	1,963,729	-	1,963,729
Other financial assets		1,660,946	68,622	1,729,568	4,455,075	-	4,455,075
Other current assets	1.2						
Total Assets		126,518,891	(2,282)	126,516,609	171,419,580	664,204	172,083,782
EQUITY & LIABILITIES							
EQUITY							
Equity Share capital		10,000,000	-	10,000,000	10,000,000	-	10,000,000
Other equity	1.3	103,229,856	(2,282)	103,227,574	144,802,637	664,204	145,466,841
LIABILITIES							
Non-current liabilities							
Provisions		3,054,166	-	3,054,166	3,412,377	-	3,412,376
Current liabilities							
Financial liabilities		6,391,294	-	6,391,294	6,576,753	-	6,576,753
Trade payables		890	-	890	111,718	-	111,718
Other financial liabilities		1,065,619	-	1,065,619	1,065,550	-	1,065,550
Provisions		2,777,066	-	2,777,066	5,450,545	-	5,450,544
Other current liabilities							
TOTAL EQUITY AND LIABILITIES		126,518,891	(2,282)	126,516,609	171,419,580	664,204	172,083,782

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanation for reconciliation of equity as at 1 April 2016 and 31 March 2017 and Profit and Loss for the year ended 31 March 2017 as previously reported under IGAAP to Ind AS

1.1 Investments

a) Investment in Mutual funds

Under Previous GAAP, Investments in Mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost, less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at Fair value through profit or loss. This change has resulted in increase in the profit for the year ended 31 March 2017 by Rs. 657,294 and increase in retained earning as at 31 March 2016 by Rs. 6,910

1.2 Other Financial assets

Under Previous GAAP, Security deposit are recorded at cost. However under Ind AS, security deposits are classified at amortised cost. Therefore, adjustment has been made for the impact of discounting of interest free security deposit given for the rented premises.

As a result of this change, profit for the year ended 31 March 2017 increased by Rs. 9,191 and reduced the retained earning as at 31 March 2016 by Rs. 9,191.

1.3 Other Equity

Adjustment to retained earnings and OCI have been made in accordance with Ind-AS, for the above mentioned line items.

1.4 Remeasurements of the defined benefit plans

Under Ind AS, remeasurements, i.e., actuarial gains and losses and the return on plan assets, excluding amount included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under Previous GAAP, these remeasurements were forming part of the profit or loss for the year. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 and 31 March 2017.

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2.34 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the period/year and expects such records to be in existence latest by the due date of filing of the return of income, as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

2.35 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Particulars	Year ended	
	31 March 2018 (Rupees)	31 March 2017 (Rupees)
Gross amount required to be spent by Company during the year ended 31 March, 2018 - 31 March, 2016 :	1,086,173	1,091,993
Amount spent during the period on purposes other than Construction/acquisition of any asset	-	-

2.36 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 as provided in the table below:

Information pursuant to G.S.R. 308(E) dated 30 March 2017	Specified Bank notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,500	15,068	17,568
(+) Permitted receipts*	-	17,500	17,500
(-) Permitted payments	-	12,897	12,897
(-) Amount deposited in Banks	2,500	-	2,500
Closing cash in hand as on 30.12.2016	-	19,671	19,671

* (Under permitted receipts of Rs, 17,500 (Rs 15,000 are for withdrawal from bank and Rs 2,500 for exchange from SBNS)

Note: For the purpose of this disclosure, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8 November 2016

2.37 Previous year's figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

For B S R & ASSOCIATES LLP

Chartered Accountants

Firm Registration Number : 116231W/W-100024

Sd/-

RAKESH DEWAN

Partner

Membership number : 092212

Place : Gurugram

Date : May 03, 2018

For and on behalf of the Board of Directors

Sd/-

VISHNU R DUSAD

Director

Sd/-

RAVI PRATAP SINGH

Director

Place : Noida

Date : May 03, 2018

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2018

Particulars	Notes Ref.	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	996,975	679,996
Other Intangible assets	2.1	59,583	91,999
Financial assets			
Other financial assets	2.2	4,983,263	5,084,111
Deferred tax asset	2.3	17,681,266	20,308,437
Income tax asset (net)	2.4	2,987,303	1,244,278
Other non-current assets	2.5	-	67,399
		26,708,390	27,476,220
Current Assets			
Financial assets			
Investments	2.6	78,878,548	105,634,687
Trade receivables	2.7	17,491,292	15,425,189
Cash and cash equivalents	2.8	4,038,888	3,655,031
Other bank balances	2.9	441,799	-
Loans	2.10	-	652,941
Other financial assets	2.11	1,316,973	32,370
Other current assets	2.12	4,232,559	4,829,374
		106,400,059	130,229,592
Total Assets		133,108,449	157,705,812
EQUITY & LIABILITIES			
EQUITY			
Equity Share capital	2.13	10,000,000	10,000,000
Other equity	2.14	104,111,881	130,110,546
		114,111,881	140,110,546
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Provisions	2.15	8,242,219	3,395,789
		8,242,219	3,395,789
Current liabilities			
Financial liabilities			
Borrowings			
Trade payables	2.16	6,509,051	6,846,449
Provisions	2.17	1,160,778	1,137,003
Other current liabilities	2.18	3,084,520	6,216,025
		10,754,349	14,199,477
TOTAL EQUITY AND LIABILITIES		133,108,449	157,705,812

For and on behalf of the Board of Directors

Sd/-

VISHNU R DUSAD
Director

Sd/-

RAVI PRATAP SINGH
Director

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

	Notes Ref.	Nine Months ended December 2018 (Rupees)	Year ended 31 March 2018 (Rupees)
1. REVENUE FROM OPERATIONS			
Income from software services	2.19	101,719,146	154,383,568
2. OTHER INCOME	2.20	4,834,961	6,410,021
3. TOTAL REVENUE (1+2)		106,554,107	160,793,589
4. EXPENSES			
a. Employee benefits expense	2.21	62,174,498	76,277,766
b. Operating and other expenses	2.22	15,583,211	21,670,819
c. Finance cost/Bank charges	2.23	216,178	296,959
d. Depreciation and amortisation expense	2.1	288,713	587,211
TOTAL EXPENSES		78,262,600	98,832,755
5. PROFIT BEFORE TAX (3-4)		28,291,507	61,960,834
6. TAX EXPENSE			
a. Current tax expense		7,926,735	11,885,126
b. Deferred tax (credit) / charge	2.3	(221,756)	4,036,651
c. Tax expenses relating to prior years		-	-
NET TAX EXPENSE		7,704,979	15,921,777
7. PROFIT FOR THE PERIOD (5-6)		20,586,528	46,039,057
8. OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans,net		556,681	724,042
(B) (i) Items that will be reclassified subsequently to profit or loss			
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)		1,080,277	(1,940,394)
TOTAL OTHER COMPREHENSIVE INCOME		1,636,958	(1,216,352)
9. TOTAL COMPREHENSIVE INCOME (7+8)		22,223,486	44,822,705

For and on behalf of the Board of Directors

Sd/-

VISHNU R DUSAD
Director

Sd/-

RAVI PRATAP SINGH
Director

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:

1.1 Company Overview

VirStra *i*-Technology Services Limited ('Virstra' or 'the Company') was incorporated in May 2004 in India. Virstra is a wholly owned subsidiary company of Nucleus Software Exports Ltd. The Company's business broadly consists of offshore and onsite software support services to other group companies.

The Financial statements were approved for issue by the Board of Directors on May 03, 2018.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no. 2.32 and 2.33.

b) Functional and Presentation currency

The financial statements are presented in Indian Rupees (Rupees), which is also the Company's functional currency.

c) Basis of measurement

The 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

d) Use of estimates and judgements

In preparing these 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:

- Lease classification – Note 2.27

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 current tax expense and payable – Note 2.4
- Estimated useful life of property, plant and equipment – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligation-- Note 2.29

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- Impairment of trade receivables- Note 2.7

e) Measurement of fair values

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

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

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

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

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

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

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

ii. Revenue Recognition

Revenue from software services comprises income from time and material contracts, which is recognised as the services are rendered.

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

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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. 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 profit or loss.

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

*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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. Refer Note 2.32

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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets- Refer Note 2.32.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

vi. Financial instruments

a) Recognition and initial measurement

Trade receivables issued 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
- FVTPL

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

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

d) Offsetting

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

e) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

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 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

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

b) Impairment of non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the 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.

Post Sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. 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.

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 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.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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 Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability. MAT Credit Entitlement has been presented as Deferred Tax in Balance Sheet.

xii. Employee benefits

Defined contribution plans

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

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

xiii. 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. Operating leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflation increases.

xv. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the 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. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.1 Property, plant and equipment and Intangible assets

PARTICULARS	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT		
	As at 1 April 2018	Additions	Deductions / adjustments	As at 31 December 2018	As at 1 April 2018	Depreciation for the year	Deductions / adjustments	As at 31 December 2018	As at 31 March 2018
Tangible assets									
- Computers	1,104,721	422,570		1,527,291	590,087	194,103	-	784,190	514,634
- Office equipment	262,627	144,620		407,247	97,265	56,108	-	153,373	165,362
- Furniture and fixtures	-			-			-	-	-
	1,367,348	567,190	-	1,934,538	687,352	250,211	-	937,563	679,996
Intangible assets									
- Softwares	1,083,691	6,087		1,089,778	991,692	38,502	-	1,030,194	91,999
	2,451,039	573,277	-	3,024,316	1,679,044	288,713	-	1,967,757	771,995
Total									
	-	-	-	-	-	-	-	-	-

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at	
	31 December 2018	31 March 2018
	(Rupees)	
2.2 OTHER NON-CURRENT FINANCIAL ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Security deposits	4,983,263	4,651,877
b. Long-term bank deposits	-	432,234
	4,983,263	5,084,111

2.3 DEFERRED TAX ASSETS (NET)

Movement in temporary differences

Particulars	Balance as at 1 April 2018	Recognised [(Credited)/ Charge] in profit or loss during the year	Recognised [(Credited)/ Charge] in OCI/ MAT Adjustment during the year	Balance as at 31 December 2018
Provision for compensated absences and gratuity	2,045,364	(304,966)	149,864	2,200,466
Property, plant and equipment	724,035	83,210	-	640,825
Forward contracts	(9,005)		204,357	(213,362)
MAT credit entitlement *	17,548,043	-	(2,494,707)	15,053,336
	20,308,437	(221,756)	2,848,927	17,681,266

* utilisation during the period

2.4 INCOME TAX ASSETS (NET)

Particulars	As at	
	31 December 2018	31 March 2018
	(Rupees)	
Advance tax (net of provision for tax)	2,987,303	1,244,278
	2,987,303	1,244,278

2.5 OTHER NON-CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

Deferred rent	-	67,399
	-	67,399

Particulars	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
2.6 CURRENT INVESTMENTS		
Investment in Mutual Funds (Unquoted)		
<i>Mutual funds at fair value through profit or loss (FVTPL)</i>		
Investment In Liquid Plus Funds	-	43,691,959
Investment In Liquid Funds	49,290,959	33,624,624
Investment In Arbitrage Funds	29,587,589	28,318,104
	78,878,548	105,634,687
2.7 CURRENT TRADE RECEIVABLES (Unsecured)		
Trade receivables	17,491,292	15,425,189
- Considered good	17,491,292	15,425,189
2.8 CASH AND CASH EQUIVALENTS		
a. Cash on hand	5,918	1,689
b. Balances with scheduled banks:		
- in current accounts	1,638,269	818,547
- in EEFC accounts	2,394,701	2,834,795
	4,038,888	3,655,031
2.9 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
-Long-term bank deposits	441,799	-
	441,799	-
2.10 SHORT-TERM LOANS (Unsecured considered good unless otherwise stated)		
Loans and advances to employees (considered good)	-	41,669
- Staff loans	-	611,272
- Employee advances	-	652,941
2.11 OTHER CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)		
Mark-to-market gain on forward contracts	1,316,973	32,370
	1,316,973	32,370

Particulars	As at 31 December 2018	As at 31 March 2018
	(Rupees)	(Rupees)
2.12 OTHER CURRENT ASSETS		
(Unsecured considered good unless otherwise stated)		
a. Prepaid expenses	397,482	211,923
b. Supplier advance	94,282	1,263,328
c. Employee advances	5,000	95,798
d. Other advances	676,972	676,972
e. Balances with government authorities	2,889,385	2,171,215
f. Deferred rent	169,438	410,138
g. Service income accrued but not due	-	-
	4,232,559	4,829,374

2.13 SHARE CAPITAL

a. Authorised

Equity shares

1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each

10,000,000

10,000,000

b. Issued, subscribed and fully paid-Up

1,000,000 (Previous year : 1,000,000) equity shares of Rs. 10 each

10,000,000

10,000,000

Refer notes (i) to (iii) below

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :

As at the beginning of the year

- Number of Shares

1,000,000

1,000,000

- Amount

10,000,000

10,000,000

Shares issues/ (bought back) during the year

- Number of Shares

-

-

- Amount

-

-

As at the end of the year

- Number of Shares

1,000,000

1,000,000

- Amount

10,000,000

10,000,000

(ii) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs. 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) Details of shares held by Nucleus Software Exports Limited, the Holding Company

- Number of Shares (see note below)

1,000,000

1,000,000

- Percentage

100%

100%

- Amount

10,000,000

10,000,000

Note : Out of the above, 6 (Previous year 6) equity shares of Rs. 10 each are held by nominees on behalf of the Holding Company.

Particulars	As at 31 December 2018	As at 31 March 2018
	(Rupees)	(Rupees)
2,14 OTHER EQUITY		
a. General reserve		
Opening balance	66,067,678	66,067,678
Closing balance	66,067,678	66,067,678
c. Surplus in the Statement of Profit and Loss		
Opening balance	63,676,073	77,816,016
Add: Profit for the year	20,586,528	46,039,057
Less : Appropriations		
- Interim Dividend	(40,000,000)	(50,000,000)
- Tax on Interim Dividend	(8,222,120)	(10,179,000)
	36,040,481	63,676,073
d. Other comprehensive Income		
Remeasurement of net defined benefit plans		
Opening balance	343,460	(380,582)
Add: Movement during the year	556,681	724,042
Closing balance	900,141	343,460
Hedging reserve		
Opening balance	23,335	1,963,729
Add: Movement during the year	1,080,277	(1,940,394)
Closing balance	1,103,611	23,335
	2,003,722	366,795
Closing balance	104,111,881	130,110,546
2.15 LONG-TERM PROVISIONS		
Provision for employee benefits		
-Provision for compensated absences	3,466,799	3,395,789
Payable to gratuity trust	4,775,420	
	8,242,219	3,395,789
2.16 TRADE PAYABLES		
Trade payables		
- Micro and Small Enterprises (see note below)	-	-
- Others	6,509,051	6,846,449
	6,509,051	6,846,449
2.17 SHORT-TERM PROVISIONS		
Provision for employee benefits		
-Provision for compensated absences	1,160,778	1,137,003
	1,160,778	1,137,003
2.18 OTHER CURRENT LIABILITIES		
a. Other payables - statutory liabilities	1,613,179	2,802,672
b. Payable to gratuity trust	-	2,819,342
c. Book overdraft	-	75,067
d. Deferred revenue	1,471,341	518,945
	3,084,520	6,216,025

VIRSTRA I-TECHNOLOGY SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Nine Months ended December 2018	Year ended 31 March 2018
2.19 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Income from software services	101,719,146	154,383,568
	101,719,146	154,383,568
2.20 OTHER INCOME		
a. Interest income on financial assets- carried at amortised cost :		
- Deposits with banks	17,207	24,456
- Income tax refund	-	279,819
- Security deposit	331,386	710,381
	-	-
b. Dividend income from		
- Current, non trade investments	2,754,731	4,423,885
	-	-
c. Gain / (Loss) on exchange fluctuation	1,796,580	599,577
	-	-
d. MTM gain or (loss) on mutual funds	(90,706)	(251,216)
	-	-
e. Other non-operating income		
- Net profit on sale of fixed assets/discarded assets	-	-
- Miscellaneous income	25,763	623,119
	4,834,961	6,410,021
2.21 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	54,781,798	67,725,065
b. Contribution to provident and other funds	3,335,874	3,740,860
c. Gratuity expense	2,662,623	3,227,416
d. Staff welfare expenses	1,394,203	1,584,425
	62,174,498	76,277,766
2.22 OPERATING AND OTHER EXPENSES		
a. Rent and hire charges	4,357,479	6,156,290
b. Repair and maintenance	-	-
- Buildings	606,849	808,887
- Others	465,482	634,612
c. Insurance	73,888	94,508
d. Rates & taxes	4,323	11,745
e. Travelling	-	-
- Foreign	2,403,916	3,042,946
- Domestic	327,347	829,440
f. Legal and professional	885,724	2,050,060
g. Conveyance	1,094,271	1,501,279
h. Communication	719,801	1,157,784
i. Training and recruitment	125,563	191,091
j. Power and fuel	2,817,437	3,469,196
k. Director sitting fee	120,000	200,400
l. Miscellaneous expenses	1,581,131	1,522,581
	15,583,211	21,670,819
2.23 FINANCE COST		
Bank charges	216,178	296,959

**AVON MOBILITY SOLUTIONS PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2018**

Particulars	Notes Ref.	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
ASSETS				
Non-current assets				
Property, plant and equipment	2.1	233,719	179,471	485,591
Intangible assets	2.1	228,964	16,686	-
Financial assets				
Other financial assets	2.2	751,651	751,651	747,120
Deferred tax assets	2.3	-	556,909	234,362
Income tax asset (net)	2.4	1,089,501	482,132	210,030
		2,303,835	1,986,849	1,677,103
Current Assets				
Financial assets				
Trade receivables	2.5	542,019	2,586,462	359,869
Cash and cash equivalents	2.6	919,874	12,412	458,290
Other bank balances	2.7	34,963	55,939	51,489
Other current assets	2.8	415,386	580,439	-
		1,912,242	3,235,252	869,648
TOTAL ASSETS		4,216,077	5,222,101	2,546,751
EQUITY & LIABILITIES				
EQUITY				
Equity Share capital	2.9	111,100	111,100	111,100
Other equity				
Reserve and Surplus	2.10 (a)	(28,956,124)	(22,013,426)	(13,059,395)
Other Comprehensive Income	2.10 (b)	(158,497)	-	-
Equity Component of Compound financial instruments	2.11	10,773,540	9,553,894	-
		(18,229,981)	(12,348,432)	(12,948,295)
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	2.11	18,828,059	15,227,404	-
Provisions	2.12	1,580,453	1,046,909	-
		20,408,512	16,274,313	-
Current liabilities				
Financial liabilities				
Trade payables	2.13	810,176	608,220	1,958,261
Borrowings	2.14	-	-	13,349,738
Provisions	2.15	431,253	311,530	-
Other current liabilities	2.16	796,117	376,470	187,047
		2,037,546	1,296,220	15,495,046
TOTAL EQUITY AND LIABILITIES		4,216,077	5,222,101	2,546,751

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

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

For and on behalf of the Board of Directors

Sd/-
RAKESH DEWAN
Partner
Membership number : 092212

Sd/-
THOMAS ZACHARIAH
Managing Director

Sd/-
VISHNU R DUSAD
Director

Place : Gurugram
Date : 01 May 2018

Place : Chennai
Date : 01 May 2018

Place : Noida
Date : 01 May 2018

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
A. Cash flow from operating activities		
Loss before tax	(6,385,789)	(9,375,890)
Adjustment for:		
Depreciation and amortisation expense	240,316	470,728
Interest on fixed deposits and others	24,981	(63,021)
Interest on compound financial instrument	1,820,301	1,281,298
Interest on loan	-	84,325
Provisions for doubtful debts / advances written back	92,457	46,490
Operating loss before working capital changes	<u>(4,207,734)</u>	<u>(7,556,070)</u>
Adjustment for (increase) / decrease in operating assets		
- Trade receivables	1,951,986	(2,273,083)
- Other financial assets	-	(4,531)
- Other current and non current assets	165,053	(580,439)
Adjustment for increase / (decrease) in operating liabilities		
- Trade payables	201,956	(1,350,038)
- Other current liabilities	419,647	189,423
- Short-term provisions	119,723	311,530
- Long-term provisions	375,047	1,046,909
	<u>(974,322)</u>	<u>(10,216,299)</u>
Net income tax (paid)/refund	<u>(607,368)</u>	<u>(172,792)</u>
Cash flow from / (used in) operating activities (A)	(1,581,690)	(10,389,091)
B. Cash flow from investing activities		
Purchase of fixed assets	(506,843)	(181,294)
Fixed deposits placed	(34,890)	(55,594)
Fixed deposit matured	55,594	45,000
Interest on fixed deposits and others (net)	(24,709)	69,164
Net cash from / (used in) investing activities (B)	(510,848)	(122,724)
C. Cash flow from financing activities		
(Repayment) of loans/loans taken	-	(12,901,288)
Interest paid	-	(532,775)
Proceeds from issue of preference shares	3,000,000	23,500,000
Net cash flow from / (used in) financing activities (C)	3,000,000	10,065,937
Net increase / (decrease) in cash and cash equivalents (A+B+C)	907,462	(445,878)
Opening cash and cash equivalents	12,412	458,290
Exchange difference on translation of foreign currency bank accounts		
Closing cash and cash equivalents	<u>919,874</u>	<u>12,412</u>

See accompanying notes forming part of the financial Statements
In terms of our report attached

1 & 2

For **BSR & ASSOCIATES LLP**
Chartered Accountants
Firm Registration Number:116231W/W-100024

For and on behalf of the Board of Directors

Sd/-
RAKESH DEWAN
Partner
Membership Number :092212

Sd/-
THOMAS ZACHARIAH
Managing Director

Sd/-
VISHNU R DUSAD
Director

Place : Gurugram
Date : 01 May 2018

Place : Chennai
Date : 01 May 2018

Place : Noida
Date : 01 May 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in Rupees)

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
111,100	-	111,100

Balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017
111,100	-	111,100

B. Other Equity

(Amount in Rupees)

Particulars	Non convertible non-cumulative preference shares	Reserves and Surplus		Items of OCI Remeasurements of the defined benefit plans	Total
		Securities premium	Retained earnings		
Balance as of 1 April 2017	9,553,894	9,988,900	(32,002,326)	-	(12,459,532)
Loss for the year	-		(6,942,698)	-	(6,942,698)
Equity component of Non convertible non-cumulative preference shares	1,219,646				1,219,646
Remeasurements of the defined benefit plans, net				(158,497.00)	(158,497.00)
Balance as of 31 March 2018	10,773,540	9,988,900	(38,945,024)	(158,497)	(18,341,081)

(Amount in Rupees)

Particulars	Non convertible non-cumulative preference shares	Reserves and Surplus		Items of OCI Remeasurements of the defined benefit plans	Total
		Securities premium	Retained earnings		
Balance as of 1 April 2016	-	9,988,900	(23,048,295)	-	(13,059,395)
Loss for the year	-	-	(8,954,031)	-	(8,954,031)
Equity component of Non convertible non-cumulative preference shares	9,553,894	-	-	-	9,553,894
Remeasurements of the defined benefit plans, net	-	-	-	-	-
Balance as of 31 March 2017	9,553,894	9,988,900	(32,002,326)	-	(12,459,532)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

For and on behalf of the Board of Directors

Sd/-

RAKESH DEWAN

Partner
Membership number : 092212

Place : Gurugram
Date : 01 May 2018

Sd/-

THOMAS ZACHARIAH

Managing Director

Place : Chennai
Date : 01 May 2018

Sd/-

VISHNU R DUSAD

Director

Place : Noida
Date : 01 May 2018

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:

1.1 Company Overview

Avon Mobility Solutions Private Limited ('Avon' or 'the Company') was incorporated in May 2007 in India. Avon is a subsidiary company of Nucleus Software Exports Ltd. The Company's business broadly consists of developing software and IT enabled services.

The Financial statements were approved for issue by the Board of Directors on May 01, 2018.

1.2. Significant accounting policies

i. Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2015, notified under section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no. 2.28 and 2.29.

b) Functional and Presentation currency

The financial statements are presented in Indian Rupees (Rupees), which is also the Company's functional currency.

c) Basis of measurement

The 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

d) Use of estimates and judgements

In preparing these 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:

- Lease classification – Note 2.24

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 current tax expense and payable – Note 2.3 and Note 2.4
- Estimated useful life of property, plant and equipment and Intangibles – Note 1.2 (iv) and (v)

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- Estimation of defined benefit obligation- Note 2.26
- Impairment of trade receivable- Note 2.5

Measurement of fair values

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

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

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

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

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

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

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

ii. Revenue Recognition

Revenue from sale of services is recognised over the period in which such services are rendered in accordance with the terms of contract.

iii. Other income

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, 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

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asset, the estimated usage of the asset and the operating conditions of the asset. . 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 profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow 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		
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
Furniture and fixtures*	5	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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. Refer Note 2.29

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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets- Refer Note 2.28.

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vi. Financial instruments

a) Recognition and initial measurement

Trade receivables issued 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
- FVTPL

Financial asset 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 if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

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

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

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

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

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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.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c) Derecognition

Financial assets

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

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

Financial liabilities

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

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.

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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.

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 carried at amortised cost A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

b) Impairment of non-financial assets

The Company's non-financial assets, other than 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 statement of profit and loss. Impairment

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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.

Post Sales client support and warranties

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

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 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 not recognized for:

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- 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;

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 real.

xii. Employee benefits

Defined contribution plans

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

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

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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.

xiii. 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. Operating leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflation increases.

xv. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

xvi. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the 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. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

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2.1 Property, plant and equipment and Intangible assets

PARTICULARS	GROSS CARRYING AMOUNT		DEDUCTIONS / ADJUSTMENTS		As at 31 March 2018		As at 1 April 2017		ACCUMULATED DEPRECIATION		NET CARRYING AMOUNT	
	As at 1 April 2017	Additions	Deductions / adjustments	As at 31 March 2018	As at 1 April 2017	Depreciation for the year	Deductions / adjustments	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017		
Tangible assets												
- Computers	121,500 (9,242)	119,830 (121,500)	- (9,242)	241,330 (121,500)	18,985	66,246 (18,985)	-	85,231 (18,985)	156,099 (102,515)	102,515 (9,242)		
- Office equipment	133,818 (87,650)	44,080 (36,926)	9,242	177,898 (133,818)	56,862	43,416 (56,862)	-	100,278 (56,862)	77,620 (76,956)	76,956 (87,650)		
- Furniture and fixtures	388,699 (388,699)			388,699 (388,699)	388,699	(388,699)	-	388,699 (388,699)	0 (0)	- (388,699)		
Intangible assets												
- Softwares	22,868	342,933 (22,868)		365,801 (22,868)	6,182	130,655 (6,182)	-	136,837 (6,182)	228,964 (16,686)	16,686		
Total	666,885 (485,591)	506,843 (181,294)	-	1,173,728 (666,885)	470,728	240,316 (470,728)	-	711,045 (470,728)	462,683 (196,158)	196,157 (485,591)	0	

Note:

- figure in bracket pertains to previous year ended 31 march 2017 / 2016
- 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.

Details of Gross Block of asset and accumulated depreciation as on 31 March 2016 are as under

Tangible assets	Gross Block as on 31 March 2016	Accumulated depreciation as on 31 March 2016	Deemed Cost as on 1 April 2016
Plant and equipment	135,048	135,048	-
Office equipment	438,945	351,295	87,650
Computer equipment	2,435,506	2,426,264	9,242
Furniture and fixtures	1,562,654	1,173,955	388,699
Intangible assets			
Software	10,656,355	10,656,355	-

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Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)	As at 1 April 2016 (Rupees)
2.2 OTHER NON-CURRENT FINANCIAL ASSETS			
Security deposits	751,651	751,651	747,120
	751,651	751,651	747,120

2.3 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Current tax	-	(99,311)
Deferred tax	556,909	(322,547)
Net tax expense	556,909	(421,858)

b. 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	Year ended 31 March 2018	Percentage	Year ended 31 March 2017
Loss before tax		(6,385,789)		(9,375,890)
Tax using the domestic tax rate	25.75%	(1,644,341)	25.75%	(2,414,292)
Non deductible expenses	-7.34%	468,728	-3.52%	329,934
Current year losses for which no deferred tax asset was recognised	-18.41%	1,175,613	-18.79%	1,761,810
Reversal of previous year deferred tax assets	-8.72%	556,909	0.00%	-
Prior period taxes	-	-	1.06%	(99,311)
Effective tax	-8.72%	556,909	4.50%	(421,858)

D. Movement in temporary differences

Particulars	As at 1 April 2017	(Credited)/charge during the year	As at 31 March 2018	As at 1 April 2016
Provision for compensated absences, gratuity and other employee benefits	349,799	349,799	-	-
Provision for doubtful debts	2,717	2,717	-	34,331
Property, plant and equipment and Intangible assets	204,393	204,393	-	200,031
	556,909	556,909	-	234,362

Note :The company has not recognised deferred tax assets because it is not probable that future taxable profit will be available against such deferred tax assets can be realised.

2.4 INCOME TAX ASSETS (NET)

Advance tax [Net of provision Rs. Nil (previous year : Rs. Nil)]

1,089,501 482,132 210,030

1,089,501 482,132 210,030

2.5 CURRENT TRADE RECEIVABLES

(Unsecured, Considered good)

Considered good 542,019 2,586,462 359,869

Considered doubtful 103,010 10,553 111,103

Less: allowance for doubtful trade receivables (103,010) (10,553) (111,103)

542,019 2,586,462 359,869

2.6 CASH AND CASH EQUIVALENTS

A. Cash and cash equivalents

a. Cash on hand 683 3,025 380

b. Balances with scheduled banks:

- in current accounts 919,191 9,387 457,910

919,874 12,412 458,290

2.7 OTHER BANK BALANCES

Short term bank deposits 34,963 55,939 51,489

34,963 55,939 51,489

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.8 OTHER CURRENT ASSETS			
a. Supplier advance	29,985	56,905	-
b. Service income accrued but not due	385,401	523,534	-
	415,386	580,439	-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.9 SHARE CAPITAL			
a. Authorised			
Equity shares			
100,000 (100,000) equity shares of Rs. 10 each	1,000,000	1,000,000	1,000,000
Preference shares			
4,000,000 (4,000,000) preference share of Rs. 10 each	40,000,000	40,000,000	-
b. Issued, subscribed and fully paid-Up			
11,110 (11,110) equity shares of Rs. 10 each, fully paid up	111,100	111,100	111,100
	111,100	111,100	111,100

Refer notes (i) to (iii) below

(i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :**

Equity shares

As at the beginning of the year

- Number of Shares	11,110	11,110	11,110
- Amount	111,100	111,100	111,100

Shares issued during the year

- Number of Shares	-	-	-
- Amount	-	-	-

As at the end of the year

- Number of Shares	11,110	11,110	11,110
- Amount	111,100	111,100	111,100

11% redeemable non cumulative preference shares

As at the beginning of the year

- Number of Shares	2,350,000	-	-
- Amount	23,500,000	-	-

Shares issued during the year

- Number of Shares	300,000	2,350,000	-
- Amount	3,000,000	23,500,000	-

As at the end of the year

- Number of Shares	2,650,000	2,350,000	-
- Amount	26,500,000	23,500,000	-

(ii) The Company has one class of equity shares having a par value of Rs. 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) **Details of shares held by Nucleus Software Exports Limited, the Holding Company :-**

Equity shares

Particulars	As at 31 March, 2018	
	(Number)	(Percentage)
Nucleus Software Exports Limited	10,666	96%

Particulars	As at 31 March, 2017	
	(Number)	(Percentage)
Nucleus Software Exports Limited	10,666	96%

Particulars	As at 1 April, 2016	
	(Number)	(Percentage)
Nucleus Software Exports Limited	10,666	96%

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
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Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
2.10 OTHER EQUITY			
(a) Reserves and Surplus			
Securities premium reserve	9,988,900	9,988,900	9,988,900
Retained earnings	(38,945,024)	(32,002,326)	(23,048,295)
	(28,956,124)	(22,013,426)	(13,059,395)
Particulars		Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
(i) Securities premium reserve			
At the commencement and end of the year		9,988,900	9,988,900
Closing balance		9,988,900	9,988,900
(ii) Retained earnings			
Opening balance		(32,002,326)	(32,852,558)
Add: Loss for the year		(6,942,698)	(1,870,902)
Closing balance		(38,945,024)	(34,723,460)
Particulars		As at 31 March 2018	As at 31 March 2017
(b) Other comprehensive Income		(158,497)	-
		(158,497)	-
Particulars		Year ended 31 March 2018	Year ended 31 March 2017
(i) Remeasurement of net defined benefit plans			
Opening balance		-	-
Add: Movement during the year		(158,497)	-
Closing balance		(158,497)	-
		(29,114,621)	(22,013,426)
		(13,059,395)	
2.11 LONG TERM BORROWINGS			
a. Liability component of compound financial instruments			
2,650,000 (31 March 2017: 2,350,000 , 31 March 2016: Nil) 11% redeemable non cumulative preference shares of Rs. 10 each	18,828,059	15,227,404	-
	18,828,059	15,227,404	-
11% redeemable, non cumulative preference shares of Rs. 10 each were privately placed with Nucleus Software Exports limited , the holding company at par. The preference shares will be redeemed at face value of Rs. 10 each. The minimum tenure of redeemable preference shares ('RPS') will be 5 years and maximum tenure of RPS will be 20 years.			
Particulars		31 March 2018	31 March 2017
Borrowings at the beginning of the year		15,227,404	-
Face value of 11% redeemable non cumulative preference shares issued		3,000,000	23,500,000
Equity component of 11% non-cumulative preference shares		(1,219,646)	(9,553,894)
Movement due to non-cash transactions			
Interest expense		1,820,301	1,281,298
Long Term borrowings		18,828,059	15,227,404
2.12 LONG-TERM PROVISIONS			
Provision for employee benefits			
a. Provision for compensated absences	123,885	104,262	-
b. Provision for gratuity (refer note 2.26)	1,456,568	942,647	-
	1,580,453	1,046,909	-
2.13 TRADE PAYABLES			
Trade payables			
- Others	810,176	608,220	1,958,261
	810,176	608,220	1,958,261
Note : 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.			
2.14 SHORT TERM BORROWINGS			
Loan from Shareholder & Director (refer note 2.27)	-	-	13,349,738
	-	-	13,349,738
2.15 SHORT-TERM PROVISIONS			
Provision for employee benefits			
a. Provision for gratuity (refer note 2.26)	389,769	276,252	-
b. Provision for compensated absences	41,484	35,278	-
	431,253	311,530	-
2.16 OTHER CURRENT LIABILITIES			
a. Statutory liabilities	227,629	213,195	170,768
b. Advance from Customers (refer note 2.27)	568,488	163,275	-
c. Employee dues			16,279
	796,117	376,470	187,047

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
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Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	(Rupees)	(Rupees)
2.17 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Sale of services	12,147,057	8,809,144
	12,147,057	8,809,144
2.18 OTHER INCOME		
a. Interest income on fixed deposits with banks	24,981	80,600
b. Miscellaneous income	4,763	104,282
	29,744	184,882
2.19 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	9,755,421	8,485,808
b. Contribution to provident and other funds	585,377	440,930
c. Gratuity expense (see note 2.26)	468,941	1,218,899
d. Staff welfare expenses	42,893	58,579
	10,852,632	10,204,216
2.20 OPERATING AND OTHER EXPENSES		
a. Rent and hire charges	975,455	926,695
b. Repair and maintenance		
- Buildings	17,860	-
- Others	34,556	165,969
c. Insurance	4,150	11,418
d. Rates & taxes	65,195	641,144
e. Travelling		
- Foreign	216,933	54,799
- Domestic	163,642	220,878
f. Legal and professional (see note 2.22)	2,741,239	3,127,200
g. Conveyance	30,531	19,338
h. Communication	68,747	93,659
i. Training and recruitment	8,894	6,694
j. Power and fuel	173,225	169,402
k. Advertisement and business promotion	-	18,675
l. Printing and Stationery	8,040	13,267
m. IT Expenses	27,892	22,823
n. Outsourced technical service expenses	144,180	102,480
o. Purchase for Trading	496,952	576,197
p. Miscellaneous expenses	447,598	156,438
	5,625,089	6,327,076
2.21 FINANCE COST		
Bank charges	24,251	2,187
Interest expenses on borrowings	-	84,411
Interest expenses on compound financial instrument-preference shares	1,820,301	1,281,298
	1,844,552	1,367,896
2.22 Legal and Professional expenses include:		
Audit fees (excluding tax)	100,000	100,000
2.23 EARNINGS PER SHARE		
Basic and Diluted		
a. Loss after tax	(6,942,698)	(8,954,031)
b. Weighted average number of equity shares	11,110	11,110
c. Earnings per share	(625)	(806)
2.24 OPERATING LEASE		

Obligations on long-term, non-cancellable operating leases

The Company has acquired office premises under cancellable operating lease. Operating lease rentals paid during the year March 2018 Rs. 975,455/- (year ended 31 March, 2017 is Rs. 926,695/-).

2.25 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of 31 March 2018 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
Assets:					
Cash and cash equivalents (2.6)	919,874	-	-	919,874	919,874
Other bank balances (2.7)	34,963	-	-	34,963	34,963
Trade receivables (2.5)	542,019	-	-	542,019	542,019
Other financial assets (2.2)	751,651	-	-	751,651	751,651
	2,248,507	-	-	2,248,508	2,248,507
Liabilities:					
Trade payables (2.13)	810,176	-	-	810,176	810,176
Borrowings (2.11 & 2.14)	18,828,059	-	-	18,828,059	18,828,059
	19,638,235	-	-	19,638,235	19,638,235

The carrying value and fair value of financial instruments by categories of 31 March 2017 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
Assets:					
Cash and cash equivalents (2.6)	12,412	-	-	12,412	12,412
Other bank balances (2.7)	55,939	-	-	55,939	55,939
Trade receivables (2.5)	2,586,462	-	-	2,586,462	2,586,462
Other financial assets (2.2)	751,651	-	-	751,651	751,651
	3,406,464	-	-	3,406,465	3,406,464
Liabilities:					
Trade payables (2.13)	608,220	-	-	608,220	608,220
Borrowings (2.11 & 2.14)	15,227,404	-	-	15,227,404	15,227,404
	15,835,624	-	-	15,835,624	15,835,624

The carrying value and fair value of financial instruments by categories of April 1, 2016 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
Assets:					
Cash and cash equivalents (2.6)	458,290	-	-	458,290	458,290
Other bank balances (2.7)	51,489	-	-	51,489	51,489
Trade receivables (2.5)	359,869	-	-	359,869	359,869
Other financial assets (2.2)	747,120	-	-	747,120	747,120
	1,616,768	-	-	1,616,769	1,616,768
Liabilities:					
Trade payables (2.13)	1,958,261	-	-	1,958,261	1,958,261
Borrowings (2.11 & 2.14)	13,349,738	-	-	13,349,738	13,349,738
	15,307,999	-	-	15,307,999	15,307,999

The carrying amount of current trade receivables, Security deposit, trade payables, current financial liabilities and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of borrowings 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.

b) 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.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particulars	As at March 2018	Level 1	Level 2	Level 3
Financial assets				
Non - Current Financial Assets- Security deposits (2.2)	751,651	-	-	751,651
Borrowings (2.11)	18,828,059	-	-	18,828,059

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2017:

Particulars	As at March 2017	Level 1	Level 2	Level 3
Financial assets				
Non - Current Financial Assets- Security deposits (2.2)	751,651	-	-	751,651
Borrowings (2.11)	15,227,404	-	-	15,227,404

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April , 2016:

Particulars	As at April 2016	Level 1	Level 2	Level 3
Financial assets				
Non - Current Financial Assets- Security deposits (2.2)	747,120	-	-	747,120
Borrowings (2.11)	13,349,738	-	-	13,349,738

c) 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

i) Market 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'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 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 purchases 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.

Price risk: The Company has no exposure to price risk as Company doesn't hold any investment.

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 Rs. 542,019, Rs. 2,586,462 and Rs. 359,869 as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively and unbilled revenue amounting to Rs 385,401, Rs 523, 534 and Rs Nil as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively. Credit risk has always been managed by the company through credit approval, establishing credit limits and continuously monitoring the credit worthiness of the 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. The Company has nil expected credit loss allowance.

The following table gives details in respect of percentage of revenues generated from top customer and top three customers:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	(in %)	(in %)
Revenue from top customer	52.82	47.5
Revenue from top three customers	99.46	83

Credit risk exposure

The lifetime expected credit loss on customer balances for the year ended 31 March 2018 is Rs. 103,010 and for the year ended March 31, 2017 was Rs. 10,553.

Particulars	As at 31 March 2018	As at 31 March 2017
	Balance at the beginning	10,553
Impairment loss recognised/ reversed	92,456	10,553
Amounts written off	-	(111,103)
Balance at the end	103,010	10,553

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.

a) Expected credit loss for loans, security deposits and Investments

As at 31 March 2018

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	751,651	0%	-	751,651
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

As at 31 March 2017

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	751,651	0%	-	751,651
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

a) Expected credit loss for trade receivables under simplified approach

As at 31 March 2018

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	-	475,334	17,440	18,495	120,750	13,220	645,239
Expected credit losses (Loss allowance provision) carrying amount of trade receivables (net of impairment)	-	-	-	-	90,000	13,220	103,220
	-	475,334	17,440	18,495	30,750	-	542,019

As at 31 March 2017

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	1,452,999	35,939	1,028,556	8,749	60,220	10,553	2,597,015
Expected credit losses (Loss allowance provision) carrying amount of trade receivables (net of impairment)	-	-	-	-	-	10,553	10,553
	1,452,999	35,939	1,028,556	8,749	60,220	-	2,586,462

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 the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	810,176	-	810,176

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	608,220	-	608,220

The table below provides details regarding the contractual maturities of significant financial liabilities as of April 1, 2016:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	1,958,261	-	1,958,261
Borrowing	13,349,738	-	13,349,738

d)

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 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 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.

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2.26 Employee benefit obligations

Defined contribution plans

An amount of Rs. 551,408 for the year ended 31 March, 2018 (Year ended 31 March, 2017 Rs. 428,012), have been recognized as an expense in respect of Company's contribution for Provident Fund and Rs. 33,969 (Year ended 31 March, 2017 Rs. 12,918) for Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

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 Rs. 2,000,000 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.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2018 :

Particulars	As at 31 March 2018 (Rupees)	As at 31 March 2017 (Rupees)
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	1,218,899	-
Current service cost	103,555	1,218,899
Past Service Cost	290,813	
Interest on defined benefit obligation	74,573	-
Remeasurement due to:		
Actuarial loss/(gain) arising from change in financial	(48,831)	
Actuarial loss/(gain) arising on account of experience	207,328	
Obligation at year end	1,846,337	1,218,899
b. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	1,846,337	1,218,899
Fair value of plan assets	-	-
Funded status- Surplus/ (Deficit)	(1,846,337)	(1,218,899)
Net liability recognised in the Balance Sheet	(1,846,337)	(1,218,899)
c. Expected employer's contribution next year		
	-	276,252
d. Gratuity cost for the year:		
Particulars	Year ended 31 March 2018 (Rupees)	Year ended 31 March 2017 (Rupees)
Past service cost	290,813	
Current service cost	103,555	1,218,899
Interest cost	74,573	-
Net gratuity cost	468,941	1,218,899
e. Remeasurements income recognised in other comprehensive		
Actuarial loss/(gain) arising from change in financial	(48,331)	-
Actuarial loss/(gain) arising on account of experience	207,328	-
	158,997	-
f. Economic assumptions :		
	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 31 March 2018	As at 31 March 2017
Discount rate	7.40%	6.90%
Salary escalation rate	8.00%	8.00%

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

g. Demographic assumptions

Retirement age 58 years
Mortality table IALM Mortality (2006-08)

h. Withdrawal rates

Ages - Withdrawal
21-50 years - 20%
51-54 years - 2%
55-57 years - 1%

i. Sensitivity analysis

'Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding and other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

Particulars	Year ended		Year ended	
	Increase	Decrease	Increase	Decrease
	31 March 2018		31 March 2017	
Discount rate (0.5% movement)	(46,712)	48,743	(28,035)	29,254
Salary escalation rate (0.5% movement)	47,266	(45,605)	14,749	(14,505)

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
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Particulars	Year ended 31 March 2018	Year ended 31 March 2017
	(Rupees)	(Rupees)
2.27 Related party transactions		
<u>List of related parties</u>		
a. Holding Company– where control exists		
- Nucleus Software Exports Ltd		
b. Other related parties:		
Key managerial personnel:		
-Thomas Zachariah (Managing Director)		
Other Directors		
- Vishnu R Dusad		
- K Krishna Kumar		
-Narayanan Subramaniam		
Enterprise over which KMP or Directors are able to exercise significant influence		
Nucleus Software Solutions Pte Ltd		
Avon Solutions and Logistics Private Limited		
Pelican Legal Solutions Private Limited		
<u>Transactions with related parties</u>		
a. Revenue from Software development services		
Avon Solutions and Logistics Private Limited	163,275	1,917,479
Nucleus Software Solutions Pte Ltd	6,253,355	-
b. Finance Cost		
Thomas Zachariah	-	34,900
Vishnu R Dusad	-	49,425
c. Salary and other benefits to Key managerial personnel		
Short term employee benefit	3,535,000	3,290,000
contribution to provident and other funds	210,000	210,000
d. Communciation charges		
Avon Solutions and logistic Private Limited	3,993	4,850
e. Loan and advance repaid		
Thomas Zachariah	-	7,011,350
K Krishna Kumar	-	2,539,938
Narayanan Subramaniam	-	3,350,000
Vishnu R Dusad	-	4,000,000
f. Loan and Advance taken		
Vishnu R Dusad	-	4,000,000
g. Preference share capital		
Nucleus Software Exports Limited	3,000,000	23,500,000
h. Legal and Professional		
Pelican Legal Solutions Private Limited	2,400,000	2,400,000

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	(Rupees)	(Rupees)	(Rupees)

Outstanding balances as at the year end

a. Short-term borrowings			
Thomas zachariah	-	-	7,459,800
K Krishna Kumar	-	-	2,539,938
Narayanan Subramaniam	-	-	3,350,000
b. Trade receivables			
Avon Solutions and logistic P Ltd	-	1,766,084	-
c. Trade payables			
Pelican Legal Solutions Private Limited	-	210,000	-
d. Other Current Liabilities			
Advance from Customer	568,487	-	-

2.28 First-time adoption of Ind-AS

These financial statements of Avon Mobility Solutions Private Limited for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in note 2.29.

Exemptions availed and exceptions applied on first time adoption of Ind-AS 101

In preparing these financial statements, the company has applied the below mentioned optional exemptions and mandatory exceptions:

A Optional exemptions availed

1 Property plant and equipment and intangible assets

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. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

B Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discounted value of liability for decommissioning costs.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

2.29 Reconciliations

a) Reconciliation of Total Equity

Particulars	As at 31 March, 2017	As at 1 April 2016
Equity as reported under Previous GAAP (A)	2,878,971	(12,948,295)
Impact of Ind AS opening adjustment (B)	-	-
Liability component of compound financial instrument-Non cumulative preference share	(13,946,105)	-
Interest expense on preference shares	(1,281,298)	-
(C)	(15,227,403)	-
Equity in accordance with Ind AS (A+B+C)	(12,348,432)	(12,948,295)
Total equity after tax adjustment in accordance with Ind AS	(12,348,432)	(12,948,295)
Movement in equity	(15,227,403)	-

b) Reconciliation of total comprehensive income

Particulars	For the year ended 31 March, 2017
Loss as per Previous GAAP	(7,672,734)
Adjustments	
Interest expense on preference shares	(1,281,297)
	-
	-
	(1,281,297)
Loss in accordance with Ind AS	(8,954,031)
Other Comprehensive Income (OCI)	-
Total Comprehensive Income as per Ind AS	(8,954,031)

2.29 Reconciliations

c) Equity reconciliations

Particulars	Opening Balance Sheet as at April 1, 2016			March 31, 2017	
	Reclassified IGAAP*	Effect of transition to Ind -AS	Ind AS	Reclassified IGAAP	Effect of transition to Ind -AS
ASSETS					
Non-current assets					
Property, plant and equipment	485,591	-	485,591	179,471	-
Intangible assets	-	-	-	16,686	-
Financial assets					
Other financial assets	747,120	-	747,120	751,651	-
Deferred tax assets (net)	234,362	-	234,362	556,909	-
Income tax asset	210,030	-	210,030	482,132	-
Current Assets					
Financial assets					
Trade receivables	359,869	-	359,869	2,586,462	-
Cash and cash equivalents	458,290	-	458,290	12,412	-
Other bank balances	51,489	-	51,489	55,939	-
Other current assets	-	-	-	580,439	-
Total Assets	2,546,751	-	2,546,751	5,222,101	-
EQUITY & LIABILITIES					
EQUITY					
Equity Share capital	111,100	-	111,100	23,611,100	(23,500,000)
Other equity					
Equity Component of financial instrument	-	-	-	-	9,553,894
Reserve and Surplus	-	-	-	(20,732,129)	20,732,129
LIABILITIES					
Non-current liabilities					
Financial liabilities					
Borrowings	-	-	-	-	15,227,404
Provisions	-	-	-	1,046,909	-
Current liabilities					
Financial liabilities					
Trade payables	1,958,261	-	1,958,261	608,221	-
Borrowing	13,349,738	-	13,349,738	-	-
Provisions	-	-	-	311,530	-
Other current liabilities	187,047	-	187,047	376,470	-
TOTAL EQUITY AND LIABILITIES	15,606,146	-	15,606,146	5,222,101	-

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanation for reconciliation of Profit and Loss as previously reported under IGAAP to Ind AS

1 Non-cumulative Preference share

Under Previous GAAP, non-cumulative preference share capital were classified as Share capital however Under Ind AS 109, Non-cumulative preference shares issued is considered as compound financial instrument. Liability component is equal to the present value of redemption amount and equity component is equal to proceeds less liabilities component. An amount of Rs. 15,227,404 and Rs 9,553,894 has been recognised as liabilities component and equity component respectively. This change has resulted in increase in the loss for the year ended 31 March 2017 by Rs. 1,281,297 and decrease in retained earning as at 31 March 2017 by Rs. 15,227,404

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.30 Segment reporting

Based on the guiding principles stated in indAS 108 on "Segment Reporting" with the accounting standards specified under section 133 of the Act, as applicable, the Company has identified its business of providing software development services as one reportable business segment only. Accordingly, no additional disclosure for segment reporting have been made in the financial statements.

2.31 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 as provided in the table below:

Information pursuant to G.S.R. 308(E) dated 30 March 2017	Specified Bank notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,500	290	2,790
(+) Permitted receipts*	-	7,500	7,500
(-) Permitted payments	-	2,667	2,667
(-) Amount deposited in Banks	2500	-	2,500
Closing cash in hand as on 30.12.2016	-	5,123	5,123

* (Under permitted receipts of Rs, 7,500 (Rs 5,000 are for withdrawal from bank and Rs 2,500 for exchange from SBNs)

Note: For the purpose of this disclosure, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8 November 2016

2.32 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For **BSR & ASSOCIATES LLP**
Chartered Accountants
 Firm Registration Number:116231W/W-100024

Sd/-
RAKESH DEWAN
 Partner
 Membership Number :092212
 Place : Gurugram
 Date : 01 May 2018

For and on behalf of the Board of Directors

Sd/- THOMAS ZACHARIAH Managing Director	Sd/- VISHNU R DUSAD Director
Place : Chennai	Place : Noida
Date : 01 May 2018	Date : 01 May 2018

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2018

Particulars	Notes Ref.	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	178,941	233,719
Other Intangible assets	2.1	12,426	228,964
Financial assets			
Other financial assets	2.2	-	751,651
Income tax asset (net)	2.3	762,263	1,089,501
		953,630	2,303,835
Current Assets			
Financial assets			
Trade receivables	2.4	431,261	542,019
Cash and cash equivalents	2.5	3,510,304	919,874
Other bank balances	2.6	36,602	34,963
Other current assets	2.7	350,580	415,386
		4,328,747	1,912,242
TOTAL ASSETS		5,282,377	4,216,077
EQUITY & LIABILITIES			
EQUITY			
Equity Share capital	2.8	111,100	111,100
Other equity			
Equity Component of Compound financial instrument	2.10	17,806,283	10,773,540
Reserve & Surplus	2.9	(39,675,745)	(29,114,621)
		(21,758,362)	(18,229,981)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	2.10	23,616,203	18,828,059
Provisions	2.11	2,089,718	1,580,453
		25,705,921	20,408,512
Current liabilities			
Financial liabilities			
Trade payables	2.12	593,263	810,176
Provisions	2.13	530,029	431,253
Other current liabilities	2.14	211,526	796,117
		1,334,818	2,037,546
TOTAL EQUITY AND LIABILITIES		5,282,377	4,216,077

For and on behalf of the Board of Directors

Sd/-

THOMAS ZACHARIAH
Managing Director

Sd/-

VISHNU R DUSAD
Director

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTH ENDED 31 DECEMBER 2018

	Notes Ref.	Nine Months Ended December 2018 (Rupees)	Year Ended 31 March 2018 (Rupees)
1. REVENUE FROM OPERATIONS			
Sale of services	2.15	4,960,543	12,147,057
2. OTHER INCOME	2.16	177,543	29,744
3. TOTAL REVENUE (1+2)		5,138,086	12,176,801
4. EXPENSES			
a. Employee benefits expense	2.17	9,815,514	10,852,632
b. Operating and other expenses	2.18	3,728,622	5,625,089
c. Finance cost	2.19	1,828,521	1,844,552
d. Depreciation and amortisation expense	2.1	326,552	240,316
TOTAL EXPENSES		15,699,209	18,562,589
5. LOSS BEFORE TAX (3-4)		(10,561,123)	(6,385,788)
6. TAX EXPENSE			
a. Deferred tax (credit) / charge		-	556,909
NET TAX EXPENSE		-	556,909
7. LOSS FOR THE YEAR (5-6)		(10,561,123)	(6,942,697)
8. OTHER COMPREHENSIVE INCOME AND LOSS			
(i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans, net		-	(158,497)
TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)		-	(158,497)
9. TOTAL COMPREHENSIVE LOSS (7+8)		(10,561,123)	(7,101,194)

For and on behalf of the Board of Directors

Sd/-

THOMAS ZACHARIAH
Managing Director

Sd/-

VISHNU R DUSAD
Director

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.1 Property, plant and equipment and Intangible assets

PARTICULARS	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT		
	As at 1 April 2018	Additions	Deductions / adjustments	As at 31 December 2018	As at 1 April 2018	Depreciation for the year	Deductions / adjustments	As at 31 December 2018	As at 31 March 2018
Tangible assets									
- Computers	222,345	77,412		299,757	66,246	95,622		137,889	156,099
- Office equipment	121,036			121,036	43,416	14,392	(22,176)	41,052	77,620
	343,381	77,412	-	420,793	109,662	110,014	(22,176)	178,941	233,719
Intangible assets									
- Softwares	359,619			359,619	130,655	216,538	-	12,426	228,964
Total	703,000	77,412	-	780,412	240,317	326,552	(22,176)	191,367	462,683

(Amount in Rupees) (Amount in Rupees)

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
2.2 OTHER NON-CURRENT FINANCIAL ASSETS		
Security deposits	-	751,651
	-	751,651
2.3 INCOME TAX ASSETS (NET)		
Advance tax [Net of provision Rs. Nil (previous year : Rs. Nil)]	762,263	1,089,501
	762,263	1,089,501
2.4 CURRENT TRADE RECEIVABLES (Unsecured, Considered good)		
Considered good	431,261	542,019
Considered doubtful	13,990	103,010
Less: allowance for doubtful trade receivables	(13,990)	(103,010)
	431,261	542,019
2.5 CASH AND CASH EQUIVALENTS		
A. Cash and cash equivalents		
a. Cash on hand	4,446	683
b. Balances with scheduled banks:		
- in current accounts	1,990,638	919,191
c. Balances with scheduled banks in deposit accounts with maturity of less than 3 months	1,515,220	
	3,510,304	919,874
2.6 OTHER BANK BALANCES		
Short term bank deposits	36,602	34,963
	36,602	34,963
2.7 OTHER CURRENT ASSETS		
a. Prepaid expenses	21,527	-
b. Supplier advance	17,254	29,985
c. Service income accrued but not due	311,799	385,401
	350,580	415,386

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
2.8 SHARE CAPITAL		
a. Authorised		
Equity shares		
100,000 (100,000) equity shares of Rs. 10 each	1,000,000	1,000,000
Preference shares		
4,000,000 (4,000,000) preference share of Rs. 10 each	<u>40,000,000</u>	<u>40,000,000</u>
b. Issued, subscribed and fully paid-Up		
11,110 (11,110) equity shares of Rs. 10 each, fully paid up	111,100	111,100
	<u>111,100</u>	<u>111,100</u>

Refer notes (i) to (iii) below

(i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :**

Equity shares

As at the beginning of the year

- Number of Shares	11,110	11,110
- Amount	111,100	111,100

Shares issued during the year

- Number of Shares	-	-
- Amount	-	-

As at the end of the year

- Number of Shares	11,110	11,110
- Amount	111,100	111,100

11% redeemable non cumulative preference shares

As at the beginning of the year

- Number of Shares	2,650,000	2,350,000
- Amount	26,500,000	23,500,000

Shares issued during the year

- Number of Shares	1,000,000	300,000
- Amount	10,000,000	3,000,000

As at the end of the year

- Number of Shares	3,650,000	2,650,000
- Amount	36,500,000	26,500,000

- (ii) The Company has one class of equity shares having a par value of Rs. 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) **Details of shares held by Nucleus Software Exports Limited, the Holding Company :-**

Equity shares

Particulars	As at 31 December, 2018	
		(Number)
Nucleus Software Exports Limited		10,666

Particulars	As at 31 March, 2018	
		(Number)
Nucleus Software Exports Limited		10,666

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
2.9 OTHER EQUITY		
a. Securities premium account		
At the commencement and end of the year	9,988,900	9,988,900
Closing balance	9,988,900	9,988,900
b. Surplus in the Statement of Profit and Loss		
Opening balance	(38,945,024)	(32,002,326)
Add: loss for the year	(10,561,123)	(6,942,698)
Closing balance	(49,506,148)	(38,945,024)
c. Other comprehensive Income		
Remeasurement of net defined benefit plans		
Opening balance	(158,497)	-
Add: Movement during the year	-	(158,497)
Closing balance	(158,497)	(158,497)
	(39,675,745)	(29,114,621)

2.10 LONG TERM BORROWINGS

a. Liability component of compound financial instruments		
3,650,000 (31 March 2018: 2,650,000 , 31 March 2017: 2,350,000)	23,616,203	18,828,059
11% redeemable non cumulative preference shares of Rs. 10 each		
	23,616,203	18,828,059

11% redeemable, non cumulative preference shares of Rs. 10 each were privately placed with Nucleus Software Exports limited , the holding company at par. The preference shares will be redeemed at face value of Rs. 10 each. The minimum tenure of redeemable preference shares ('RPS') will be 5 years and maximum tenure of RPS will be 20 years.

Particulars	As at 31 December 2018 Rupees	As at 31 March 2018 Rupees
Borrowings at the beginning of the year	18,828,059	15,227,404
Face value of 11% redeemable non cumulative preference shares issued	10,000,000	3,000,000
Equity component of 11% non-cumulative preference shares (refer below)	(7,032,743)	(1,219,646)
Movement due to non-cash transactions		
Interest expense	1,820,887	1,820,301
Long Term borrowings	23,616,203	18,828,059
Equity Component of Compound financial instrument		

Particulars	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
Opening balance	10,773,540	9,553,894
Movement during the period	7,032,743	1,219,646
Closing balance	17,806,283	10,773,540

2.11 LONG-TERM PROVISIONS

Provision for employee benefits

a. Provision for compensated absences	209,169	123,885
b. Provision for gratuity	1,880,549	1,456,568
	2,089,718	1,580,453

2.12 TRADE PAYABLES

Trade payables		
- Micro and Small Enterprises (see note below)	-	-
- Others	593,263	810,176
	593,263	810,176

Note : 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.

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 December 2018 (Rupees)	As at 31 March 2018 (Rupees)
2.13 SHORT-TERM PROVISIONS		
Provision for employee benefits		
a. Provision for gratuity	483,423	389,769
b. Provision for compensated absences	46,606	41,484
	530,029	431,253
2.14 OTHER CURRENT LIABILITIES		
a. Statutory liabilities	211,526	227,629
b. Advance from Customer	-	568,488
	211,526	796,117

AVON MOBILITY SOLUTIONS PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Nine Months Ended December 2018	Year ended 31 March 2018
	(Rupees)	(Rupees)
2.15 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Sale of services	4,960,543	12,147,057
	4,960,543	12,147,057
2.16 OTHER INCOME		
a. Interest income on fixed deposits with banks	113,835	24,981
b. Net gain/(loss) on foreign currency transactions and translation	(71,702)	-
c. Profit on sale of fixed assets	126,892	-
d. Miscellaneous income	8,518	4,763
	177,543	29,744
2.17 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	8,674,598	9,755,421
b. Contribution to provident and other funds	531,817	585,377
c. Gratuity expense	517,635	468,941
d. Staff welfare expenses	91,464	42,893
	9,815,514	10,852,632
2.18 OPERATING AND OTHER EXPENSES		
a. Rent and hire charges	739,185	975,455
b. Repair and maintenance		
- Buildings	-	17,860
- Others	7,919	34,556
c. Insurance	5,768	4,150
d. Rates & taxes	74,910	65,195
e. Travelling		
- Foreign	-	216,933
- Domestic	112,112	163,642
f. Legal and professional	2,148,800	2,741,239
g. Conveyance	21,814	30,531
h. Communication	18,565	68,747
i. Training and recruitment	118,954	8,894
j. Power and fuel	36,906	173,225
k. Advertisement and business promotion	7,436	-
l. Printing and Stationery	11,030	8,040
m. IT Expenses	574	27,892
n. Outsourced technical service expenses	108,000	144,180
o. Purchase Trading	246,298	496,952
p. Miscellaneous expenses	70,351	447,598
	3,728,622	5,625,089
2.19 FINANCE COST		
Bank charges	7,634	24,251
Interest expenses on compound financial instrument-preference shares	1,820,887	1,820,301
	1,828,521	1,844,552

Date & Time of Download : 07/03/2019 13:09:53

BSE ACKNOWLEDGEMENT

Acknowledgement Number	468127
Date and Time of Submission	3/1/2019 6:22:13 PM
Scripcode and Company Name	531209 - NUCLEUS SOFTWARE EXPORTS LTD.
Subject / Compliance Regulation	Corporate Action-Amalgamation/ Merger / Demerger
Submitted By	NUCLEUS SOFTWARE EXPORTS LIMITED
Designation	Designated Officer for Filing

Disclaimer : - Contents of filings has not been verified at the time of submission.



National Stock Exchange Of India Limited

Date of 07-Mar-2019

NSE Acknowledgement

Symbol:-	NUCLEUS
Name of the Company: -	Nucleus Software Exports Limited
Submission Type:-	Announcements
Short Description:-	Amalgamation/Merger
Date of Submission:-	01-Mar-2019 06:25:52 PM
NEAPS App. No:-	2019/Mar/182/184

Disclaimer : We hereby acknowledge receipt of your submission through NEAPS. Please note that the content and information provided is pending to be verified by NSEIL.

**NUCLEUS SOFTWARE EXPORTS LTD.**

CIN : L74899DL1989PLC034594

Corporate OfficeA-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

Date: 01.03.2019

To,

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
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Sub: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sirs,

The Board of Directors of the Company, at its meeting held on 1st March 2019 considered and approved a scheme of amalgamation ("**Scheme**") pursuant to sections 230 to 232 and other relevant provisions of the Companies Act, 2013, providing for the merger of its wholly owned subsidiaries, Virstra I-Technology Services Limited ("**Transferor Company-1**") and Avon Mobility Solutions Private Limited ("**Transferor Company-2**") (hereinafter together referred to as "**Transferor Companies**"), into and with Nucleus Software Exports Limited ("**Transferee Company**").

Furthermore, it is also to be noted that the proposed Scheme at Paragraph 9 therein provides for the amendment of the Capital and Object Clauses of the Memorandum of Association of Transferee Company consequent to the merger and amalgamation of the Transferor Companies into and with the Transferee Company, with effect from the Appointed Date and upon the Scheme becoming effective.

The Scheme is subject to necessary statutory and regulatory approvals under applicable laws, including approval of the National Company Law Tribunal, Principal Bench, New Delhi.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with (i) Circular No. CIR/CFD/CMD/4/2015 dated 09th September 2015; and (ii) Circular No. CFD/DIL3/CIR/2017/21 dated 10th March 2017, please find enclosed the disclosure and a copy of the Draft Scheme, for your records.

Thank You.

Yours Sincerely,

For **Nucleus Software Exports Limited**

Sd/-

(POONAM BHASIN)

COMPANY SECRETARY

Encl:

1. Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
2. Copy of the Scheme of Amalgamation as approved by the Board of Directors of the Company.



UDIN: 19090687AAAAAK2089

To
**The Board of Directors,
Virstra I-Technology Services Limited,
33-35 Thyagraj Nagar Market,
New Delhi – 110003.**

**The Board of Directors,
Avon Mobility Solutions Private Limited,
33-35 Thyagraj Nagar Market,
New Delhi – 110003.**

**The Board of Directors,
Nucleus Software Exports Limited,
33-35 Thyagraj Nagar Market,
New Delhi – 110003.**

Sub: Recommendation of share exchange ratio for the proposed Scheme of Amalgamation amongst (i) Virstra I-Technology Services Limited; (ii) Avon Mobility Solutions Private Limited; and (iii) Nucleus Software Exports Limited and their respective shareholders and creditors.

Dear Sirs,

We have been requested by the management of Virstra I-Technology Services Limited, Avon Mobility Solutions Private Limited and Nucleus Software Exports Limited for the recommendation of a share exchange ratio for the proposed Amalgamation amongst (i) Virstra I-Technology Services Limited; (ii) Avon Mobility Solutions Private Limited; and (iii) Nucleus Software Exports Limited.

1. **BACKGROUND**

- 1.1. We have been informed by the Board of Directors of Virstra I-Technology Services Limited, Avon Mobility Solutions Private Limited and Nucleus Software Exports Limited that they are considering a scheme of amalgamation (“Scheme”) which envisages the amalgamation and merger of the entire business and undertaking of the wholly owned subsidiaries-



Virstra I-Technology Services Limited (“**Transferor Company-1**”) and Avon Mobility Solutions Private Limited (“**Transferor Company-2**”) (hereinafter together referred to as “**Transferor Companies**”) into and with the parent company- Nucleus Software Exports Limited (“**Transferee Company**”), pursuant to the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder and subject to the necessary approvals, with effect from the Appointed Date (as defined in the Scheme) and upon the Scheme becoming effective.

2. BRIEF BACKGROUND OF THE COMPANIES

2.1. Virstra I-Technology Services Limited

Virstra I-Technology Services Limited (Transferor Company-1) is an unlisted public limited company bearing CIN - U72200DL2004PLC126213 and incorporated on 06th May 2004 under the provisions of the Companies Act, 1956. Currently, its registered office is situated at 33-35 Thyagraj Nagar Market, New Delhi – 110003. The Transferor Company-1 is a wholly owned subsidiary of the Transferee Company. The Permanent Account Number of Transferor Company-1 is AABCV8600M.

2.2. Avon Mobility Solutions Private Limited

Avon Mobility Solutions Private Limited (Transferor Company-2) is a private limited company bearing CIN - U72900DL2007PTC341409 and incorporated on 15th May 2007 under the provisions of the Companies Act, 1956. Currently its registered office is situated at 33-35 Thyagraj Nagar Market, New Delhi – 110003. The Transferor Company-2 is a wholly owned subsidiary of the Transferee Company. The Permanent Account Number of Transferor Company-2 is AAGCA5271N.



2.3. Nucleus Software Exports Limited

Nucleus Software Exports Limited (Transferee Company) is a listed public company bearing CIN - L74899DL1989PLC034594 and incorporated on 09th January 1989 under the provisions of the Companies Act, 1956. The shares of the Transferee Company are listed on the Bombay Stock Exchange and National Stock Exchange. The Transferee Company currently has its registered office at 33-35 Thyagraj Nagar Market, New Delhi – 110003. The Permanent Account Number of Transferee Company is AAACN5382P.

3. SOURCES OF INFORMATION

3.1. For the purpose of this exercise, we have relied upon the following sources of information provided by the management of the Transferor Companies and Transferee Company:

- a. Memorandum and Articles of the Transferor Companies and Transferee Company;
- b. Audited financials of the Transferor Companies and Transferee Company for the year ended 31 March 2018;
- c. Provisional financials of the Transferor Companies and Transferee Company as on 31 December 2018;
- d. Proposed Scheme of Amalgamation of the Transferor Companies into and with the Transferee Company; and
- e. Other written/verbal information given to us by the Management.

4. EXCHANGE RATIO

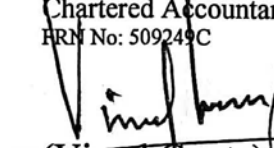
4.1. The Transferor Companies are the wholly owned subsidiaries of the Transferee Company since the Transferee Company (along with its nominees) holds 100% share capital of each of the Transferor Companies. The Transferee Company shall not issue any shares under the proposed Scheme. The existing shareholding of the Transferee Company in each of the Transferor Companies shall get cancelled and extinguished, pursuant to the proposed Scheme.




5. **CONCLUSION**

- 5.1. The Transferee Company owns 100% of the share capital of the Transferor Companies. Since there will be no issuance of shares and the existing shareholding of the Transferee Company in each of the Transferor Companies shall get cancelled and extinguished pursuant to the Scheme, there is no requirement of a valuation report for determining the share entitlement ratio in that regard.

For SPMG & Co.
Chartered Accountants
FRN No: 509249C


(Vinod Gupta)
FCA/Partner
Membership No. 090687



Date: 20.03.2019
Place: New Delhi

B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: + 91 124 719 1000
Fax: + 91 124 235 8613

Private and confidential

The Board of Directors
Nucleus Software Exports Limited
33-35, Thyagraj Market,
New Delhi-110003, India

22 March 2019

Independent Auditor's Report on the proposed accounting treatment specified in the Proposed Scheme of Amalgamation in pursuance of the provision of Section 230 to 232 of the Companies Act, 2013 ("the Act").

1. This report is issued in accordance with the terms of our engagement letter dated 15 March 2019.
2. We, the statutory auditors of Nucleus Software Exports Limited ("Transferee Company") have examined the accounting treatment specified in clause 10 of the Proposed Scheme of Amalgamation ("the Scheme") of Virstra-I Technology Services Limited ("Transferor Company-1") and Avon Mobility Solutions Private Limited ("Transferor Company-2") into and with the Transferee Company and their respective shareholders in terms of the provisions of section 230 to 232 of the Act with reference to its compliance with the applicable Accounting Standards specified in Section 133 of the Act read with the rules issued thereunder and other generally accepted accounting principles.

Management's Responsibility

3. The responsibility for preparation of the Scheme and its compliance with the relevant laws and regulations, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, applicable Accounting Standards read with rules made thereunder and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Transferee Company involved.

Auditor's Responsibility

4. Our responsibility is only to examine and report whether the proposed accounting treatment referred to in clause 10 of the Scheme and specified in Annexure I complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, applicable Accounting Standards specified in Section 133 of the Act read with the rules issued thereunder and other generally accepted accounting principles. Nothing contained in this Report, nor anything said or done in the course of, or in connection with the services that are subject to this Report, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Transferee Company.
5. We conducted our examination of the accounting treatment in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI'), in so far as applicable for the purpose of this Report. The Guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-9182) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

6. 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. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid scheme.

Opinion

7. In accordance with the requirement of Indian Accounting Standard 103 on Business Combination, amalgamation are between companies under 'common control', therefore the financial information should be restated from the beginning of the preceding period in the financial statements.

In our view and read with above, we confirm that the accounting treatment proposed in the scheme as mentioned in the Annexure I, is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and terms of provisions of section 230 to 232 of the Act with reference to its compliance with the applicable Accounting Standards specified in Section 133 of the Act read with the rules issued thereunder and accounting principles generally accepted in India.

For ease of reference, clause 10 of the Scheme, duly authenticated on behalf of the Transferee Company, is reproduced in Annexure I to this report, and is initialed and stamped by us only for the purpose of identification.

Restriction on Use

8. This report is issued at the request of the Transferee Company and is solely for the purpose of filing with the National Company Law Tribunal along with the Proposed scheme pursuant to the provisions of Section 230 to 232 of the Act and relevant Rules. This report should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration number: 116231W/ W-100024



Manish Gupta

Partner

Membership No: 095037

ICAI UDIN: 19095037AAAAAJ1567

Place: Gurugram

Date: 22 March 2019

Annexure I

Relevant abstracts from Clause 10 of the Proposed Scheme of Amalgamation:

10. Accounting Treatment

Upon the Scheme becoming effective, the amalgamation of the Transferor Companies with the Transferee Companies Company will be accounted for in the following manner:

- 10.1. *The amalgamation shall be accounted for an "Amalgamation in the nature of Business Combination of entities under common control". Thereby the accounting treatment, as applicable, shall be in accordance with Appendix C of IND AS 103.*
- 10.2. *The accounting treatment will be as under:*
 - a. *upon coming into effect of this Scheme, for the purpose of accounting for and dealing with the value of the assets, liabilities, reserves, etc., as dealt with herein below in the books of account of Transferee Company, unaudited financial statements of Transferor Companies as on the close of business of the date immediately preceding the Appointed Date shall be prepared;*
 - b. *all the assets, liabilities and reserves of Transferor Companies as recorded in their respective financial statements referred to in sub-clause (a) above shall be recorded in the books of accounts of Transferee Company as such, subject to suitable adjustments being made to ensure uniformity of accounting policies, if any; which shall be in compliance with the accounting standards prescribed in this regard;*
 - c. *the amount of any inter-company balances between Transferor Companies and Transferee Company, appearing in the books of account of Transferee Company or Transferor Companies, as the case may be, as on Appointed Date, shall stand cancelled without any further act or deed. For the avoidance of doubt, it is hereby clarified that with effect from Appointed Date, there will be no accrual of interest or other charges in respect of any such loans, advances and other obligations.*
- 10.3. *The amount recorded in books of Transferee Company as investments in Transferor Companies shall stand cancelled. Surplus or deficit, if any, arising as a result of amalgamation, shall be transferred to capital reserve on amalgamation. The treatment accorded shall be in compliance with Appendix C of IND AS 103.*
- 10.4. *The identity of the reserves of Transferor Companies, if any, and to the extent deemed appropriate by the Board of Directors of Transferee Company, shall be preserved and they shall appear in the financial statements of Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Companies, as on the date immediately preceding the Appointed Date. Accordingly, if prior to this Scheme becoming effective there is any reserve in the financial statements of an Transferor*



Companies, which are available for distribution to shareholders, whether as bonus shares or dividend or otherwise, the same would continue to remain available for such distribution by Transferee Company, subsequent to this Scheme becoming effective.

- 10.5. The amount lying in the balance of the "profit and loss account" in the books of account of the Transferor Companies shall be added to or set-off from, as the case may be, the corresponding balance appearing in the financial statements of Transferee Company.*
- 10.6. Transferee Company shall make suitable entries in its books to give effect to all transactions of Transferor Companies in respect of assets, liabilities, reserves, income and expenses, from the Appointed Date to the Effective Date.*
- 10.7. In case of any differences in accounting policies followed by Transferor Companies from that of Transferee Company, suitable adjustments ought to be made, to the extent material and practicable, so as to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policies.*
- 10.8. Notwithstanding the above, the Board of Directors of Transferee Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner, if such accounting treatment is considered more appropriate. The same shall be in compliance with IND AS 103 notified by the Ministry of Corporate Affairs.*



MINISTRY OF CORPORATE AFFAIRS**RECEIPT****G.A.R.7****SRN :** H58915968**Service Request Date :** 10/05/2019**Payment made into :** ICICI Bank**Received From :****Name :** poonam bhasin**Address :** Nucleus Software Exports Ltd.

A 39, Sector 62

Noida, Uttar Pradesh

India - 201301

Entity on whose behalf money is paid**CIN:** L74899DL1989PLC034594**Name :** NUCLEUS SOFTWARE EXPORTS LIMITED**Address :** 33-35, THYAGRAJ NAGAR MARKET

NEW DELHI, Delhi

India - 110003

Full Particulars of Remittance**Service Type:** eFiling

Service Description	Type of Fee	Amount(Rs.)
Fee For Form GNL-1	Normal	20000.00
Total		20000.00

Mode of Payment: Credit Card- ICICI Bank**Received Payment Rupees:** Twenty Thousand Only

Note: The defects or incompleteness in any respect in this eForm as noticed shall be placed on the Ministry's website (www.mca.gov.in). In case the eForm is marked as RSUB or PUCL, please resubmit the eForm or file Form GNL-4(Addendum), respectively. Please track the status of your transaction at all times till it is finally disposed off. (Please refer Rule 10 of the Companies (Registration offices and Fees) Rules, 2014) It is compulsory to file Form GNL-4 (Addendum) electronically within the due date whenever the document is put under PUCL, failing which the system will treat the document as invalid and will not be taken on record in accordance with Rule 10(4) of the Companies (Registration offices and Fees) Rules, 2014

FORM NO. GNL-1



Form for filing an application with
Registrar of Companies

[Pursuant to rule 12(2) of the Companies
(Registration offices and Fees) Rules, 2014]

Form language English Hindi

Note - All fields marked in * are to be mandatorily filled.

1. *Category of applicant

2. * Name of office of the registrar of Companies (RoC) to which application is being made

3. (a) Corporate identity number (CIN) or foreign company
registration number (FCRN) of the company or **RUN** reference number
(Service request number (SRN) of **RUN**)

Pre-fill

(b) Global location number (GLN) of company

4. (a) Name of the company

(b) Address of the
registered office or
of the principal place
of business in India
of the Company

33-35, THYAGRAJ NAGAR MARKET
NEW DELHI
Delhi
110003
India

(c) e-mail ID of the company

5. Details of applicant (in case category is others)

(a) Name

(b) Address Line I
Line II

(c) City

(d) State

(e) ISO country code

(f) Country

(g) Pin code

(h) e-mail ID

6. *Application filed for

- Compounding of offences
 Extension of period of annual general meeting by three months
 Scheme of arrangement, amalgamation
 Others

7. If Others, then specify

CERTIFIED COPY OF ORDER BY NCLT

8. *Details of application

CERTIFIED COPY OF ORDER BY NCLT

9. In case of application for compounding of offences, provide the following details

(a) Whether application for compounding offence is filed in respect of

Company Director Manager or Secretary or CEO or CFO Other

(b) Number of person(s) for whom the application is being filed

(c) Details of person(s) for whom the application is being filed

(i)	Category <input type="text"/>	Director identification number (DIN) or income-tax permanent account number (income-tax PAN) or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		
(ii)	Category <input type="text"/>	DIN or income-tax PAN or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		
(iii)	Category <input type="text"/>	DIN or income-tax PAN or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		
(iv)	Category <input type="text"/>	DIN or income-tax PAN or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		
(v)	Category <input type="text"/>	DIN or income-tax PAN or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		
(vi)	Category <input type="text"/>	DIN or income-tax PAN or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		
(vii)	Category <input type="text"/>	DIN or income-tax PAN or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		
(viii)	Category <input type="text"/>	DIN or income-tax PAN or passport number <input type="text"/>	<input type="button" value="Pre-fill"/>
	Name <input type="text"/>		

(d) Whether application is being filed

- Suo-motu In pursuance to notice received from RoC or any other competent authority

(e) Notice number and date of notice

(f) Section for which application is being filed

(g) Brief particulars as to how the default has been made good

10. In case of application is made for extension of period of an AGM, mention financial (DD/MM/YYYY)
year end date in respect of which the application is being filed

11.(a) Service request number of Form MGT-14

(b) Date of passing special or ordinary resolution (DD/MM/YYYY)

(c) Date of filing form MGT-14 (DD/MM/YYYY)

12. Total amount of stamp duty paid or stamp paper

Attachments

List of attachments

- 1. Board Resolution
- 2. Scheme of arrangement, amalgamation
- 3. *Detailed application
- 4. Copy of notice received from RoC or any other competent authority
- 5. Other attachments - if any

Attach

Attach

Attach

Attach

Attach

NSELOrder12Apr2019amendedon 01May2019.pdf
 Certified True Copy of Reslution-Merger.pdf

Remove Attachment

Verification

To the best of my knowledge and belief, the information given in this application and its attachments is correct and complete.

I have been authorised by the Board of directors' resolution number dated (DD/MM/YYYY) to sign and submit this application.

I am duly authorised to sign and submit this form.

To be Digitally signed by

Managing Director or director or manager or secretary or CEO or CFO (in case of an Indian company or an authorised representative (in case of a foreign company) or other)



Designation

DIN of the director or Managing Director or; income-tax PAN of the manager or authorised representative; or CEO or CFO Membership number

Certificate by practicing professional

I declare that I have been duly engaged for the purpose of certification of this form. It is hereby certified that I have gone through the provisions of the Companies Act, 2013 and rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachment(s)) from the original/certified records maintained by the Company/ applicant which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed. I further certify that:

- i. The said records have been properly prepared, signed by the required officers of the Company and maintained as per the relevant provisions of the Companies Act, 2013 and were found to be in order ;
- ii. All the required attachments have been completely and legibly attached to this form

To be digitally signed by



- Chartered accountant (in whole-time practice) or Cost accountant (in whole-time practice) or
- Company secretary (in whole-time practice)

Whether associate or fellow Associate Fellow

Membership number

Certificate of practice number

Note: Attention is also drawn to provisions of Section 447, section 448 and 449 of the Companies Act, 2013 which provide for punishment for fraud, punishment for false statement and punishment for false evidence respectively

Modify Check Form Prescrutiny Submit

For office use only:

eForm Service request number (SRN) eForm filing date (DD/MM/YYYY)

Digital signature of the authorising officer

This e-Form is hereby approved

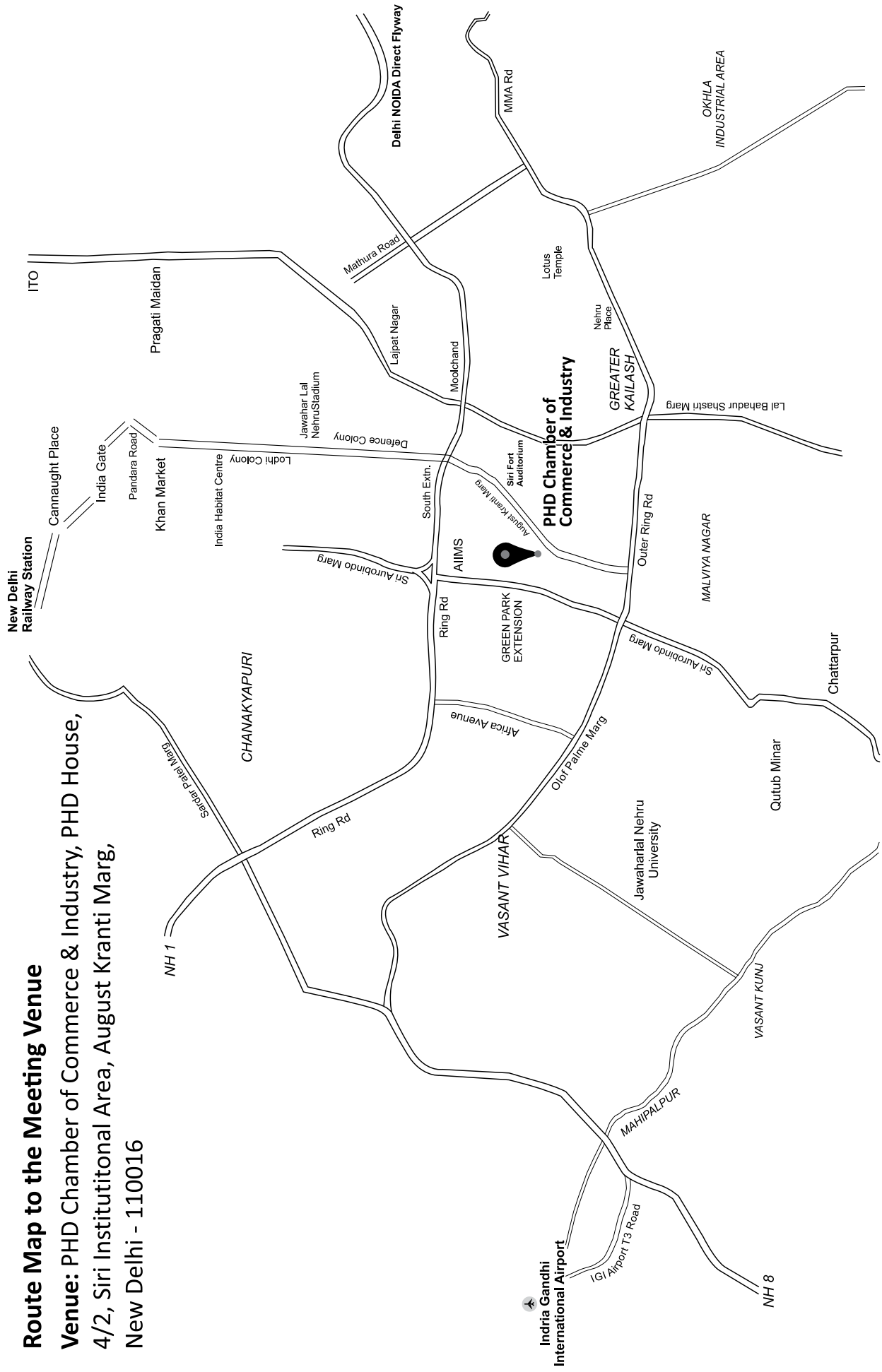
This e-Form is hereby rejected

Confirm submission

Date of signing (DD/MM/YYYY)

Route Map to the Meeting Venue

Venue: PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110016





NUCLEUS SOFTWARE EXPORTS LIMITED

CIN – L74899DL1989PLC034594

Registered Office: 33-35, Thyagraj Nagar Market, New Delhi- 110003

Phone: +91-120-4031400 Fax: +91-120-4031672

E-mail: Investorrelations@nucleussoftware.com; Website: www.nucleussoftware.com

POSTAL BALLOT FORM

Please read carefully the instructions printed overleaf before exercising the vote

Serial No.:

- Name of the First Named Shareholder
(in block letters)
- Name (s) of Joint holder(s) if any
(in block letters)
- Registered address
- Registered folio No./ DP ID / Client ID*
(*Applicable to investors holding shares in dematerialized form)
- No. of equity shares held

The last date for receipt of Postal Ballot by the Scrutinizer is 7th day of July 2019, 05:00 PM.

I/We hereby exercise my vote in respect of resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

S. No.	Resolution	For	Against
1.	Scheme of Amalgamation (“Scheme”) of wholly owned subsidiaries- Virstra I-Technology Services Limited (“Transferor Company-1”) and Avon Mobility Solutions Private Limited (“Transferor Company-2”) into and with the parent company- Nucleus Software Exports Limited (“Transferee Company”) and their respective Shareholders and Creditors.		

Place:

Date:

(Signature of shareholder)

Important Notes:

- Please complete and return this Postal Ballot Form to the Scrutinizer (Mr. Prince Chadha) at #48 / Sector 41A, Chandigarh- 160036, by using the enclosed postage pre-paid self-addressed Business Reply Envelope.
- If the voting rights are exercised electronically, there is no need to use this form.

EVOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	Password/ PIN

The e-voting facility is available at the link <https://evoting.karvy.com>. The e-voting particulars are set out as follows:

- Pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014 and as per Listing Regulations, assent or dissent of the shareholders in respect of the resolution contained in the Notice is being taken through postal ballot / e-voting.
- Hon'ble NCLT has appointed Mr. Prince Chadha, Company Secretary, as the Scrutinizer for conducting the postal ballot / e-voting process.
- The notice of postal ballot / e-voting is being sent to the members, whose names appear in the register of members as on 24th May, 2019 and Members holding equity shares shall have one vote per share as shown against their holding. The same shall also be placed on the website of the Company viz. www.nucleussoftware.com.
- The members can opt for only one mode of voting i.e. either through Postal Ballot or e-voting. If the shareholder decides to vote through Postal Ballot, they are advised not to vote through e-voting and vice versa. In case of voting through both the modes, voting through e-voting will be considered and counted and voting through Postal ballot of such shareholder will be treated as invalid.
- There will be one Postal Ballot Form / e-voting for every folio / client ID irrespective of the number of joint holders.
- Incomplete, unsigned or incorrect Postal Ballot forms will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot forms shall be final and binding.

PROCESS FOR MEMBERS OPTING FOR VOTING IN PHYSICAL FORM

1. A member desiring to exercise voting right by Postal Ballot may complete the Postal Ballot Form and send it in the attached self-addressed Business Reply Envelope, so as to reach the Scrutinizer on or before 05:00 PM on 7th July, 2019. The Postal Ballot Forms received after this date will be treated as if the reply from the member has not been received. Envelopes containing Postal Ballot Form, if sent by courier or by registered post or by speed post at the expense of the registered member will also be accepted. The Postal Ballot Form(s) may also be deposited personally.
2. The votes should be casted either in favour or against the resolution by putting the tick [√] mark in the column provided for assent or dissent. Postal Ballot Form bearing tick [√] mark in both the columns will render the Form invalid.
3. Please convey your assent / dissent in the Postal Ballot Form. The assent or dissent received in any other form shall not be considered valid.
4. The Postal Ballot Form should be completed and signed by the sole / first named shareholder. In the absence of the first named member in a joint holding the Form may be completed and signed by the next named shareholder. (However, where the Form is sent separately by the first named shareholder and the joint holder(s), the vote of the first named shareholder would be valid).
5. In case of shares held by companies, trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the board resolution / authority letter, with signatures of authorised signatory(ies), duly attested.
6. The votes of a Member will be considered invalid on any of the following grounds:
 - (a) If a form other than the Postal Ballot Form issued by the Company is used;
 - (b) If the Postal Ballot Form has not been signed by or on behalf of the Member;
 - (c) If the Member's signature does not tally with the specimen signature with the Company;
 - (d) If the Member has marked his/her/its vote both for 'Assent' and also for 'Dissent' to the 'Resolution' in such manner that the aggregate Equity Shares voted for 'Assent' and 'Dissent' exceeded total number of Shares held;
 - (e) If the Member has made any amendment to the Resolution or imposed any condition while exercising his vote;
 - (f) If the Postal Ballot Form is received torn or defaced or mutilated or in a manner such that it is difficult for the Scrutinizer to identify either the Member or the number of votes, or whether the votes are for 'Assent' or 'Dissent', or neither assent or dissent is mentioned or if the signature could not be verified, or one or more of the above grounds;
 - (g) Any competent authority has given directions in writing to the Company to freeze the voting rights of the Member;
 - (h) Incomplete, unsigned or incorrectly filled Postal Ballot Forms will be subject to rejection by the Scrutinizer.
7. Members are requested to fill the Postal Ballot Form in indelible ink and not in any erasable writing mode.
8. Members are requested not to send any other matter along with the Postal Ballot Form in the enclosed postage pre-paid self-addressed business reply envelope as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.
9. A member may request for a duplicate Postal Ballot Form, if so required. A member seeking duplicate Postal Ballot Form or having any grievance pertaining to the Postal Ballot process can write to the Company's Registrars i.e. Karvy Fintech Private Limited, Karvy Selenium Tower, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India or e-mail us at mailmanager@karvy.com or investorrelations@nucleussoftware.com. However, the duly completed duplicate Postal Ballot Form should reach the Scrutinizer not later than the date and time specified in Point No. 1 above.

PROCESS FOR MEMBERS OPTING FOR E-VOTING

1. The Company is pleased to provide e-voting as an alternative for the members of the Company to enable them to cast their votes electronically instead of voting through Postal Ballot Form. E-Voting is optional. In case a Member has voted through e-voting facility, he/she need not send a Postal Ballot Form. In case a member votes through e-voting facility and send his/her vote through Postal Ballot, votes cast through e-voting shall prevail and votes casted through Postal Ballot shall be considered invalid by the Scrutinizer. Members are requested to refer to the Notice and notes thereto, for detailed instructions with respect to e-voting.