NUCLEUS SOFTWARE

ANNUAL REPORT 2014 - 15

World's best-selling lending solution for 7th year running

Next-generation lending solution launched

13 new product orders won worldwide

New operations covering African Continent

Took part in industry events worldwide

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Cautionary statement regarding forward-looking statements

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

From the Chairman's Desk

Janki Ballabh

Chairman

Dear Shareholders,

Warm greetings to all of you!

I continue to be amazed by the speed of innovation and firmly believe that change is the only constant. Yet each year, the pace of change only accelerates. As we get into this new financial year, let me briefly share with you how Nucleus as an organization is evolving through the plethora of changes brought about by both internal and external factors.

Information Technology around the world

The global economy is still struggling to gain momentum. While economic activity in the United States and the United Kingdom has gathered momentum, the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks. Several major forces are driving the global outlook: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. More than ever, cooperative leadership among business, government and civil society is needed to re-establish sustainable growth and raise living standards throughout the world. Back home, here in India, the new 'Make in India' initiative is expected to prove a vital component in India's quest for achieving wholesome economic development and to give the Indian economy a global recognition.

The information technology (IT) industry has become one of the most robust industries in the world. Owing to the wide range availability of IT products and services, their demand has also substantially increased over the years. Undoubtedly, it has emerged as a major global source of both growth and employment. In India the industry continued to evolve over the year and prioritized on enhancing efficiency, enabling transformation and agility and partnering for digital initiatives. Nasscom estimates the Indian IT- BPM Industry revenues (including ecommerce) to grow by 13% in FY 2015, to USD 146 Billion.

Preceding Twelve Months

We are living in an age of unparalleled digital push, with massive amounts of technology-driven change, huge innovation and significant evolution in the ways people use technology. At Nucleus we have opted to focus on continuous innovation to succeed.

We set a new paradigm with the launch of FinnOne Neo™ – a product suite built to manage lending requirements of the banking and financial services industry. With the banking sector experiencing a change in customer profile coupled with growing competition and increased regulatory and economic pressures, the requirement for a breakthrough product in lending is evident globally. Leveraging Nucleus Software's global leadership in lending solutions, this new offering has the capability to empower our customers to enhance operational efficiency and drive growth while achieving superior risk management. The era of universal banking is coming to an end. Banks today choose best-of-breed technology solutions that can integrate with their IT landscape. Based on our deep understanding of the domain, FinnOne Neo™ has been designed to be highly responsive to changing business

demands. We believe that this product will help create a new paradigm in lending for the global banking and financial services sector.

Traction continues for our integrated global transaction banking solution, FinnAxia™ launched during FY 2014. It is indeed heartening to see the customer acceptance of our evolved products. There is fairly encouraging news from all our existing markets where we are consolidating presence as well as from markets where we have recently begun operations. We believe that with the new products out in market, we would further strengthen our global leadership position. Going forward we remain committed to further enriching the experience of our customers and investing in improving productivity. Strategic transformation is making great progress on the business front and is driving cultural assimilation.
Diverse nationalities bring in local nuances and industry expertise. To that effect, we have brought in some of the best leaders across the globe to join team Nucleus.

I am pleased to inform you that our ongoing investments in differentiating our offerings and pursuing innovation to provide best solutions to the industry helped us maintain our Number One position worldwide in the Lending Solutions space. Your Company's flagship product FinnOne was recognized for the seventh consecutive year as the No. 1 Best Selling Lending System' by International Banking Systems (IBS). The recognition reinforces FinnOne's global leadership in the banking and financial services industry.

Looking ahead...

The Information Technology industry is facing increasing global competition. There is growing interest from companies in related sectors in the technological transformations that facilitate interconnectivity, mobility and big data processing, and flexible information management. In such an environment, our competitive position must remain firmly based on a clearly differentiated offer on which we can continue to build lasting competitive advantages. Our commitment to technology and innovation with a global focus is imprinted in our DNA. We are conscious that building a sustainable business is always a long-term project that requires constant renewal of ambitions for the future. From the position where we started and the one that is now within our reach, thanks to our Values and culture, we will continue to build and maintain brand Nucleus as a preferred partner in growth.

International Monetary Fund (IMF) in its latest World Economic Outlook has predicted that India's growth is expected to strengthen from 7.2 per cent in 2014 to 7.5 per cent in 2015. Growth will benefit from recent policy reforms, a consequent pick-up in investment, and lower oil prices. I believe we have to be part of this growth story.

The greatest opportunity lies in re-imagining what is possible—to compel ourselves to become fearless explorers and innovators who push through boundaries, create bold visions and make plans not constrained by today, but fueled by what technology will be able to do tomorrow. The goal for all of

us should be to propel ourselves into new territory that will transform our collective futures and accelerate the social, political, and economic benefits that only strategic global connectivity can deliver.

Our priorities are focused on maximizing growth potential in various geographic markets, developing and marketing new products, simultaneously boosting the growth of our global accounts, improving the efficiency of our products and delivery processes. As we continue to build this premier business, we will not lose touch with the values that brought us here; Integrity and ethical business conduct form the solid foundation of the company.

Acknowledgments

I express my sincere thanks to the various officials of the Central and State Governments, our bankers and financial institutions for their on-going support and assistance to the Company. I would also like to thank all our customers, dealers and vendors for their confidence in us and for being a part of the Nucleus Software family.

I would also like to thank all Nucleites for their dedication and contribution to our business performance. I would not want to miss the opportunity of thanking my fellow Board members and business associates who have, at all times, provided us with their knowledge and whole-hearted support.

My profuse thanks, of course, are to our shareholders; both institutional and individual, for their deep and abiding trust in the Company.

Finally...

Everyone at Nucleus is fully committed to our strategy and targets. We are on track and will continue relentlessly to implement our strategy. Your confidence made it possible; your feedback is making it work the way we imagined and your belief in what we are doing is going to push us to continuously improve.

Thank you for your support as we continue to build upon our success in the years to come.

Janki Ballabh
Chairman
May 7, 2015

CEO's Message

Vishnu R Dusad

CEO & MD

Dear Shareholders,

It is a yet another humbling experience to connect with you at the start of an exciting year. Guided by our Vision of Making Financial Services Access '**Easy**' and '**Enriching**' Worldwide, Nucleus Software has continued its journey to become a global leader in Lending and Transaction Banking Software Solutions. A clear strategy and ambitious targets have been helping your Company to navigate through the challenging, volatile global environment. Our goal continues to be sustainable growth and we are pursuing this actively and assertively. We know that the challenges we face will not diminish; on the contrary the competitive pressure is unrelenting, but we will continue building trusted partnerships with all our stakeholders to consolidate our market leadership, built on the strong foundation of Ethics and Values.

To address the accelerating pace of change in the market, in the financial year gone by, we embarked on a transformation journey to drive greater innovation, speed, agility, and efficiency across the business. Building on our strong product innovation and R&D capabilities, we executed strategic initiatives for new products, sales and market development and people to help drive transformation and continue the momentum of growth.

Transformation in Products

In the year FY 2015, we launched FinnOne Neo™, a product suite specifically designed to manage end-to-end lending requirements of banking and financial services industry. This comprehensive product suite incorporates the latest in business thinking, compliance, technology, functionality and security aspects. With the banking sector experiencing a change in customer profile, growing competition and increased regulatory and economic pressures, the requirement for a breakthrough product in lending is evident worldwide. Leveraging Nucleus Software's global leadership in lending solutions, this offering has the capability to empower our customers to enhance operational efficiency and drive growth while achieving superior risk management. FinnOne Neo™ enables innovative banks and finance companies to manage all types of lending from personal and home loans to commercial lending and finance against securities.

We remain committed to providing our existing and potential customers with competitive and cutting-edge products and will continue to focus on investments in product innovation and business expansion. The successful launch and subsequent uptake of the lending product suite, FinnOne Neo™ as well as continued traction for the next-generation transaction banking suite launched in FY 2014, FinnAxia™, we are confident of continuing to deliver success for our customers.

Transformation in Markets

During the year, we ventured into new strategic markets, creating opportunities for the Company to increase its customer base and reach. The focus has been on building new customer relationships and strengthening the old ones. The Company invested in marketing operations in order to achieve both, with a conscious decision to grow brand awareness for the longer term as well as building demand and generating leads

for the sales pipeline. The sales team was strengthened and senior sales people were appointed in overseas locations to focus on growing the customer base locally.

Transformation in People

Only a strong global team can drive excellent performance – especially in a challenging business environment. We put particular emphasis on attracting, developing and retaining talents especially in emerging markets, through specifically designed programs. At the same time we aim to continuously improve and strengthen our leadership team and foster a unique performance culture at Nucleus. To this end the Company added to its senior management team to help drive its transformation journey. Senior leaders from across industries joined us for positions in Products, Sales and Marketing, Human Resources and other teams. For a global Company, a diverse workforce that unites different cultural backgrounds and work experience is an important success factor. We recruited people from across the globe and our endeavour is to smoothly manage and assimilate this diversity in work culture to the benefit of the organisation and its customers.

Financial performance

This was a brief update on our continuing transformation journey, now let me focus on the operational performance.

Annual revenues for the year were ₹ 353 crore, against ₹ 346 crore in the previous year. Our planned expenditure on strategic initiatives in product, marketing and sales and people yielded 18 % margins against 19% previous year. Consolidated net profit for the year was ₹ 65 crore against ₹ 64 crore in the previous year. Earnings per share for the year were ₹ 19.98 per share against ₹ 19.87 per share, in the previous year. The Dividend continues to be a core part of our value proposition to shareholders. This year, the Board of Directors proposes a dividend of 50 % (₹ 5.00 per equity share of ₹ 10 each). This proposal will be submitted for approval of the shareholders at the forthcoming Annual General Meeting on July 8, 2015.

Operating cash flow for the year after working capital changes was ₹ 40 crore against ₹ 66 crore in the previous year. The Company continues to enjoy a high level of liquidity with cash and bank balances, fixed maturity and liquid plans of mutual funds and tax free bonds at ₹ 350 crore as on March 31, 2015 against ₹ 322 crore as on March 31, 2014. The Company has been conservative in its investment policy over the years, maintaining a reasonably high level of cash and cash equivalents which enables the Company to completely eliminate short and medium term liquidity risks. These funds are available for the future growth of the Company.

After having been one of the worst performing currencies during most of FY 2014, the Rupee lost 4.3% of value against the US Dollar in FY 2015, to become one of the best performers in the world. Indian Rupee has been remarkably resilient during the year, while other global currencies slumped against the dollar. Currency movements still remain a difficult call and we continue to hedge close to receivables through Forward Contracts. At the year end, the Company had US$ 10.14 million of hedges compared to US$ 9.25 million at the beginning of the year.

Marketing and Sales

We won 13 product orders from all over the world and made concentrated efforts to strengthen Nucleus as a world renowned Brand. During the year, we held numerous events both within India and globally and participated in events in Tokyo, Johannesburg, Manila, Dubai etc. Extensive product campaigns, emails, newsletters and social media played a crucial role in expanding brand visibility and presence. We continued our dialogues with various globally renowned analyst firms to create strong relationships with key influencers.

Awards

I am happy to share that for the seventh year in a row FinnOne™ was ranked as the '**No. 1 Best Selling Lending System**' by International Banking Systems (IBS), a highly influential publisher and industry commentator. The award endorses our vision of providing cutting edge technology solutions through constant innovation to develop world class, customer focused solutions and is a testimony to the success of our solutions in driving sustainable growth and customer satisfaction across the globe. Our reporting and disclosure practices continued to win accolades; our Annual Report won the prestigious Platinum Award for Excellence and was ranked amongst the World's top 50 Annual Reports for the 3rd consecutive year by the League of American Communications Professional (LACP).

What our transformation means...

I feel particularly happy to see the difference that our transformation described here has made to our customers and their customers and ultimately to the lives of ordinary people worldwide. For example, earlier the collection process of banks used to take a some days and cost them dearly; using the Collections module of FinnOne™ Mobility applications, the whole process can now be completed in a few hours in almost any corner of the world, which also reduces operational costs for our customers significantly. Still, we will continue to work harder to ensure that our contributions remain beneficial, helping people to lead easier and more fulfilling lives.

The environment is getting increasingly complex and tough, but we are prepared to meet these challenges with our 25+ years of experience, access to the latest technology, and the skill and dedication of our 1,512 employees who take pride in their work and the value they deliver.

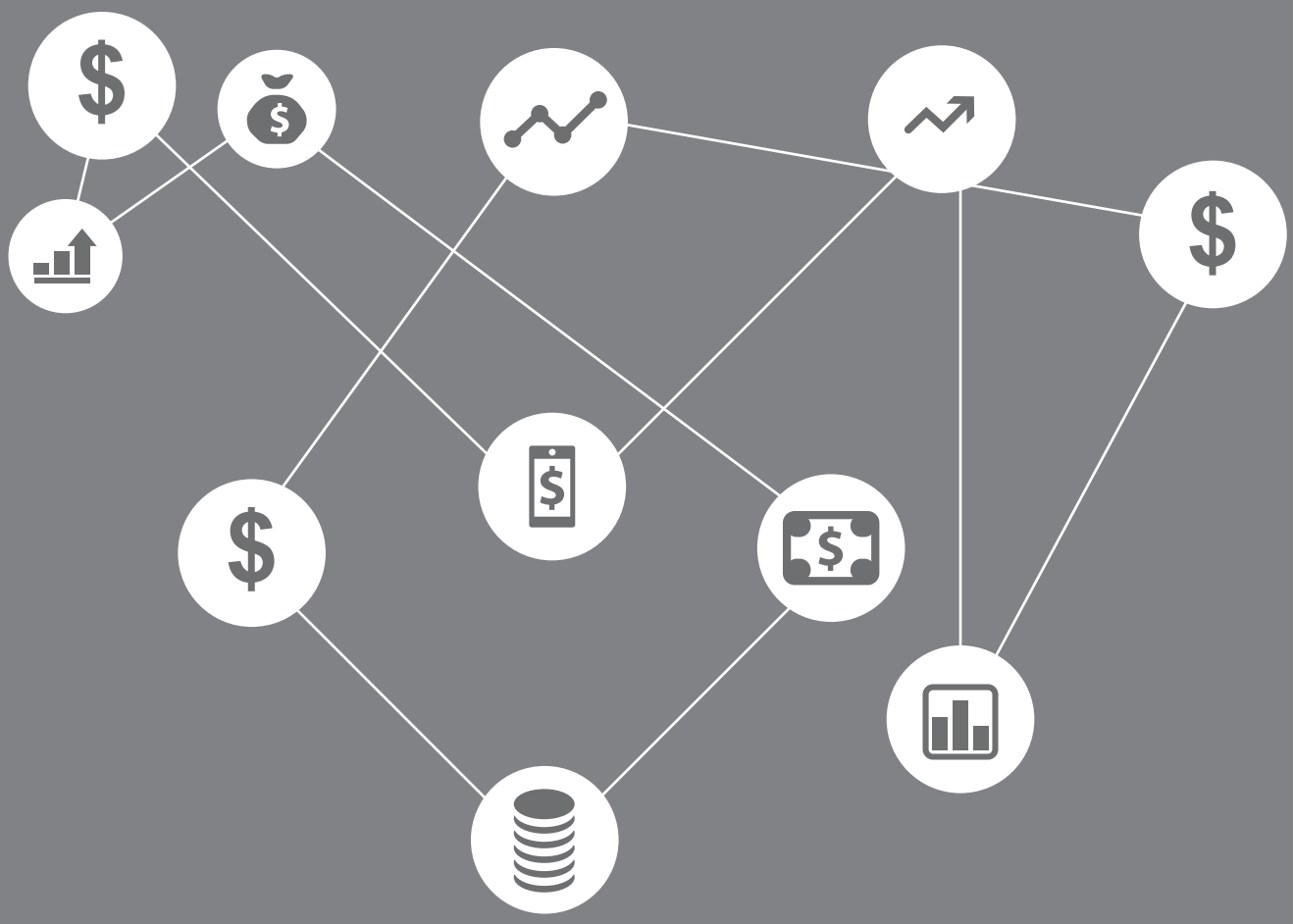
We at Nucleus Software believe that the time for action is now. I wake up each day with a strong urge, motivation and dedication to this transformation journey that we are on. We are committed to make this world a better place, so let's make it happen! Today, Nucleus is well-positioned to seize the moment and hold on to its Leadership role. I am proud of the Nucleus team, and confident that best days lie ahead for us all.

I would like to take this opportunity to thank all of you for your steadfast support as we take the bold steps necessary in pursuit of our mission and vision.

Come along and be a part of this journey.....

Vishnu R Dusad
Chief Executive Officer & Managing Director
Date: May 7, 2015

Shaping
the Future of Finance



The world of finance has been in turmoil for some years now. The nature of the disruption is, however, now changing.

After a prolonged economic crisis, the banking and finance sector seems to be starting to prosper again, with a strong growth in customer demand for loans, transaction banking and other financial services.

However, banks and finance companies face massive changes. Some are predictable but still challenging – the growth in compliance is part of a long term trend. Others are less easy to predict – the influx of non-bank finance companies (NBFCs); the entry of non-traditional players into banking like retailers and telecoms companies; new technologies; and fast- changing consumer demands.

Leading **Innovation**

Nucleus Software has been at the forefront of innovation in the lending and transaction banking market for nearly three decades. We are now ideally placed since technology is the most significant enabler of change in the market today.

Our customer base of more than 150 institutions ranges from some of the largest banks in the world to some of the more specialist finance companies in the market. All of them are driven by a desire for innovation, and they have partnered with Nucleus Software in order to make this a reality.

Working with our exceptional and exciting customers has allowed us to shape the future of finance, through the application of new technology to improving our customers' business.

Technology trends

Right from the start, Nucleus Software set out to improve the way our customers operate. We develop software solutions including workflow and automation tools which have enabled huge efficiencies in back office processing, cutting costs and improving accuracy.

The use of sophisticated rules engines and other innovations have allowed our customers to develop best practices and build that knowledge and sophistication into their everyday business processes. These also allow rapid response to changing business, market or customer demands.

Many of banks have huge customers bases, serviced via vast branch networks with many thousands of staff. Our solutions have therefore had to cope with transaction and user volumes which would match or exceed most finance organisations in the world. Such scale and complexity demands enormous innovation and expertise from our engineers, who consistently prove more than a match for any challenge presented to them.

Online **and mobile**

We were quick to exploit the internet technology to support online banking services, not only for consumers but also in the corporate banking sphere. Our customers are able to offer online facilities both to their customer base as well as to their own staff, increasing customer satisfaction and self-service as well as the flexibility and productivity of their employees.

More recently, we have embraced mobile technology, providing mobility solutions across our product ranges. This has totally transformed the way major banks in India do collections. This includes banks being able to equip operatives to take card payments, instantly register cash recovered and plan and monitor their routes. The growth in smart phones has allowed us to create ever more sophisticated apps for consumers and corporate customers to interact with their banks.

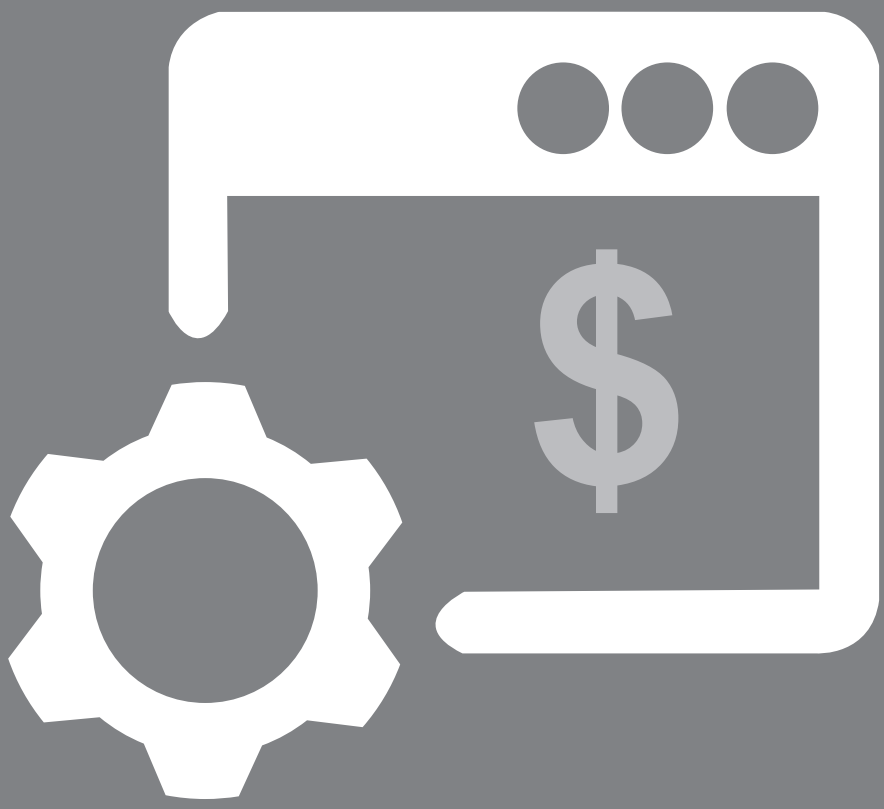
The growth in different channels for interactions between end customers and their banks has created the demand for 'omni-channel' support, so that the customer experience is the same across channels and they can switch between them. Nucleus continues to support this approach to ensure the best possible end user experience.

Next
Generation solutions

The recent launches of next generation solutions for lending (FinnOne Neo™) and transaction banking (FinnAxia™) saw Nucleus apply state-of-the-art technologies to the financial sector. The design and underlying technology of the applications uses services oriented architecture for flexibility and ease of development going forward, as well as strong integration capabilities.

Both solutions are cloud ready – customers have the flexibility to choose a traditional 'on premise' installation or opt for private cloud, public cloud or even hybrid cloud. In both models, Nucleus gives importance to security so the design has feature which ensure absolute data integrity and assurance.

Sector expertise



Nucleus has a clear, specialist focus on two key areas of finance – lending and transaction banking. These are two critical areas for banks and finance companies.

Lending is the lifeblood of most finance organisations – it is where they make their money. It is highly competitive, often complex, and constantly evolving. Innovation is the key to winning and retaining customers, so the ease of developing and launching new finance products is paramount.

At the same time, finance companies must constantly assess risk and comply with ever-growing compliance demands.

With decades of experience in building lending solutions, Nucleus is not only able to meet customer requirements but actually to take the lead, sharing knowledge and building best practices into its solutions.

Transaction banking is increasingly becoming attractive to banks, as falling returns and rocketing risk and compliance burdens drive them out of other traditional areas of their business like investment banking. The promise of regular, repeatable revenue streams and high customer retention are just two of the many reasons why banks globally are moving into transaction banking for the first time, or increasing their focus on it.

Nucleus has focused on this area for many years and offers highly sophisticated, effective solutions. Areas like cash and liquidity management, for example, demand exceptional capabilities when operating in a complex, multinational, multi-bank environment and this is where FinnAxia ™ from Nucleus excels.

Transformation
on a global scale

The challenges of change for the financial sector are global in scale, though often local in nature. While there are many similarities worldwide, there are significant differences in the scale, development and demands of organisations in different markets.

Nucleus has an exceptional capability, with extensive knowledge born out of successfully operating in some of the world's most challenging markets. As we build on our success in Africa, South East Asia and Middle East and expand further into Europe, North America and Australia/New Zealand, we are able to exploit decades of experience and knowledge of operating at the forefront of financial technology.

As Nucleus Software transforms and expands, we will continue to bring this expertise to a new generation of banking and finance companies and end customers. In shaping the future of finance, we hope to play a part in bringing exciting new opportunities and horizons to our stakeholders around the world.

Board of Directors

Sitting Left to right:
Mr. Vishnu R Dusad (CEO and Managing Director) Mr. N Subramaniam, (Non-Executive, Independent Director), Mr. Prithvi Haldea (Non-Executive, Independent Director), Mr. Janki Ballabh (Chairman, Non-Executive, Independent Director), Mrs. Elaine Mathias (Non-Executive, Independent Director), Prof. Trilochan Sastry (Non-Executive, Independent Director) and Mr. R. P. Singh (Executive Director)

Board of Directors

Mr. Janki Ballabh
Chairman,
Non-Executive, Independent Director

Mr. Vishnu R Dusad
CEO & Managing Director

Mr. Prithvi Haldea
Non-Executive, Independent Director

Mrs. Elaine Mathias
Non-Executive, Independent Director

Prof. Trilochan Sastry
Non-Executive, Independent Director

Mr. R. P. Singh
Executive Director

Mr. N. Subramaniam
Non-Executive, Independent Director

Board Committees

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

Nomination & Remuneration Committee
- Mr. Prithvi Haldea, Committee Chairman
- Mr. Janki Ballabh
- Mrs. Elaine Mathias
- Prof. Trilochan Sastry

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

Corporate Governance Committee
- Mr. Janki Ballabh, Committee Chairman
- Mr. Vishnu R Dusad
- Mr. Prithvi Haldea
- Mrs. Elaine Mathias
- Prof. Trilochan Sastry
- Mr. N. Subramaniam

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

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

Offices

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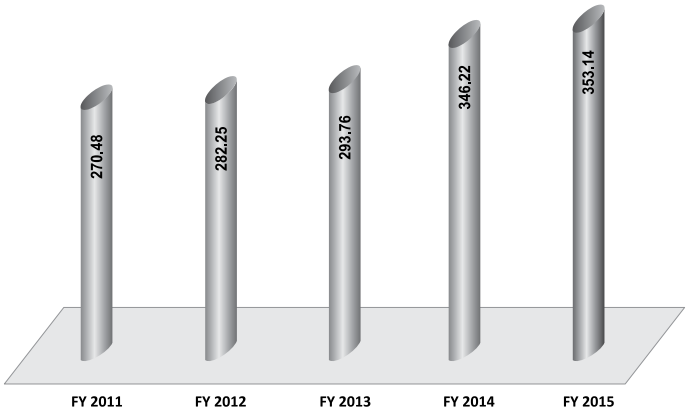
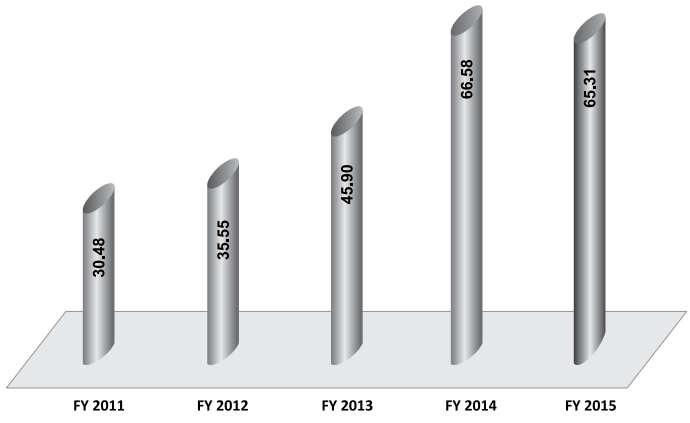
Tel: +91-120-4031400. Fax: +91-120-4031672
Email: investorrelations@nucleussoftware.com
Website: www.nucleussoftware.com

Graphical Representation

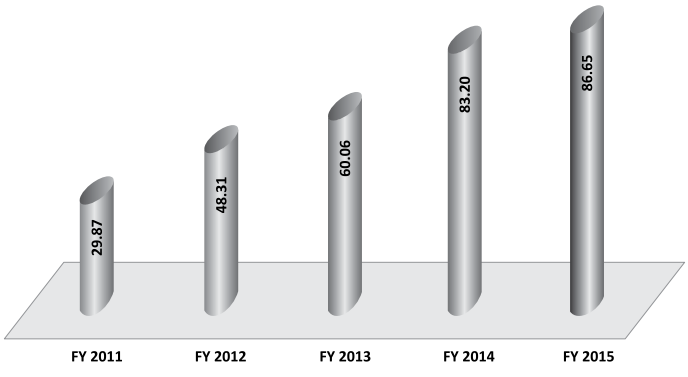
Revenue (in ₹ crore)



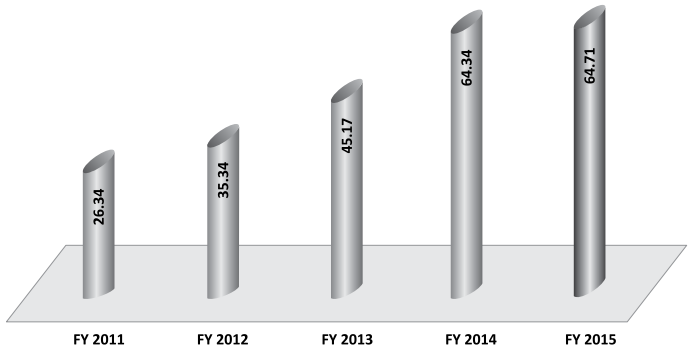
Operating Profit (EBITDA) (in ₹ crore)



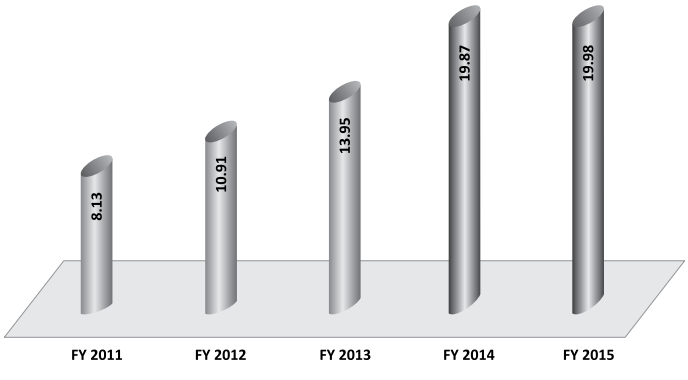
Profit Before Tax (PBT) (in ₹ crore)



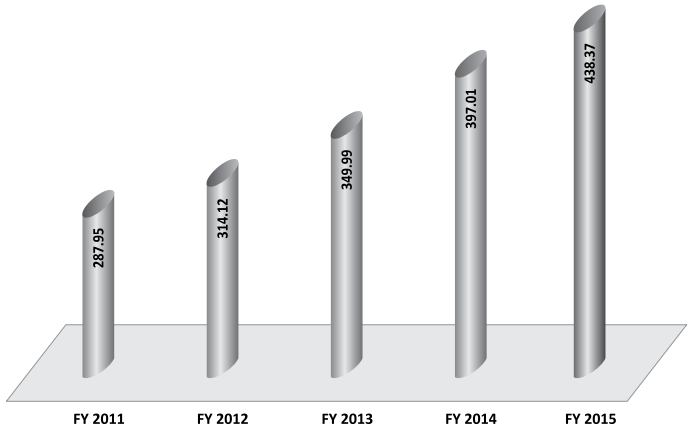
Profit After Tax (PAT) (in ₹ crore)



Earning Per Share (in ₹)



Net Worth (in ₹ crore)



Years at a Glance

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

Consolidated Performance

For the Year Ended March 31,	2015	2014	2013	2012	2011
Revenue from Operations	353.14	346.22	293.76	282.25	270.48
Operating Profit (EBITDA)	65.31	66.58	45.90	35.55	30.48
Depreciation	11.97	7.93	6.09	7.45	9.28
Other Income (inclusive of foreign exchange gain/loss)	33.31	24.55	20.25	20.21	8.66
Tax expense	21.94	18.86	14.89	12.96	3.52
Profit After Tax (PAT)	64.71	64.34	45.17	35.34	26.34
EBITDA as a % of Revenue from Operations	18.49	19.23	15.63	12.60	11.27
PAT as a % of Revenue from Operations	18.32	18.58	15.38	12.52	9.74
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	20.75	22.28	18.09	16.05	10.68
Return on Average Networth (%)	15.49	17.23	13.60	11.74	9.42
As at March 31,	**2015**	**2014**	**2013**	**2012**	**2011**
Share Capital	32.39	32.39	32.39	32.38	32.38
Reserves and Surplus	405.98	364.62	317.60	281.74	255.57
Net Worth	438.37	397.01	349.99	314.12	287.95
Net Fixed Assets	58.95	61.90	50.69	48.91	47.07
Cash Equivalents & Current Investments	281.25	298.02	266.72	196.16	187.51
Working Capital	294.68	293.73	282.18	249.21	218.33
No. of Shares (Face Value of ₹ 10.00)	32,383,724	32,383,724	32,383,634	32,383,454	32,382,524
Market Capitalisation	547.61	705.64	234.78	200.29	277.03
No. of Shareholders	16,589	15,008	16,336	17,953	19,123
Per Share data					
Earning Per Share (in ₹)	19.98	19.87	13.95	10.91	8.13
Dividend Per Share (in ₹)	5.00	6.00	3.00	2.50	2.50
Book Value Per Share (In ₹)	135.37	122.60	108.08	97.00	88.92

Notes:

1. *While calculating figures of group, intergroup transactions have been ignored.*
2. *Previous year figures have been regrouped/ reclassified wherever necessary.*

Years at a Glance

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

Consolidated Performance

For the Year Ended March 31,	2015	2014	2013	2012	2011
Revenue from Operations	57,087	57,742	54,049	58,999	58,736
Operating Profit (EBITDA)	10,558	11,104	8,444	7,431	6,619
Depreciation	1,935	1,323	1,121	1,557	2,015
Other Income (inclusive of foreign exchange gain/loss)	5,385	4,094	3,726	4,224	1,881
Tax Expense	3,547	3,145	2,739	2,709	764
Profit After Tax (PAT)	10,461	10,730	8,311	7,387	5,720
EBITDA as a % of Revenue from Operations	18.49	19.23	15.63	12.60	11.27
PAT as a % of Revenue from Operations	18.32	18.58	15.38	12.52	9.74
Return on Average Capital Employed (PBIT/Average Capital Employed) (%)	20.75	22.28	18.09	16.05	10.68
Return on Average Networth (%)	15.49	17.23	13.60	11.74	9.42
US$/₹ Exchange Rate (In ₹)*	61.86	59.96	54.35	47.84	46.05
As at March 31,					
Share Capital	5,182	5,409	5,967	6,364	7,247
Reserves and Surplus	64,957	60,892	58,511	55,373	57,200
Net Worth	70,139	66,301	64,479	61,737	64,447
Net Fixed Assets	9,432	10,337	9,339	9,613	10,535
Cash Equivalents & Current Investments	45,000	49,770	49,138	38,553	41,968
Working Capital	47,149	49,053	51,986	48,980	48,865
No. of Shares (Face Value of ₹ 10.00)	32,383,724	32,383,724	32,383,634	32,383,454	32,382,524
Market Capitalisation	87,617	117,843	43,254	39,365	62,004
US$/₹ Exchange Rate (In ₹)#	62.50	59.88	54.28	50.88	44.68
Ratios - per share					
Earning Per Share	0.32	0.33	0.26	0.23	0.18
Dividend Per Share	0.08	0.10	0.06	0.05	0.05
Book Value Per Share	2.17	2.05	1.99	1.91	1.99

Notes:

1. *While calculating figures of group, intergroup transactions have been ignored.*
2. *Previous year figures have been regrouped/ reclassified wherever necessary.*
3. **Revenue and expenditure items have been translated at the average US$/₹ rate, mentioned here for the respective years.*
4. *#Balance Sheet items have been translated at year end US$/₹ rate, mentioned here for the respective years.*

DIRECTORS' REPORT

Directors' Report

Dear Members,

We are pleased to present your Company's Twenty Sixth Annual Report, together with the Audited Statement of Accounts, for the year ended March 31, 2015.

1. RESULTS OF OPERATIONS - Financial Results

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company has seven subsidiary companies, all of which are wholly-owned subsidiaries. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis.

a) Consolidated Operations

Revenue from consolidated operations for the year was ₹ 353.14 crore, 2% higher than ₹ 346.22 crore in the previous year. As the Company continued its focus on strategic initiatives for new products, sales and market development and high level people to help drive transformation, the overall operational expense for the year continued to be high at ₹ 287.83 crore, against ₹ 279.64 crore in the previous year. Operating Profit (EBITDA) was at ₹ 65.31 crore, 18% of revenue, against ₹ 66.58 crore, 19% of revenue, in the previous year.

Profit after Tax for the year was at ₹ 64.71 crore, 18% of revenue, against ₹ 64.34 crore, 19% of revenue, in the previous year.

The consolidated financial results are as below: *(₹ in crore)*

For the Year Ended March 31,	2015	% of Revenue	2014	% of Revenue
Revenue From Operations	**353.14**	**100.00**	**346.22**	**100.00**
Expenses				
a) Changes in inventories of stock-in-trade	–	–	4.95	1.43
b) Employee benefit expense	201.44	57.04	180.77	52.21
c) Travel expense	20.01	5.67	19.90	5.75
d) Finance costs (Bank charges)	0.54	0.15	0.51	0.15
e) Other expenses	65.84	18.64	73.51	21.23
Total Expenses	**287.83**	**81.51**	**279.64**	**80.77**
Operating Profit (EBITDA)	**65.31**	**18.49**	**66.58**	**19.23**
Depreciation	11.97	3.39	7.93	2.29
Operating Profit after Interest and Depreciation	**53.34**	**15.10**	**58.65**	**16.94**
Other Income	31.64	8.96	23.81	6.88
Foreign Exchange Gain/ (Loss)	1.67	0.47	0.74	0.21
Profit Before Tax	**86.65**	**24.54**	**83.20**	**24.03**
Taxation				
- Withholding Taxes	0.54	0.15	0.65	0.19
- Net current tax	15.97	4.52	18.87	5.45
- Other taxes	5.43	1.54	(0.66)	(0.19)
Profit After Tax	**64.71**	**18.32**	**64.34**	**18.58**

b) Standalone Operations

Revenue from the standalone operations of your Company for the year was ₹ 279.04 crore against ₹ 241.11 crore in the previous year, an increase of 16 %. Total operational expense for the year was at ₹ 218.06 crore against ₹ 196.53 crore in the previous year, an increase of 11%. Operating Profit (EBITDA) was at ₹ 60.98 crore, 22% of revenue, against ₹ 44.58 crore, 18% of revenue, in the previous year.

Profit after Tax for the year was at ₹ 60.74 crore, 22% of revenue, against ₹ 55.09 crore, 23% of revenue in the previous year.

Standalone financial results are as below: *(₹ in crore)*

For the Year Ended March 31,	2015	% of Revenue	2014	% of Revenue
Revenue from Operations	**279.04**	***100.00***	**241.11**	***100.00***
Expenses				
a) Changes in inventories of stock–in–trade	–	–	4.95	*2.05*
b) Employee benefit expense	145.95	*52.30*	124.80	*51.76*
c) Travel expense	16.91	*6.06*	17.38	*7.21*
d)Finance costs (Bank charges)	0.40	*0.14*	0.35	*0.15*
e) Other expenses	54.80	*19.64*	49.05	*20.34*
Total Expenses	**218.06**	***78.15***	**196.53**	***81.51***
Operating Profit (EBITDA)	**60.98**	***21.85***	**44.58**	***18.49***
Depreciation	10.66	*3.82*	6.76	*2.80*
Operating Profit after Interest and Depreciation	**50.32**	***18.03***	**37.82**	***15.69***
Other Income	29.26	*10.49*	28.77	*11.93*
Foreign Exchange Gain/ (Loss)	0.12	*0.04*	1.17	*0.49*
Profit Before Tax	**79.70**	***28.56***	**67.76**	***28.10***
Taxation				
– Net current tax	13.78	*4.94*	13.38	*5.55*
– Other taxes	5.18	*1.86*	(0.71)	*(0.29)*
Profit After Tax	**60.74**	***21.77***	**55.09**	***22.85***

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

2. SHARE CAPITAL

- **Issued and Paid-up Share Capital**

  The paid-up share capital of the Company, as on March 31, 2015, is 32,383,724 equity shares of ₹ 10 each similar to the paid-up share capital as on March 31, 2014.

  Shares under Compulsory Dematerialization

  The shares of the Company are under compulsory dematerialization ("Demat") category and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Of the entire paid up shares, 32,242,604 shares or 99%, are in dematerialized form as at March 31, 2015. The International Securities Identification Number (ISIN) allotted to the Company's shares is INE096B01018.

3. LISTING

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

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

4. LIQUIDITY AND CASH EQUIVALENTS

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

a. Use cash to provide sufficient working capital to manage business operations of the Company to be able to add value to all our stakeholders and continuously enhance the same.

b. Maintain sufficient cash as reserves that will aid the Company in capturing meaningful business opportunities, including acquisitions.

c. Invest surplus funds in low-risk bank deposits, debt schemes of mutual fund and tax free secured bonds of Public Sector Enterprises.

   Cash and cash equivalents including current investments at a consolidated level of ₹ 281.25 crore, constitute 64% of the shareholders' funds at the year end, against ₹ 298.02 crore, 75% of the shareholders' funds at the close of the previous year. In addition, the Company holds tax free bonds issued by public sector enterprise on a 'hold to maturity' basis of a face value of ₹ 53.63 crore against ₹ 25 crore in the previous year and long-term fixed maturity plans of mutual funds of ₹ 15 crore against nil last year.

5. DIVIDEND

The Dividend Policy of your Company stipulates a dividend payout in the range of 15-30% of the profits available for distribution, subject to:

a) Provisions of The Companies Act, 2013 and other applicable laws, and

b) Cash flows of the Company

We are pleased to state that for the 15th consecutive year, your Company is recommending a dividend this year also. The proposed dividend is 50% (₹ 5.00 per equity share of ₹ 10 each). Last year, the dividend was 60% (₹ 6.00 per equity share of ₹ 10 each) which included a special dividend of 30% (₹ 3.00 per equity share of ₹ 10 each). Dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. If approved, the total dividend payout will be ₹ 16.19 crore, against a payout of ₹ 19.43 crore in the previous year. The total payout will be 27% of standalone profits for the year. No amount was carried to reserves.

The Register of Members and Share Transfer Register shall remain closed during the period July 02 to July 08, 2015 (both days inclusive) for the purpose of the Annual General Meeting and for payment of dividend. The dividend if approved at the Annual General Meeting, will be payable to Members whose names appear on the Register of Members of the Company on July 02, 2015, being the first day of Book-Closure and to those whose names appear as beneficial owner in the records of National Securities Depositories Ltd. and Central Depository Services (India) Ltd. on close of business as on July 01, 2015.

6. FIXED DEPOSITS

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

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The Company policy for determining 'material subsidiaries' and on 'Related Party Transactions', as approved by the Board can be accessed on the Company website link: http://www.nucleussoftware.com/investors.

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

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR 2015 AND DATE OF THIS REPORT

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

10. CHANGE IN THE NATURE OF BUSINESS

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

11. MANAGEMENT DISCUSSION & ANALYSIS

As per requirements of Clause 49 of the Listing agreement, Management's Discussion and Analysis of the financial condition and results of both standalone and consolidated operations have been provided separately in this Annual Report.

12. REVIEW OF BUSINESS & OUTLOOK

Your Company continues its journey as a preferred partner for banking and financial organizations worldwide, providing innovative and pioneering products, services and solutions globally.

Global growth remains moderate, with uneven prospects across the main countries and regions. Relative to last year, the outlook for advanced economies is improving in comparison to the growth in emerging markets and developing economies. Improvement in the global macroeconomic outlook has led to banks focusing on growth, rather than cost reduction and compliance-centric projects. Innovation in banking technologies has transformed the entire process of customer interaction with a bank. Technology has not only enhanced customer experience and satisfaction, but has also made banks omnipresent virtually, through mobile banking and other channels. As per Ovum, a global analyst house, IT budgets in the global retail banking industry will reach US $ 131 bn in 2015, an increase of 4.3% over the previous year.

During the year, your Company continued its transformation journey to drive greater innovation, speed, agility, and efficiency across the business. The year witnessed strategic initiatives on new products, sales and market development and investment in high-level people to help drive transformation and continue the momentum of growth. We believe these initiatives will empower the Company for sustainable growth.

13. NEW PRODUCT LAUNCHES

During the year, your Company launched FinnOne Neo™, a product suite specifically designed to manage end-to-end lending requirements of banking and financial services industry. This comprehensive product suite incorporates the latest in business thinking, compliance, technology, functionality and security aspects. This new offering has the capability to empower our customers to enhance operational efficiency and drive growth while achieving superior risk management. FinnOne Neo™ enables innovative banks and finance companies to manage all types of lending from personal and home loans to commercial lending and finance against securities.

Your Company remains committed to providing its existing and potential customers with competitive and cutting-edge products and will continue to focus on investments in product innovation and business expansion.

14. NOTABLE ACCOLADES RECEIVED DURING THE YEAR

- FinnOne™ has been ranked as the **Global No. 1 Best Selling Lending Banking System** for the Seventh consecutive year by IBS Publishing, UK in their Annual Sales League Table 2015

- Annual Report for the Year Ended March 31, 2014 won the **Platinum Award** for Excellence within the Technology-Software industry category and ranked amongst the World's Top 50 Annual Reports by the League of American Communications Professional (LACP).
- 9th Social and Corporate Governance Awards in the category **"Best Overall Corporate Governance Compliance and Ethics Program** organised by World CSR Congress.
- Titanium Award at **"The Asset Triple A Corporate Awards 2014"** for the Third Consecutive Year under the category Financial Performance, Corporate Governance and Investor Relations.
- "Asian CSR Leadership Awards 2014" in the category, "Best Corporate & Financial Reporting".
- **"The Asian Banker award – 2014"** for "Best Lending Platform Implementation Project" for introducing MARC, an innovative debt servicing solution that allows customers to make payment anytime, anywhere.

15. SUBSIDIARY COMPANIES

Your Company has seven wholly owned subsidiaries across the globe. During the year a Company was incorporated in Johannesburg, South Africa for tapping business potential in the sub-Saharan Africa region. Capital infusion in this Company is in process.

The following table provides a list of all these subsidiaries as on March 31, 2015:

Name of Subsidiary	Location	Date of incorporation
Nucleus Software Solutions Pte. Ltd.	Singapore	February 25, 1994
Nucleus Software Inc.	USA	August 5, 1997
Nucleus Software Japan Kabushiki Kaisha	Japan	November 2, 2001
VirStra *i*- Technology Services Ltd.	India	May 6, 2004
Nucleus Software Netherlands B.V.	Netherlands	February 3, 2006
Nucleus Software Ltd.	India	April 21, 2008
Nucleus Software Australia Pty. Ltd.	Australia	February 3, 2014

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

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

a) Nucleus Software Solutions Pte. Ltd.

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

b) Nucleus Software Inc.

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

c) Nucleus Software Japan Kabushiki Kaisha

Nucleus Software Japan Kabushiki Kaisha (NSJKK) is based in Tokyo, Japan. It was incorporated in 2001 to expand business in the country. NSJKK operates as a business development and sales hub for Japan.

d) VirStra *i*- Technology Services Ltd.

VirStra *i*- Technology Services Ltd. is based in Pune, India. It was incorporated in 2004 to provide software development services, targeted at the Japanese market..

e) Nucleus Software Netherlands BV

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

f) Nucleus Software Ltd.

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

g) Nucleus Software Australia Pty. Ltd.

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

16. INFRASTRUCTURE

Your Company along with its subsidiaries has offices at several locations across the globe. The office space and seating capacity of these offices as on March 31, 2015 is detailed below:

Office Location	Area in Sq. ft.	Seating Capacity - No. of Persons
INDIA		
Noida	208,122	1,677
Jaipur	22,312	250
Pune	9,573	120
Chennai	4,500	48
New Delhi	4,200	40
Mumbai	3,250	31
Singapore	4,807	61
Dubai, UAE	1,290	17
New Jersey, USA	1,250	15
Tokyo, Japan	735	15
Amsterdam, Netherlands	561	15
London, UK	240	4
Manila, Philippines	194	5
Jakarta, Indonesia	99	3
	261,133	**2,301**

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

17. QUALITY PROCESSES

Your Company is committed to ensure the highest level of quality for its products and services. In its journey towards excellence in delivery, "Project Governance" has been selected as its quality theme. Process improvement initiatives were centered on 'Process Standardization' and 'Strong Project Governance' to bring predictability, repeatability and reproducibility. FinnEdge (Standard Implementation Methodology) has been introduced covering 360 degree of the project governance which included processes, people and product. FinnEdge covers various aspects of the project from 'Value Creation to Value Realization' and from 'Project Discovery' to 'Project Implementation' to 'Project Upgrade'.

A dedicated Quality Assurance team handles the process change management, implementation and it's adherence across the organization. Quality assurance team monitors quality and productivity improvements through regular metrics analysis and dashboard reporting.

18. BRAND VISIBILITY

In FY 2015, your Company continued to grow its marketing operations and activities in support of the strategic aspirations of the Company.

The year was one of considerable change for the Company as it structured itself for growth into new markets around the world. This brings new challenges and opportunities from a marketing viewpoint, with the need to grow brand awareness and demand generation on a global scale. Your Company is investing in the marketing operations in order to achieve both, with focus on growing brand awareness for the longer term as well as building demand and generating leads for the sales pipeline. The objectives of the Nucleus marketing team are to:

- Ensure that your Company is known to all its target market as a provider of high quality, innovative lending and transaction banking solutions.
- Establish the Company as a thought leader in the space, whose experts understand the world of banking and finance, the global trends and challenges that are emerging and how technology can be applied to deliver success.
- Equip the sales teams with the materials and tools needed to be successful.

Direct Customer Interactions

Your Company continued to participate in key Industry events like SIBOS in Boston, Financial Information Technology 2014 in Tokyo and the 4th Annual Middle East Banking Innovation Summit 2014 in Dubai to help grow awareness of the brand and to meet and interact with executives from the industry and generate opportunities for the Company.

Events involving meetings of small groups of industry executives were organised to discuss particular topics or view our solutions and understand how we work with other customers like themselves. These took place in Germany, Indonesia and Philippines.

Digital Presence & Visibility

Your Company continued to build presence on social media channels as well as in more traditional press, using a mix of in house and external skills. Social channels offer a powerful way of highlighting our brand and communicating our successes, so focus continues to be applied here. In parallel media activities continue with increased interactions with press including television approaching us for interviews around financial results.

A major focus during the year was creating and launching a new website of the Company, which is now up and running. This features a new, up-to-date look and feel and supports mobile devices, which is increasingly important as more web browsing takes place on mobile phones and tablets. The website is now modern and fresh and works wherever the user wants.

Newsletters, emailers, case studies and various other digital marketing collaterals continue to be created to ensure the brand image is portrayed consistently and with impact. Digital marketing is an area of increased focus as we go forward.

19. HUMAN RESOURCE MANAGEMENT

Your Company's focus has been to create a world class experience for associates in a 'high performance culture'. We are determined to accelerate our growth story by corresponding to the changing needs of our diverse workgroup and constant building of unique people capabilities.

The global employee strength of the Company, at the end of FY 2015, was 1512.

While we serve as a steward for excellence and leadership through organizational effectiveness & recruitment, retention, and enrichment, the organization witnessed launch of organization-wide HR initiatives:

- Creation of a diverse & inclusive work environment through functional leadership and advice, by investments in newer markets to ensure global presence
    - 2015 Recruitment drive for Leadership and Talent Pipeline building:
    - Talent hiring across all geographies at Leadership, Lateral & Entry levels
- Management Trainee & Software Engineer Trainee Programs (from premiere Indian B-schools/Engineering institutes) for inducting fresh talent from the campuses
- 100 days of Innovation campaign, dotted with events like technology coding contests, webinars, Community Service initiatives & events/celebrations which were centered around our 'Core Values'
- Strengthening capability through trainings/workshops/ career dialogues on Project Management, Sales Hunting Orientation, Technology and Product under Functional category and YLP (Young Leaders' Program) and LEAD (Leadership @ Engagement, Action and Development) under Leadership and Professional areas
- Talent development by expansion of web-based learning (MOOCs) to self-paced learning (E-Learning Cafe) in conjunction with the Nucleus Career Growth Model (NCGM) to enable people to learn, perform and grow
- Creation of the One HR/Centralized Communications unit to reflect professionalism & ensure that our programs and services are well communicated.
- Catalyze human assets to deliver efficient results by driving Pay for Performance culture and improving overall operational efficiencies

Going forward, your Company's focus lies on creating an enviable workplace culture, facilitated by revised HR policies/ processes framework, which is responsive to organization needs & at the same time consistent with industry best practices. The integration of goal-based high-performance culture with a clear career development plan for each employee is targeted to increase the learning curve substantially. Along with our commitment to future leadership development, Succession Planning is also an area of focus to help identify and develop competencies through interventions to build capability and staying abreast with changing technology.

We plan to align HR operational initiatives with Nucleus Software's Strategic Plans to leverage and develop our people and technology through innovation and collaborative partnerships to provide unmatched value proposition and exceptional quality of services to all.

20. CORPORATE GOVERNANCE

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

Your Company has established and maintained a strong ethical environment, overseen by a fiercely independent Board of Directors, where 5 out of 7 Directors are independent. The Company practices and policies reflect true spirit of Corporate Governance initiatives. Your Company is in compliance of all mandatory requirements of Corporate Governance as stipulated as per the Clause 49 of the Listing Agreement with the stock exchanges. Compliance status is provided in the Corporate Governance section of the Annual Report. A certificate issued by the Statutory Auditors of the Company confirming compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the stock exchanges, is provided as Annexure C to this Directors' Report.

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

21. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

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

Mr. Janki Ballabh, Mr. Prithvi Haldea, Prof. Trilochan Sastry and Mr. N Subramaniam were existing Independent Directors. During the year, in order to comply with provisions of Companies Act 2013, all of them were appointed as Independent Directors by the shareholders as per the Companies Act, 2013, not liable to retire by rotation, to hold office for five consecutive years.

The Companies Act 2013, Rules made thereunder and Listing Agreement with the Stock Exchanges (including amendments) provide for appointment of Woman Director for prescribed Companies. In compliance with these provisions, the Board of Directors on the recommendation of Nomination and Remuneration Committee, appointed Mrs. Elaine Mathias as a Woman Director (Additional Independent Director) of the Company on September 20, 2014. Mrs. Mathias is a highly reputed professional and earlier served as an Executive Director (Finance) in Bharat Electronics Limited, Bangalore. She brings along with her over 34 years of rich experience in finance and corporate management.

During the year, the Board of Directors also appointed Mr. R P Singh as an Additional Wholetime Director, pursuant to the provisions of Section 161 of the Companies Act, 2013. Mr. R P Singh has been associated with the Company since inception and is presently the President and Head Global Product Management. He is a highly respected professional and a part of core management team of the Company.

The shareholders of the Company through postal ballot, approved the appointment of Mrs. Mathias as an Independent Director as per the Companies Act, 2013 for a period of five years and Mr. Singh as a Whole Time Director liable to retire by rotation.

Mr. Sanjiv Sarin, Director retired by rotation at the last Annual General Meeting held on July 8, 2014 under the applicable provisions of the erstwhile Companies Act, 1956 and the Board decided not to fill the vacancy caused due to his retirement.

During the year as per the provisions of Companies Act 2013, Mr. Vishnu R Dusad, CEO and Managing Director, Mr. Pramod K Sanghi, CFO and President Finance and Ms, Poonam Bhasin, AVP (Secretarial) and Company Secretary, were appointed as Key Managerial Persons of the Company. Mr. Sanghi retired from the services of the Company on March 31, 2015.

22. BOARD EVALUATION

The Board, along with the Nomination and Remuneration Committee, developed and adopted the criteria and framework for the evaluation of each of the Directors and of the Board and its Committees, as required by the following new laws/ regulations:

- Clause 49 of the Listing Agreement with the Stock Exchanges requires the Board to monitor and review the Board evaluation framework.
- The Companies Act 2013 requires a formal annual evaluation by the Board of its own performance and that of its committees and individual Directors
- Schedule IV of The Companies Act 2013 requires performance evaluation of all Independent Directors to be done by the entire Board of Directors, excluding the Director being evaluated.

The evaluation was then conducted as per the approved process (explained in detail in the Report on Corporate Governance of this Annual report). The Evaluation Report prepared by the Nomination and Remuneration Committee was then presented and discussed at a Board Meeting and subsequently approved. In addition, the Chairman of the Committee held one-to-one discussions with the Directors and sought their feed-back on the overall Board Effectiveness, Directors, and Committees of the Board. The Board was satisfied with the performance of each of the Directors and of the Committees, as was evidenced by high average ratings, all above 4 on a scale of 5. The Board also recognized that the induction of 3 new independent Directors and 1 Executive Director on the Board over the last couple of years has indeed brought in qualitative changes to the Board discussions.

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

The Chairman briefed the Board of Directors on the feedback of the Independent Directors, Non-Executive Directors and Managing Director, on the Board Effectiveness, based on the duly filled in Questionnaires and one to one discussions. These were discussed in detail and taken on record. Some of the suggestions emanating from the discussions included a dedicated Board Meeting for discussion on Strategy and Business Plan, the Company's Business Plan to be more realistic, along with a sensitivity analysis, improving communications with all stakeholders instead of focusing just on shareholders.

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

During the year, Charter of the Nomination and Remuneration Committee (NRC), a Committee of the Board, was further revised in accordance with requirements of newly enacted Companies Act, 2013 and revised Clause 49 of the listing agreement with Stock Exchanges. Primary responsibility of the Committee is to identify and nominate suitable candidates for Board membership and as members of senior Management of the Company. The Committee also formulated policies relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

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

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

The policy of the Company for selection of Directors is provided as Annexure D and Remuneration Policy for Directors, Key Managerial Personnel and other employees is provided as Annexure E to this Directors' Report.

24. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the stock exchanges.

25. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTOR'S

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

26. MEETINGS OF THE BOARD OF DIRECTORS

The Board met eight times during the year and details are providing in the Report on Corporate Governance, a part of this Annual Report.

27. COMMITTEES OF THE BOARD

There are currently six Committees of the Board, as follows:

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

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

The Composition of Board committees as on March 31, 2015 is as follows:

	Memberships across Board Committees					
	Audit Committee	**Corporate Governance Committee**	**Nomination & Remuneration Committee**	**Compensation Committee**	**Stakeholder Relationship Committee**	**Corporate Social Responsibility Committee**
Mr. Janki Ballabh		✓	✓			
Mr. Vishnu R Dusad		✓		✓	✓	✓
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias	✓	✓	✓			
Prof. Trilochan Sastry	✓	✓	✓	✓	✓	✓
Mr. R P Singh						
Mr. N. Subramaniam	✓	✓				

28. VIGIL MECHANISM

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

29. SIGNIFICANT AND MATERIAL ORDERS

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

30. RISK MANAGEMENT POLICY

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

31. ADDITIONAL INFORMATION TO SHAREHOLDERS

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

32. AUDITORS

Statutory Auditors

Statutory Auditors of the Company, Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. In accordance with the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014, the Audit Committee post considering the qualifications and experience of Deloitte Haskins & Sell, Chartered Accountants, recommended their reappointment to the Board. The Board further recommends their appointment as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company, to the shareholders' for approval in the ensuing AGM.

Deloitte Haskins & Sells, Chartered Accountants have furnished a certificate of their eligibility as per Section 141 of the Companies Act, 2013 and have provided their consent for appointment as Statutory Auditors of the Company for FY 15-16. As per the relevant provisions of Listing Agreement, your Company has ensured that the Auditors of your Company are subjected to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI. Deloitte Haskins & Sells, Chartered Accountants, have confirmed their compliance with the relevant provision.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

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

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

The Company voluntarily adhers to the various Secretarial Standards issue by the Institute of Companies Secretaries of India.

33. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the financial statements. During the year, in order to further strengthen the internal financial controls, a renowned professional consultant firm was hired to conduct an assessment of the existent internal financial controls and advise on best practices for adoption.

34. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

The CSR Policy may be accessed on the Company website link: http://www.nucleussoftware.com/investors. The objective of CSR Policy of your Company is to support the guiding principle of "Together We Grow". Through the CSR initiatives, your Company strives to provide equitable opportunities for sustainable growth. Your Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers, employees and other stakeholders. The objective of CSR will be achieved through concentrated and dedicated initiatives encompassing the identified core areas of Education, Health & Medical Care, Community at large and Environment. Your Company is conscious of its duties towards the community and our planet and the coming years shall witness your Company in several CSR areas.

Your Company has set up Nucleus Software Foundation, a Trust for the purposes of undertaking CSR activities of the Company. During the year, the Company spent ₹ 0.71 crore on CSR activities, out of the total amount mandated as per law. Your Company was in the process of further identifying worthwhile avenues for CSR expenditure during the year and in its absence, there was a shortfall of ₹ 0.48 crore in the expenditure done on CSR activities with regard to the amount mandated as per law. The Annual Report on CSR activities is provided as Annexure G to this Directors' Report. The Company is committed to CSR and shall strive to at least spend the amount as provided in law.

35. EMPLOYEE STOCK OPTION PLAN (ESOP)

Your Company launched ESOP 2015 during the year. Currently there are three ESOP schemes prevalent in the Company; ESOP scheme - 2005 (instituted in 2005), ESOP scheme - 2006 (instituted in 2006) and ESOP Scheme - 2015 (instituted in 2015). These schemes were duly approved by the Board of Directors and shareholders. ESOP 2005 scheme provides for 600,000 options, 2006 scheme provides for 1,000,000 options and 2015 scheme 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, established during the year, to carry out activities for the benefit and welfare of its Employees by launching various Schemes in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

Particulars			2005 Plan	2006 Plan	2015 Plan
a)	Total number of options under the Plan		600,000	1,000,000	500,000
(b)	Pricing formula		100% of the Fair Market Price as on date of grant	100% of the Fair Market Price as on date of grant	100% of the Fair Market Price as on date of grant
(c)	Options granted during the year		–	–	–
(d)	Options vested as of March 31, 2015		–	–	–
(e)	(i)	Options exercised during the year	–	–	–
	(ii)	Total number of shares arising as a result of exercise of above options during the year	–	–	–
(f)	Options forfeited during the year		–	–	–
(g)	Option lapsed during the year		–	–	–
(h)	Variation of terms of options during the year		–	–	–
(i)	Amount realized by exercise of options during the year		–	–	–
(j)	Total number of options in force as on March 31, 2015		–	–	–

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

36. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 (12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

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

37. DIRECTOR'S RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the financial year ended March 31, 2015 , the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

38. EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company in the prescribed Form MGT-9, is provided as Annexure H to this Directors' Report.

39. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Noida **Janki Ballabh**
May 7, 2015 **Chairman**

ANNEXURES TO THE DIRECTORS' REPORT

Annexure A Particulars of contracts or arrangements with related parties in Form AOC-2

Annexure B Salient features of the financial statement of subsidiaries in Form AOC-1

Annexure C Certificate by Statutory Auditors confirming compliance of the conditions of Corporate Governance

Annexure D Policy for selection of Directors

Annexure E Remuneration Policy for Directors, Key Managerial Personnel and other employees

Annexure F Secretarial Audit Report in Form MR 3

Annexure G Annual Report on CSR activities

Annexure H Extract of Annual Return of the Company in the prescribed Form MGT-9

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

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Annexure A

FORM - AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

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

   There were no contracts or arrangements entered by the Company during FY 2014-15 which were not at arm's length.

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

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

   (a) Name(s) of the related party and nature of relationship: N.A

   (b) Nature of contracts/arrangements/transactions: N.A

   (c) Duration of the contracts/arrangements/transactions: N.A

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A

   (e) Date(s) of approval by the Board, if any: N.A

   (f) Amount paid as advances, if any: N.A

For and on behalf of the Board of Directors

Noida
May 7, 2015

Janki Ballabh
Chairman

Annexure B

FORM AOC -1

Statement containing salient features of the financial statement of subsidiaries

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

Part A : Subsidiaries

1	Name of the subsidiary	NUCLEUS SOFTWARE AUSTRALIA PTY LTD wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	AUD = INR 47.50	
		AUD	INR
4	Share capital	100,000	4,750,000
5	Reserves & surplus	(20,806)	(988,285)
6	Total assets	183,693	8,725,418
7	Total Liabilities	104,499	4,963,703
8	Investments	–	–
9	Turnover	320,697	15,233,108
10	Profit/(Loss) before taxation	(16,000)	(760,000)
11	Provision for taxation	–	–
12	Profit/(Loss) after taxation	(16,000)	(760,000)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE INC. wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD = INR 62.50	
		USD	INR
4	Share capital	350,000	21,875,000
5	Reserves & surplus	820,729	51,295,563
6	Total assets	1,958,275	122,392,188
7	Total Liabilities	787,546	49,221,625
8	Investments	–	–
9	Turnover	1,214,781	75,923,813
10	Profit/(Loss) before taxation	386,538	24,158,625
11	Provision for taxation	174,437	10,902,313
12	Profit/(Loss) after taxation	212,101	13,256,313
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE NETHERLANDS B.V. wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Euro = INR 66.90	
		Euro	INR
4	Share capital	400,000	26,760,000
5	Reserves & surplus	(681,510)	(45,593,019)
6	Total assets	79,828	5,340,493
7	Total Liabilities	361,338	24,173,512
8	Investments	–	–
9	Turnover	98,385	6,581,957
10	Profit/(Loss) before taxation	(18,818)	(1,258,924)
11	Provision for taxation	–	–
12	Profit/(Loss) after taxation	(18,818)	(1,258,924)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOLUTIONS PTE LTD wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	SGD = INR 45.62	
		SGD	INR
4	Share capital	625,000	28,512,500
5	Reserves & surplus	3,948,915	180,149,502
6	Total assets	6,393,004	291,648,842
7	Total Liabilities	1,819,089	82,986,840
8	Investments	–	–
9	Turnover	15,696,165	716,059,047
10	Profit/(Loss) before taxation	(113,236)	(5,165,826)
11	Provision for taxation	(50,247)	(2,292,268)
12	Profit/(Loss) after taxation	(163,483)	(7,458,094)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	JPY = INR 0.5208	
		JPY	INR
4	Share capital	10,000,000	5,208,000
5	Reserves & surplus	15,311,366	7,974,159
6	Total assets	146,604,165	76,351,449
7	Total Liabilities	121,292,799	63,169,290
8	Investments	–	–
9	Turnover	458,626,634	238,852,751
10	Profit/(Loss) before taxation	(30,042,389)	(15,646,076)
11	Provision for taxation	182,700	95,150
12	Profit/(Loss) after taxation	(30,225,089)	(15,741,226)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE LIMITED wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
			INR
3	Share capital		100,000,000
4	Reserves & surplus		(13,675,326)
5	Total assets		167,500,479
6	Total Liabilities		81,198,805
7	Investments		23,000
8	Turnover		10,679,864
9	Profit/(Loss) before taxation		(1,324,508)
10	Provision for taxation		12,508
11	Profit/(Loss) after taxation		(1,337,016)
12	Proposed Dividend		–
13	% of shareholding		100%

1	Name of the subsidiary	VIRSTRA I-TECHNOLOGY SERVICES LIMITED wholly owned subsidiary
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015
		INR
3	Share capital	10,000,000
4	Reserves & surplus	173,833,799
5	Total assets	74,138,747
6	Total Liabilities	9,583,069
7	Investments	119,278,121
8	Turnover	180,219,743
9	Profit/(Loss) before taxation	57,998,400
10	Provision for taxation	16,685,985
11	Profit/(Loss) after taxation	41,312,415
12	Proposed Dividend	–
13	% of shareholding	100%

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

	Sd/- **JANKI BALLABH** *Chairman*	**Sd/-** **VISHNU R DUSAD** *Managing Director & Chief Executive Officer*
Place : Noida **Date : 07 May, 2015**	**Sd/-** **ASHISH NANDA** *Global Head - Finance & Accounts*	**Sd/-** **POONAM BHASIN** *AVP (Secretarial) & Company Secretary*

Annexure C

CERTIFICATE

To the Members of
Nucleus Software Exports Limited

1. We have examined the compliance of conditions of Corporate Governance by **NUCLEUS SOFTWARE EXPORTS LIMITED** ("the Company"), for the year ended on 31 March 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied in all material respect with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 015125N)
Sd/-
SAMEER ROHATGI
Partner
(Membership No. 95540)

Noida
May 7, 2015

Annexure D

POLICY FOR SELECTION OF DIRECTORS

A. OBJECTIVE

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

B. DEFINITIONS

1. **"The Policy"** means Policy for selection of Directors of the Company.
2. **"The Board"** means Board of Directors of the Company.
3. **"The Act"** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
4. **"The Committee"** means the Nomination and Remuneration Committee of the Company as constituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
5. **"Directors"** means Directors of the Company
6. **"Independent Director"** means a Director appointed as such in accordance with the requirements laid down by the Companies Act, 2013 and applicable rules and regulations of Clause 49 of the Listing Agreement, including amendments thereto.

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

C. RESPONSIBILITY FOR SELECTION

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

D. PROCEDURE FOR NOMINATION, SELECTION AND APPOINTMENT OF DIRECTORS

1. Board Initiation

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

2. Selection Procedure

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

a. The Chairman of the Committee, in consultation with its members, shall prepare the candidate profile.

b. The Board members may suggest some potential candidates. The Chairman of the Committee may seek external professional advice for developing a list of potential candidates for Directorship.

c. Profiles of the shortlisted potential candidates shall then be examined by the Committee. The Committee, while evaluating the potential candidates, shall consider a variety of personal attributes, including experience, intellect, foresight, judgment and transparency, and match these with the requirements set out by the Board. While screening the potential candidates, the Committee shall necessarily consider the following:

   (i) Qualifications, skills and experience

   (ii) Potential contribution of the candidate to the Board /Company

   (iii) Time commitment that the candidate can provide

   (iv) Independence of the candidate in case he/she is being appointed as an Independent Director.

d. After review and interviews, the Committee shall recommend a candidate/s to the Board for its approval

e. The Board shall discuss the Committee's proposal and either approve the same or request it to find some more candidates.

f. Before final appointment, the final shortlisted candidates may also be requested to come for a meeting with the Board members.

g. The proposed candidate shall also be required to fulfill the requirements as may be prescribed under the Act, Listing Agreement and other relevant laws.

h. The selected candidate shall then be appointed as an Additional Director, subject to ratification by the shareholders.

i. A formal appointment letter shall be issued by the Company to each new Director, which shall set out the key terms of appointment

E. TERM/TENURE OF A DIRECTOR

1. Managing Director/Whole-Time Director

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

2. Independent Director

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

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

F. Policy Review

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

Annexure E

Remuneration Policy for Board Members, Key Managerial Personnel and other Employees

A. OBJECTIVE

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

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

B. DEFINITIONS

1. **"The Policy"** means Remuneration Policy For Board Members , Key Managerial Personnel and other Employees
2. **"The Board"** means Board of Directors of the Company.
3. **"The Act"** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
4. **"The Committee"** means the Nomination and Remuneration Committee of the Company as constituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.
5. **"Directors"** means Directors of the Company
6. **"Independent Director"** means a Director appointed as such in accordance with the requirements laid down by the Companies Act, 2013 and applicable rules and regulations of Clause 49 of the Listing Agreement, including amendments thereto.
7. **"Key Managerial Person"** means key managerial personnel as defined under Section 2(55) of the Companies Act, 2013 and amendments made from time to time and includes the following personnel in the Company :

   (i) the Chief Executive Officer or the Managing Director or the Manager;

   (ii) the Company Secretary and

   (iii) the Chief Financial Officer;

7. **"Senior Management"** means personnel of the Company who are members of its management team members excluding the Board of Directors.

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

C. REMUNERATION TO EXECUTIVE DIRECTORS

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

1. Remuneration structure of the Executive Directors shall include following components:

   a. Fixed Pay

   b. Perquisites and allowances

   c. Commission

   d. Stock options

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

D. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTORS

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

1. **Commission-based payment**

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

2. **Sitting fee**

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

3. **Employee Stock Options (ESOP)**

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

4. **Pension**

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

5. **Reimbursement of expenses**

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

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

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

The Remuneration shall consist of the following components:

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

F. Policy Review

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

Annexure F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

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

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

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

We report that-

a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Where ever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, as mentioned above. It may be noted that the Chief Financial Officer of the Company, who was appointed in terms of Clause 49 of the Listing Agreement, retired on March 31, 2015 and the Company is required to fill the vacancy of Chief Financial Officer within six months from date of such vacancy as per Section 203(4) of the Companies Act, 2013.

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

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

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

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

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

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

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

We further report that during the audit period, there were no instances of:

(i) Public/Right/Preferential issue of shares / debentures/sweat equity.

(ii) Redemption/ buy-back of securities.

(iii) Decisions by the members in pursuance to section 180 of the Act.

(iv) Merger/Amalgamation/Reconstruction.

(v) Foreign technical collaborations.

for Sanjay Grover & Associates
Company Secretaries

Sd/-
Sanjay Grover
FCS No.: 4223
C P No.: 3850

May 7, 2015
New Delhi

Annexure G

ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

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

The CSR Policy may be accessed on the Company website link: http://www.nucleussoftware.com/investors. The objective of CSR Policy of your Company is to support the guiding principle of "Together We Grow". Through the CSR initiatives, your Company strives to provide equitable opportunities for sustainable growth. Your Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers, employees, other stakeholders and the environment.

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

- **Education –**
  - To encourage the development of human capital of the country by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.
  - Including special education and employment enhancing vocation skills specially among children, women, elderly, and differently abled and livelihood enhancement projects
  - Providing basic computer based literacy programs for unprivileged children in nearby villages
  - Assisting in providing better infrastructural facilities to schools for construction/renovation/repair of hostels, school buildings, classrooms etc.
- **Health & Medical Care –**
  - Promoting preventive health care measures
  - Assisting in providing better infrastructural facilities to Medical Centres/Hospitals/Dispensaries etc.
  - Actively supporting healthcare programmes of nearby localities.
- **Community at large –**
  - Setting up homes and hostels for women, orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
  - Promote employment opportunities for differently abled persons.
  - Development of rural based projects
- **Environment -**
  - Promote ecological balance, protection of flora and fauna, animal welfare, conservation of natural resources and maintaining quality of soil, air and water.
  - Promoting recycling waste for energy production and installation of solar panels.

Your Company has also set up Nucleus Software Foundation ("the Foundation"), a Trust for the purposes of undertaking CSR activities of the Company. During the year, the Company has spent ₹ 0.71 crore on CSR activities.

In the year gone by, the CSR Committee focussed on Education and Health & Medical Care as core areas for the CSR activities for the year. The Company funded projects for installing of handpumps to provide safe drinking water to population residing in selected rural areas of the country. A total of ten handpumps were installed during the year.

The Company promoted Education by partnering with various implementing agencies for providing better infrastructure facilities in schools of identified slum areas, Trainings and workshops for schools in rural areas of the country, computer training to teachers, setting up libraries etc. in schools.

Your Company is conscious of its duties towards the community and our planet and the coming years shall witness your Company in several CSR areas.

Financial details regarding CSR activities of the Company

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

Particulars	Amount in ₹ crore
Average net profit of the Company for the last three financial years (FY 12- FY 14)	59.27
Prescribed CSR expenditure (2% of average net profits as above)	1.19
Details of CSR expenditure during the financial year (FY 15)	
Amount spent	0.71
Amount unspent	0.48

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

CSR project or activity	Sector in which the project is covered	Location of the Projects / programs	Amount outlay (budget) (in ₹ crore)	Amount spent on the projects or programs (in ₹ crore)	Cumulative expenditure upto the reporting period (in ₹ crore)	Amount spent: Direct or through implementing agency
Restoration of school	Promoting education	Tikiapara slums, Kolkata	0.25	0.11	0.11	through implementing agency
Science on wheels for under served schools	Promoting education	Chirang district in Assam	0.14	–	–	through implementing agency
School for the children living in red light area	Promoting education	Ahmednagar	0.14	0.01	0.01	through implementing agency
Handpumps in rural areas	Making available safe drinking water	Villages of gogunda , vallabhnagar and kehrwara tehsils of Rajasthan.	0.10	0.09	0.09	through implementing agency
Educational assistance for tribal students	Promoting education	Tribal areas of Ranchi	0.08	0.02	0.02	through implementing agency
Total			**0.71**	**0.23**	**0.23**	

The Company works with non-governmental organizations /schools/other institutes/organsiations for implementing the above projects.

The Company was in the process of further identifying worthwhile avenues for CSR expenditure during the year and in its absence, there was a shortfall of ₹ 0.48 crore in the expenditure done on CSR activities with regard to the amount mandated as per law. The Company is committed to CSR and shall strive to at least spend the amount as provided in law.

Responsibility statement of the CSR Committee

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-

Vishnu R Dusad
(Chief Executive Officer /Managing Director)

Sd/-

Prof. Trilochan Sastry
(Chairman CSR Committee)

Annexure H

EXTRACT OF ANNUAL RETURN FORM - MGT 9

As on the financial year ended on 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.	**REGISTRATION AND OTHER DETAILS:**	
(i)	CIN	L74899DL1989PLC034594
(ii)	Registration Date	January 9, 1989
(iii)	Name of the Company	Nucleus Software Exports Limited
(iv)	Category / Sub-Category of the Company	Public Company/Company Limited by Shares
(v)	Address of the Registered office and contact details	33- 35, Thyagraj Market, New Delhi – 110003 Tel :– 011 – 24627552,
(vi)	Whether listed company Yes / No	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computer Share Pvt. Ltd. Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-23420815-18 Fax: 040-23420814 mailmanager@karvy.com
II.	**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**	
	All the business activities contributing 10 % or more of the total turnover of the company shall be stated	As per Annexure H 1
III.	**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**	As per Annexure H 2
IV.	**SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity)	
	i) Category-wise Share Holding	As per Annexure H 3
	ii) Shareholding of Promoters	As per Annexure H 4
	iii) Change in Promoters' Shareholding	As per Annexure H 5
	iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Annexure H 6
	v) Shareholding of Directors and Key Managerial Personnel	As per Annexure H 7
V.	**INDEBTEDNESS**	
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Annexure H 8
VI.	**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**	
	i) Remuneration to Managing Director, Whole-time Directors and/or Manager:	As per Annexure H 9
	ii) Remuneration to other Directors	As per Annexure H 10
	iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD	As per Annexure H 11
VII.	**PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**	As per Annexure H 12

Annexure H 1

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code ofthe Product/service	% to total turnover of the Company
1	Products	620	89%
2	Projects & Services	620	11%

Annexure H 2

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Nucleus Software Limited 33-35, Thyagraj Market, New Delhi – 110003	U74120DL2008PLC176975	Subsidiary	100%	2(87) (ii)
2	VirStra *i*-Technology Services Limited 33-35, Thyagraj Market, New Delhi – 110003	U72200DL2004PLC126213	Subsidiary	100%	2(87) (ii)
3	Nucleus Software Solutions Pte. Ltd. 300, Tampines Avenue-5 # 04-06, Tampines Junction, Singapore-529653	N.A.	Subsidiary	100%	2(87) (ii)
4	Nucleus Software Japan Kabushiki Kaisha Mitsubishi Building 11F, 5-2 Marunouchi, 2 Chome Chiyoda Ku Tokyo 100-0005 Japan	N.A.	Subsidiary	100%	2(87) (ii)
5	Nucleus Software Inc. 3086 Congressional Office Park, Suite 10, Kendall Park, NJ 08824 USA	N.A.	Subsidiary	100%	2(87) (ii)
6	Nucleus Software Netherlands B.V. Strawinskylaan 921 Tower A (World Trade Center) 1077 XX Amsterdam Netherlands	N.A.	Subsidiary	100%	2(87) (ii)
7	Nucleus Software Australia Pty. Ltd. Suite 4, 96-98 Wigram Street Harris Park, NSW 2150, Australia	N.A.	Subsidiary	100%	2(87) (ii)

Annexure H 3

IV SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

	Category of Shareholder	No. of shares held at the beginning of the year (as on April 01, 2014)				No. of shares at the end of the year (as on March 31, 2015)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
	(a) Individual /HUF	6,612,784	–	6,612,784	20.42	7,633,984	–	7,633,984	23.57	3.15
	(b) Central Government/State Government(s)	–	–	–	–	–	–	–	–	–
	(c) Bodies Corporate	11,997,882	–	11,997,882	37.05	11,997,882	–	11,997,882	37.05	–
	(d) Financial Institutions / Banks	–	–	–	–	–	–	–	–	–
	(e) Others	–	–	–	–	–	–	–	–	–
	Sub-Total A(1) :	**18,610,666**	**–**	**18,610,666**	**57.47**	**19,631,866**	**–**	**19,631,866**	**60.62**	**3.15**
(2)	FOREIGN									
	(a) Individuals (NRIs/Foreign Individuals)	–	–	–	–	–	–	–	–	–
	(b) Bodies Corporate	–	–	–	–	–	–	–	–	–
	(c) Institutions	–	–	–	–	–	–	–	–	–
	(d) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
	(e) Others	–	–	–	–	–	–	–	–	–
	Sub-Total A(2) :	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Total A=A(1)+A(2)	**18,610,666**	**–**	**18,610,666**	**57.47**	**19,631,866**	**–**	**19,631,866**	**60.62**	**3.15**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
	(a) Mutual Funds /UTI	2,960,110	1,000	2,961,110	9.14	763,284	1,000	764,284	2.36	(6.78)
	(b) Financial Institutions /Banks	34,930	–	34,930	0.11	35,689	–	35,689	0.11	–
	(c) Central Government / State Government(s)	–	–	–	–	–	–	–	–	–
	(d) Venture Capital Funds	–	–	–	–	–	–	–	–	–
	(e) Insurance Companies	–	–	–	–	–	–	–	–	–
	(f) Foreign Institutional Investors	2,481,465	–	2,481,465	7.66	2,777,999	–	2,777,999	8.58	0.92
	(g) Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
	(h) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
	(i) Others	–	–	–	–	–	–	–	–	–
	Sub-Total B(1) :	**5,476,505**	**1,000**	**5,477,505**	**16.91**	**3,576,972**	**1000**	**3,577,972**	**11.05**	**(5.87)**
(2)	NON-INSTITUTIONS									
	(a) Bodies Corporate (Indian)	827,178	1,400	828,578	2.56	772,410	1400	773,810	2.39	(0.17)
	Bodies Corporate (overseas)	–	–	–	–	–	–	–	–	–
	(b) Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	3,363,881	127,438	3,491,319	10.78	4,287,950	118,720	4,406,670	13.61	2.83
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	3,089,049	227,638	3,316,687	10.24	3,293,061	12,000	3,305,061	10.21	(0.04)
	(c) Others									
	CLEARING MEMBERS	96,525	–	96525	0.30	38564	–	38564	0.12	(0.18)
	NON RESIDENT INDIANS	552,994	8,000	560,994	1.73	637,681	8,000	645,681	1.99	0.26
	TRUSTS	1,450	–	1,450	0.00	4,100	–	4,100	0.01	0.01
	(d) Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
	Sub-Total B(2) :	**7,931,077**	**364,476**	**8,295,553**	**25.62**	**9,033,766**	**140,120**	**9,173,886**	**28.33**	**2.71**
	Total B=B(1)+B(2) :	**13,407,582**	**365,476**	**13,773,058**	**42.53**	**12,610,738**	**141,120**	**12,751,858**	**39.38**	**(3.15)**
	Total (A+B) :	**32,018,248**	**365,476**	**32,383,724**	**100**	**32,242,604**	**141,120**	**32,383,724**	**100**	**–**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
(2)	Public	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A+B+C) :	**32,018,248**	**365,476**	**32,383,724**	**100**	**32,242,604**	**141,120**	**32,383,724**	**100**	**–**

Annexure H 4

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2014)			Shareholding at the beginning of the year (as on March 31, 2015)			
		No. of Shares	% of total Shares	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Karmayogi Holdings Private Ltd	9,000,000	27.79	–	9,000,000	27.79	–	–
2	Nucleus Software Engineers Pvt Ltd	2,385,882	7.37	–	2,385,882	7.37	–	–
3	Madhu Dusad	2,045,048	6.32	–	3,066,248	9.47	–	3.15
4	Vishnu R Dusad	1,603,492	4.95	–	1,603,492	4.95	–	–
5	Kritika Dusad	1,000,000	3.09	–	1,000,000	3.09	–	–
6	Ritika Dusad	1,000,000	3.09	–	1,000,000	3.09	–	–
7	Yogesh Andlay	863,534	2.67	–	863,534	2.67	–	–
8	Nucleus Software Workshop Private Limited	600,000	1.85	–	600,000	1.85	–	–
9	Naveen Kumar	72,952	0.23	–	72,952	0.23	–	–
10	Suman Mathur	27,758	0.09	–	27,758	0.09	–	–
11	Card Systems Private Limited	12,000	0.04	–	12,000	0.04	–	–

Annexure H 5

iii. Change in Promoters' Shareholding

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year, as on April 01, 2014/March 31, 2015			Increase /Decrease in share holding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the company
1	Karmayogi Holdings Private Ltd	9,000,000	27.79	April 01, 2014				
		9,000,000	27.79	March 31, 2015	–	Nil movement	9,000,000	27.79
2	Nucleus Software Engineers Pvt Ltd	2,385,882	7.37	April 01, 2014				
		2,385,882	7.37	March 31, 2015	–	Nil movement	2,385,882	7.37
3	Madhu Dusad	2,045,048	6.32	April 01, 2014				
				July 18, 2014	1,021,200	Purchase		
		3,066,248	9.47	March 31, 2015			3,066,248	9.47
4	Vishnu R Dusad	1,603,492	4.95	April 01, 2014	–	Nil movement		
		1,603,492	4.95	March 31, 2015			1,603,492	4.95
5	Ritika Dusad	1,000,000	3.09	April 01, 2014				
		1,000,000	3.09	March 31, 2015	–	Nil movement	1,000,000	3.09
6	Kritika Dusad	1,000,000	3.09	April 01, 2014				
		1,000,000	3.09	March 31, 2015	–	Nil movement	1,000,000	3.09
7	Yogesh Andlay	863,534	2.67	April 01, 2014				
		863,534	2.67	March 31, 2015	–	Nil movement	863,534	2.67
8	Nucleus Software Workshop Private Limited	600,000	1.85	April 01, 2014				
		600,000	1.85	March 31, 2015	–	Nil movement	600,000	1.85
9	Naveen Kumar	72,952	0.23	April 01, 2014				
		72,952	0.23	March 31, 2015	–	Nil movement	72,952	0.23
10	Suman Mathur	27,758	0.09	April 01, 2014				
		27,758	0.09	March 31, 2015	–	Nil movement	27,758	0.09
11	Card Systems Private Limited	12,000	0.04	April 01, 2014				
		12,000	0.04	March 31, 2015	–	Nil movement	12,000	0.04

Annexure H 6

iv. Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year, as on April 01, 2014/March 31, 2015		Increase /Decrease in share holding			Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the company
1	Fidelity Puritan Trust-Fidelity Low-Priced Stock	2,100,000	6.48	01/04/2014			2,100,000	6.48
				25/04/2014	100,000	Purchase	2,200,000	6.79
		2,200,000	6.79	31/03/2015			2,200,000	6.79
2	ICICI Prudential Discovery Fund	1,227,349	3.79	01/04/2014			1,227,349	3.79
				30/06/2014	127,611	Sale	1,099,738	3.40
				04/07/2014	26,258	Sale	1,073,480	3.31
				11/07/2014	55,969	Sale	1,017,511	3.14
				18/07/2014	14,658	Sale	1,002,853	3.10
				22/08/2014	2,853	Sale	1,000,000	3.09
				05/09/2014	13,052	Sale	986,948	3.05
				12/09/2014	202,123	Sale	784,825	2.42
				19/09/2014	167,206	Sale	617,619	1.91
				30/09/2014	185,444	Sale	432,175	1.33
				28/11/2014	15,736	Sale	416,439	1.29
				02/01/2015	9,469	Sale	406,970	1.26
				09/01/2015	101,085	Sale	305,885	0.94
				16/01/2015	25,744	Sale	280,141	0.87
				23/01/2015	21,505	Sale	258,636	0.80
		258,636	0.80	31/03/2015			258,636	0.80
3	HDFC Trustee Company Ltd - A/C HDFC Mid - Capoppor	1,076,346	3.32	01/04/2014			1,076,346	3.32
				16/05/2014	1,076,346	Sale	–	0.00
		–		31/03/2015			–	0.00
4	Arun Jain	675,124	2.08	01/04/2014			675,124	2.08
				11/04/2014	26,000	Sale	649,124	2.00
				18/04/2014	10,000	Sale	639,124	1.97
				25/04/2014	14,000	Sale	625,124	1.93
		625,124	1.93	31/03/2015			625,124	1.93
5	ICICI Prudential Technology Fund	407,507	1.26	01/04/2014	–	Nil movement	407,507	1.26
		407,507	1.26	31/03/2015			407,507	1.26
6	Dolly Khanna	378,339	1.17	01/04/2014			378,339	1.17
				25/04/2014	2,000	Sale	376,339	1.16
				09/05/2014	4,000	Sale	372,339	1.15
				16/05/2014	3,500	Sale	368,839	1.14
				23/05/2014	4,100	Sale	364,739	1.13
				13/06/2014	1,500	Sale	363,239	1.12
				30/06/2014	2,000	Sale	361,239	1.12
				11/07/2014	1,000	Sale	360,239	1.11
				25/07/2014	1,000	Sale	359,239	1.11
				08/08/2014	4,500	Sale	354,739	1.10
				05/09/2014	1,000	Sale	353,739	1.09
				12/09/2014	6,000	Sale	347,739	1.07
				19/09/2014	1,000	Sale	346,739	1.07

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year, as on April 01, 2014/March 31, 2015		Increase /Decrease in share holding			Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the company
				30/09/2014	2,000	Sale	344,739	1.06
				17/10/2014	3,000	Sale	341,739	1.06
				24/10/2014	2,000	Sale	339,739	1.05
				07/11/2014	1,000	Sale	338,739	1.05
				12/12/2014	3,000	Sale	335,739	1.04
				19/12/2014	1,000	Sale	334,739	1.03
				31/12/2014	5,500	Sale	329,239	1.02
				23/01/2015	3,400	Sale	325,839	1.01
				30/01/2015	2,000	Sale	323,839	1.00
				13/02/2015	5,000	Sale	318,839	0.98
				20/02/2015	2,804	Sale	316,035	0.98
				06/03/2015	2,000	Sale	314,035	0.97
				13/03/2015	2,000	Sale	312,035	0.96
				20/03/2015	1,000	Sale	311,035	0.96
				27/03/2015	3,000	Sale	308,035	0.95
		308,035	0.95	31/03/2015			308,035	0.95
7	Dhananjaya Dvivedi	312,000	0.96	01/04/2014	–	Nil movement	312,000	0.96
		312,000	0.96	31/03/2015			312,000	0.96
8	Prakash Purushottam Pai	301,568	0.93	01/04/2014	–	Nil movement	301,568	0.93
		301,568	0.93	31/03/2015			301,568	0.93
9	The Hindustan Times Limited	195,000	0.60	01/04/2014			195,000	0.60
				09/05/2014	5,000	Sale	190,000	0.59
				23/05/2014	5,000	Sale	185,000	0.57
				08/08/2014	25,000	Sale	160,000	0.49
				22/08/2014	10,000	Sale	150,000	0.46
				05/09/2014	5,000	Sale	145,000	0.45
				12/09/2014	5,000	Sale	140,000	0.43
				19/09/2014	10,000	Sale	130,000	0.40
				30/09/2014	30,000	Sale	100,000	0.31
				17/10/2014	10,000	Sale	90,000	0.28
				24/10/2014	5,000	Sale	85,000	0.26
				31/10/2014	5,000	Sale	80,000	0.25
				07/11/2014	5,000	Sale	75,000	0.23
				21/11/2014	20,000	Sale	55,000	0.17
				30/01/2015	10,000	Sale	45,000	0.14
				20/02/2015	10,000	Sale	35,000	0.11
				06/03/2015	5,000	Sale	30,000	0.09
		30,000	0.09	31/03/2015			30,000	0.09
10	HSBC Midcap Equity Fund	189,308	0.58	01/04/2014			189,308	0.58
				02/05/2014	59,600	Purchase	248,908	0.77
				23/05/2014	55,720	Sale	193,188	0.60
				08/08/2014	45,192	Sale	147,996	0.46
				15/08/2014	4,867	Sale	143,129	0.44
				12/09/2014	29,505	Sale	113,624	0.35
				30/01/2015	7,114	Sale	106,510	0.33
				13/03/2015	8,582	Sale	97,928	0.30
				20/03/2015	787	Sale	97,141	0.30
		97,141	0.30	31/03/2015			97,141	0.30

Annexure H 7

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year, as on April 01, 2014/March 31, 2015			Increase /Decrease in share holding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the company
A.	**Shareholding of Directors**							
1	Vishnu R Dusad	1,603,492	4.95	01/04/2014	–	Nil movement		
		1,603,492	4.95	31/03/2015			1,603,492	4.95
2	Narayanan Subramaniam	7,684	0.02	01/04/2014			7,684	0.02
		7,684	0.02	31/03/2015	–	Nil Movement	7,684	0.02
3	R. P. Singh	304,650	0.94	01/04/2014			304,650	0.94
		304,650	0.94	31/03/2015	–	Nil Movement	304,650	0.94
4	Sanjiv Sarin*	17,300	0.05	01/04/2014			17,300	0.05
		17,300	0.05	31/03/2015	–	Nil Movement	17,300	0.05
5	Prof. Trilochan Sastry	–	–	01/04/2014				
				06/06/2014	100	purchase	100	0.00
				20/06/2014	900	purchase	1,000	0.00
		1,000	–	31/03/2015			1,000	0.00
B.	**Shareholding of Key Managerial Personnel**							
1	Pramod K Sanghi	9,810	0.03	01/04/2014			9,810	0.03
			0.00	11/12/2014	(600)	sale	9,210	0.03
		9,210	0.03	31/03/2015			9,210	0.03
2	Poonam Bhasin	10	–	01/04/2014			10	0.00
		10	–	31/03/2015	–	Nil Movement	10	0.00

The following Directors did not hold any shares during the FY 2014-15:

- Janki Ballabh
- Prithvi Haldea
- Elaine Mathias

* Sanjiv Sarin retired as Director w.e.f 8th July, 2014

Annexure H 8

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

The Company continues to remain debt-free Company

Annexure H 9

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Vishnu R Dusad	R P Singh	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,000,000	8,900,661	1,490,0661
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	80,404	164,400	244,804
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	Nil	Nil	NIL
3.	Sweat Equity	Nil	Nil	NIL
4.	Commission			
	- as % of profit	Nil	Nil	Nil
	- others	Nil	Nil	NIL
5.	Others			
	Employer's contribution to PF	360,000	444,000	804,000
	Total (A)	**6,440,404**	**9,509,061**	**15,949,465**
	Ceiling as per the Act	₹ 66,055,000 (being 10% of the Net Profits of the Company calculated as per Section 198 of the Company Act, 2013).		

Annexure H 10

ii. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Janki Ballabh	Prithvi Haldea	Elaine Mathias	Sanjiv Sarin	Prof. Trilochan Sastry	N Subramanaiam	
3.	**Independent Directors**							
	• Fee for attending board/ committee meetings	520,000	1,040,000	440,000	NIL	800,000	600,000	3,400,000
	• Commission*	1,354,167	1,354,167	716,037	367,295	1,354,167	1,354,167	6,500,000
	• Others, please specify							
	Total (1)	**1,874,167**	**2,394,167**	**1,156,037**	**367,295**	**2,154,167**	**1,954,167**	**9,900,000**
4.	Other Non-Executive Directors	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	
	• Fee for attending board/ committee meetings							
	• Commission	–	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–	–
	Total (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Total (B) = (1 + 2)	**1,874,167**	**2,394,167**	**1,156,037**	**367,295**	**2,154,167**	**1,954,167**	**9,900,000**
	Total Managerial Remuneration							**9,900,000**
	*Overall Ceiling as per the Act	₹ 6,605,000 (Being 1% if the net profits of the Company calculated as per Section 198 of the Companies Act, 2013						

Annexure H 11

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary (Poonam Bhasin)	CFO (Pramod K Sanghi)	Total
1.	Gross salary	NA			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2,424,616	7,919,635	10,344,251
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		Nil	39,600	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		Nil	Nil	Nil
2.	Stock Option		Nil	Nil	Nil
3.	Sweat Equity		Nil	Nil	Nil
4.	Commission				
	- as % of profit		Nil	Nil	Nil
	- others, specify...		Nil	Nil	Nil
5.	Others, please specify		Nil	Nil	Nil
	Employer's contribution to PF		130,440	371,869	502,309
	Total		**2,555,056**	**8,331,104**	**10,886,160**

Annexure H 12

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES for the year ending March 31, 2015

Annexure I

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

A. CONSERVATION OF ENERGY

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

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

- Installing a few LED lights in the office on experimental basis. The plan is to replace in phases all Sodium vapor and CFL based lighting to LED based lighting which will give immense savings in Electricity consumption.
- Installing new air conditioning plant of latest technology; which consumes lesser power.
- Strong measures are being initiated to ensure no unnecessary equipment is left in a switch on mode during non-working hours.
- Use of latest technology such as T5 and CFL lights to economize our electrical consumptions.
- Use of AAC blocks in construction for keeping the load and pressure on air-conditioning minimal.
- Use of furniture and equipment products that are standard and branded, and which comply with environment-friendly specification.
- Implementation of Green building designs and construction which dramatically reduces the enormous amounts of energy that buildings consume in heating, cooling, lighting and water use.
- Regular UPS and AC plant maintenance to ensure efficient working of the equipments.
- New DG synchronization panel was procured during the year, to run the DG set at optimum load. Care was taken to keep air and noise pollution well within the prescribed limits.
- Installing of Energy Meters for closed monitoring of AHU run hours on daily basis.
- Continuous monitoring of floor areas after normal working hours and switching off lights and AC requirements

The overall effect of the above measures has led to reduction of energy consumption vis-à-vis the last year. Water efficiency and conservation initiatives, rainwater harvesting systems, help the Company in significant conservation of water and minimal wastage. Various eco-friendly green ideas have also been put to use at the SEZ facility at Jaipur like use of ground air-conditioning system, grid linked solar power etc.

B. RESEARCH AND DEVELOPMENT

Your Company has an IP-led business model and globally licenses Intellectual Property in the form of products for the Banking and Financial Services Industry. As a Product Company, we believe that R&D is the key to sustained development and hence we continue to invest in a broad range of research and product development efforts.

Your Company continuously engages in research and development activities to build software products with advanced technologies for the future. The key focus areas of Research and Development at Nucleus are :

- Scan environment (markets / customers / analysts /competitors)
- Establish business and technology roadmap for Nucleus Products
- Pilot/Prototype new capabilities
- Build new Product releases
- Support Sales & Marketing in developing Go-to-Market plans
- Enable and handover to Implementation teams

Our innovation investments focus on the emerging technology trends and breakthroughs that we believe offer significant opportunities to deliver value to our customers and growth for the Company. To efficiently execute on the R&D project portfolio, your Company takes steps to drive R&D value management through increased awareness, governance and business process improvement. R&D strategies are linked with those of the entire organization such that product development drives business value throughout its functional departments.

1. R&D Initiatives in Specific Areas

Your Company is one of the few IT companies in India, focused on building its own Intellectual Property. Since 1989, Nucleus has been continuously involved in research and development activities to develop new business applications for the banking industry. Being a product development Company, there is a continuous need to develop and upgrade software and associated services. Our software products are developed internally, which allows us to maintain our competitive advantage. It also gives us the freedom to

take appropriate call on modifications and enhancements whenever necessary. As per the plan, your Company added several key new members to the R&D team and hired technology experts during the year. The objectives of your Company's initiatives in R&D are as follows :

- Creation of competitive quality and increased productivity of research and development activities
- Obtaining new knowledge applicable to the Company's business needs, that will eventually result in new or improved products, processes, systems and services
- Leveraging new generation technologies to offer innovative products for the Banking and Financial Services Industry
- Enhancing product functionality in the retail and corporate banking areas by adding new modules and enriching the existing modules to meet the changing requirements of the customers globally

Your Company has a full-fledged R&D team; headed by a senior Management team member with multiple years of experience in product development and delivery. We have also created a centralized business analyst pool which interacts with customers to ensure that their requirements are clearly documented and understood, and to support the delivery in delivering as per norms. New technologies are being developed that will place risk management at the centre of any business strategy deployed by financial institutions, especially in these uncertain times.

The research areas under focus in the future will be tools, performance and agility, security and privacy, customer experience, ubiquity and health. We are also working towards achieving 100% compliance with relation to all our processes. During the year, we have had high number of successful deliveries across the globe, and a very high satisfaction rating from many customers. The focus now is on increasing robustness of the products and proactively sending updates to the customers. This will ensure that customer encounters reduced support issues which will also reduce his support cost substantially. As the primary objective, investments in enhancements and development of path beating niche products will continue, thus delivering enhanced customer value.

We are confident that Nucleus products will continue to add business value to the current and future customers and partners.

2. Benefits of the above R&D & Future Plan of Action

The focused investment in Products and the intensive Research & Development initiatives undertaken by your Company during the year has helped to stay ahead of competition both functionally and technically, and in line with customer requirements.

In the current phase of growth, Nucleus attempts to further enhance Value delivered to clients. We are focusing on creating newer products and superior versions of the existing products. The achievements from continuous R&D efforts can be briefly displayed as follows:

- Delivering continuous improved product release
- Large install base
- Inroads into global market
- Contribution to revenue growth
- Recognition from global analysts

In the year FY 2015, we launched FinnOne Neo™, a new product suite specifically designed to manage end-to-end lending requirements of banking and financial services industry. This comprehensive product suite incorporates the latest in business thinking, compliance, technology, functionality and security aspects. FinnOne Neo enables innovative banks and finance companies to manage all types of lending from personal and home loans to commercial lending and finance against securities.

FinnOne Neo™ is a solution for End-to-End loan lifecycle management as it facilitates:

- Market Leadership with Agile GTM
  - Accelerated GTM: Swift solutions to react to the changing market dynamics
  - Flexibility: Easy configurability of business/credit policy to manage regulations & compliance norms
- Business Growth through Customer Centricity
  - Customer Self Service - Transparent access across layers Omni channel access via numerous devices such as desktop, tablets and mobile devices
  - Customized product offerings based on specialized analytics
  - Single customer view: Simpler & faster query resolution
- Enhanced Efficiencies and Open Architecture
  - Higher Productivity: Faster, paperless, Bulk & STP Processing
  - Extended Business Operations during routine processing cycle
  - Easy Integration with IT ecosystem
  - Application/web server, DB, OS and browser agnostic for cost optimization

- Profitable Growth with Better Risk Management
  - Enhanced Credit Quality: Rule based policies, de-duplication for repeat/fraud customer checks and integration with Credit Bureaus interfaces
  - Faster and better delinquency controls with audit-ability features
  - Lower NPA through analytics based scorecard

FinnOne Neo™ covering acquisition, management and debt collection, is a unique blend of domain and technology expertise built to redefine the future of lending operations worldwide. The successful launch and subsequent uptake of the new lending product suite, FinnOne Neo as well as continued traction for the next-generation transaction banking suite launched in FY 2014, FinnAxiaTM, we are confident of continuing to deliver success for our customers. R & D is a continuous innovation process and with changing needs and technology, we would need to reinvent our products and versions as we go along.

3. Research & Development Expenditure

As reported, the in house R&D unit of your Company located in the corporate office in Noida, was accorded recognition by the Department of Scientific and Industrial Research (DSIR) effective December 31, 2012 valid till March 31, 2015. Further in the year ended March 31, 2014, your Company also received approval of the in-house Research and Development facility as above; for the purposes of section 35 (2AB)of the Income Tax Act 1961, from December 31, 2012 to March 31, 2015. Accordingly, the Company has during the year ended 31 March , 2015 availed and recognised tax benefit under section 35 (2AB).

The R&D expenditure for FY 2015 and FY 2014 is as follows:

(₹ in crore)

	2015	**2014**
Revenue expenditure	19.02	16.45
Capital expenditure	–	–
Total	**19.02**	**33.79**
R&D expenditure/Total revenue	6.82%	6.82%

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Export Initiatives and Development of New Export Markets

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

During the year, your Company won 13 product orders and implemented 22 product modules all over the world.

In FY 2015, foreign exchange earnings were at ₹ 223.16 crore, 80% of revenue against ₹ 171.26 crore, 71% of total revenue in FY 2014.

2. Foreign Exchange Earned and Used

(₹ in crore)

For the Year ended March 31,	**2015**	**2014**
Foreign Exchange earnings		
from software development of products and services	223.16	171.26
from dividend and interest income	0.03	9.45
Foreign Exchange outgo	39.66	30.35
(Including capital goods)		

For and on behalf of the Board of Directors

Noida
May 7, 2015

Janki Ballabh
Chairman

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance

"Corporate Governance is the acceptance by Management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a Company." Excerpts from Securities and Exchange Board of India (SEBI) Consultative Paper on Review of Corporate Governance Norms in India.

Both globally as well as in India, Corporate Governance is increasingly being recognized as a key component in the efficient functioning of every business. Good Corporate Governance practices are sine qua non for a sustainable business organisation that aims at generating long term value for all its stakeholders. It mainly involves the establishment of structures and processes, with appropriate checks and balances, that enable the Board to discharge its responsibilities accordingly.

In order to align with the provisions of the Companies Act, 2013, to adopt best practices on Corporate Governance and to make the Corporate Governance framework more effective, in April 2014, the Securities and Exchange Board of India (SEBI) made amendments to Clauses 35B and 49 with a view to review the provisions of the Listing Agreement. Upon examination of the representations and concerns therein raised by representatives of market participants including companies and industry associations , SEBI further made amendments to Clause 49 of the Listing Agreement to foster an environment of adoption of best practices of Corporate Governance for listed entities, effective October 1, 2015.

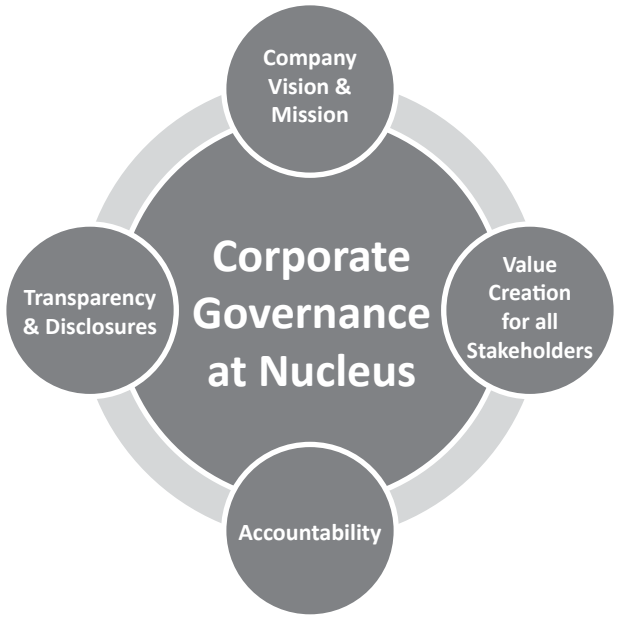
Our commitment to adoption of best practices of Corporate Governance makes us compliant with the Companies Act 2013 as well as the mandatory provisions of Corporate Governance of Listing Agreement.

The flow of content in this Report is as follows:

Report on Corporate Governance

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

Company's philosophy on Corporate Governance



Nucleus believes that effective Corporate Governance implies fair, transparent and equitable treatment of all its stakeholders including shareholders, partners, vendors, customers and employees. The driving forces of Corporate Governance at Nucleus are its core values: belief in people, entrepreneurship, customer orientation and pursuit of excellence. Corporate Governance philosophy at Nucleus is to not only comply, not just in letter but also in spirit, with the statutory requirements, but also voluntarily formulate and adhere to best Corporate Governance practices.

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

A. Board of Directors

The Company's Board of Directors plays a key role in providing direction in terms of strategy, target setting and performance evaluation of top management. It places special emphasis on compliance as also ensuring that the Company operates in the best interests of all its shareholders.

Nucleus firmly believes that Board independence is essential to bring objectivity and transparency in the management of the Company. The current policy is to have an appropriate mix of executive and independent Directors to maintain the independence of Board, and separate its functions of governance and management.

a) Attributes of a Board

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

b) Size and Composition of the Board

An ideal Board should ensure an appropriate balance of power, independence and authority. As of March 31, 2015, the Board at Nucleus consists of seven members; five of Board members are Non-Executive, Independent, Directors. All Independent Directors, with their diverse knowledge and expertise, provide valuable contribution in the deliberations and decisions of the Board, maintaining the requisite independence.

Composition of the Board as on March 31, 2015:

Name of Director	Position	Age in years
Mr. Janki Ballabh (DIN 00011206)	Chairman, Non-Executive, Independent Director	72
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	58
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	64
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	61
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	55
Mr. R. P. Singh (DIN 00008350)	Executive, Whole-time Director	52
Mr.N Subramaniam (DIN 00166621)	Non-Executive, Independent Director	54

Table 1

Mr. Janki Ballabh, Mr. Prithvi Haldea, Prof. Trilochan Sastry and Mr. N Subramaniam were existing Independent Directors. During the year, in order to comply with provisions of Companies Act 2013, and Rules made thereunder, all of them were appointed as Independent Directors by the shareholders as per the Companies Act, 2013, not liable to retire by rotation, to hold office for five consecutive years.

The Companies Act 2013, Rules made thereunder and listing agreement with the Stock Exchanges (including amendments) provide for appointment of Woman Director for prescribed Companies. In compliance with these provisions, the Board of Directors on the recommendation of Nomination and Remuneration Committee, appointed Mrs. Elaine Mathias as a Woman Director (Additional Independent Director) of the Company on September 20, 2014. Mrs. Elaine Mathias is a highly reputed professional and earlier served as an Executive Director (Finance) in Bharat Electronics Limited, Banglore. She brings along with her over 34 years of rich experience in finance and corporate management.

During the year, the Board of Directors also appointed Mr. R. P. Singh as an Additional Whole Time Director, pursuant to the provisions of Section 161 of the Companies Act, 2013. Mr. R. P. Singh has been associated with the Company since inception. Mr. R. P. Singh, President and Head Global Product Management, is a highly respected professional and a part of the core management team of the Company.

The shareholders of the Company through postal ballot, approved the appointment of Mrs. Mathias as an Independent Director as per the Companies Act, 2013 for a period of five years and Mr. Singh as a Whole Time Director liable to retire by rotation.

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

Mr. Janki Ballabh, Chairman, Independent Director

Mr.Janki Ballabh, an eminent banker and former Chairman of the State Bank of India and State Bank Group, has vast experience and expertise in finance, banking and corporate management.

He is presently a Director on the Boards of Tata AIG Life Insurance Co. Ltd., Tata Capital Ltd., Tata Capital Housing Finance Ltd., Tata Capital Financial Services Ltd., and Tata AIG General Insurance Company Ltd. In addition to his general corporate experience, his vast and rich experience, consistent with Nucleus strategy, provides strategic and operational excellence to the Company and a capability to drive innovation.

Mr. Janki Ballabh joined the Board of Directors of Nucleus Software Exports Ltd. in November 2008.

Mr. Vishnu R. Dusad, Managing Director & CEO

Mr. Vishnu R. Dusad is one of the main founders of Nucleus Software Exports Ltd. and has served as a Director since the inception of the Company. Mr. Dusad completed his Bachelor's Degree in Technology from the Indian Institute of Technology (IIT), Delhi and has been associated with the development of the software industry in India since 1983 as an entrepreneur. Mr. Dusad has enriched Nucleus with his technology background and 28 years of valuable professional experience in the exciting space of BFSI IT Solutions. He has a deep commitment to making a difference in the lives of fellow Nucleites, and through Nucleus, to the world around. His success in concluding business deals for implementing Nucleus Products globally owes much to a deep sensitivity to cross-cultural nuances. His experience encompasses areas of software development, creation of strategic alliances, business development, and strategic planning.

Mr. Prithvi Haldea, Independent Director

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

In 1989, Mr. Haldea set up PRIME Database, the country's first and still the only database on the primary capital market. It has a large subscriber base, and is widely reported by the media. Mr. Haldea is a visiting faculty at several institutions and has addressed hundreds of conferences in India and aboard.

Mr. Haldea is presently the Member of the Government's Standing Council of Experts for the Financial Sector, FSDC Committee on Commission/Incentive Structure of the Distributors of Financial Products, Ministry of Finance Task Force on Financial Redress Agency, and Member of the Quality Review Board-ICAI. He is also a member of several committees including SEBI Primary Market Advisory Committee, SEBI Committee for Reviewing Disclosures and Application Form in Public Issues, ICSI Standing Committee for Development of a Model for Assessing Corporate Governance, Listing Advisory Committee of NSE. Mr. Haldea is the Chairman of PHDCCI Capital Markets Committee and Chairman of the ASSOCHAM's National Council for Capital Markets. He is also a Jury for ASSOCHAM's awards for Corporate Governance and for Corporate Social Responsibility. Mr. Haldea is also a member of the Expert Group for ICSI National Award for Excellence in Corporate Governance. Additionally, he is an Advisor to the Association of Investment Bankers of India and to Gaja Capital Pvt. Ltd.

In the past, Mr. Haldea has served, among others, as a Board Member of the Central Listing Authority-SEBI, First Trustee of the Pension Fund Regulatory & Development Authority, Board of Governors of Indian Institute of Corporate Affairs, Central Government Nominee on the Governing Council of The Institute of Chartered Accountants of India, Central Government Nominee on the Governing Council of The Institute of Company Secretaries of India, Finance Minister's High-level Expert Committee on Corporate Bonds and Securitization, SEBI Secondary Market Advisory Committee, SEBI Committee on Disclosures & Accounting Standards, SEBI Committee for Review for MAPIN, Rules Committee (for the Companies Act) of the Ministry of Corporate Affairs, MCA Committee on Review of Corporate Governance Norms, MCA Committee for Review of the Chartered Accountants Act, and Index Committee, Listing Committee and Delisting Committee of BSE and Delisting Committee of DSE. He was also on the board of UTI Mutual Fund as an Independent Director for nearly 6 years till end 2011. He was also a member of CII's National Task force on Financial Markets and NASSCOM's Corporate Governance & Ethics Committee.

As an investor protection activist and proponent of good corporate governance, Mr. Haldea regularly raises issues with regulators and in the media. In the pursuit of this objective, he has also launched several unique websites which include www.watchoutinvestors.com, aggregating information on economic defaulters which now lists over 1,75,000 cases, www.primedirectors.com: a databank of professionals for listed companies to select independent directors, now hosting profiles of over 20,000 professionals, www.indianboards.com profiling directors of listed companies and www.msmementor.in, a national skills registry of professionals for the benefit of MSMEs. He had earlier designed and maintained www.directorsdatabase.com, covering detailed profiles of directors of Indian listed companies and www.iepf.gov.in, an investor education initiative. Mr Haldea has also extended his skills of information management to other organizations, by creating www.bsepsu.com, a website dedicated to disinvestments, a new website www.divest.nic.in for the Department of Disinvestment, and the PE/VC Directory for the Indian Venture Capital Association.

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

Mrs. Elaine Mathias, Independent Director

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

Mrs. Elaine Mathias is a highly reputed professional with thirty four years experience in Bharat Electronics Limited (BEL), Bangalore, a Navratna Company under the Ministry of Defence, Government of India, from where she superannuated as Executive Director (Finance). BEL has 9 Geographic Units encompassing 20 Strategic Business Units and has a product range of more than 300 products. At BEL she was in charge of various portfolios in Corporate Finance like Accounts, Taxation, Treasury, Budgeting and Pricing and introduced continuous improvements in systems and procedures in all these areas.

She was the Finance member of the team that negotiated the initial Business Plan for the Joint Ventures BEL has formed with international companies of repute. She played a major role in negotiating with the Operating Agency and bringing about the turnaround of the BEL Subsidiary in 2000-2001.

Besides her Finance role, she played a very active part in all Human Relations activities including negotiations with the Unions and framing of Personnel Policies within the Government Guidelines. She has proficiency in development of various financial systems, risk management, regulatory compliances, strategy implementation, talent management, best practices of corporate governance, etc. She has good communication skills and is called upon to deliver talks both in-house and in reputed Institutes.

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

She has interacted and represented BEL at meetings with various external agencies like Bankers, Credit rating agencies, Statutory Auditors, Government Auditors, Cost Auditors, Government officials, Financial Analysts, Institutional Investors and Technology Collaborators.

Mrs. Elaine Mathias joined the Board of Directors of Nucleus Software Exports Ltd. in September 2014.

Professor Trilochan Sastry, Independent Director

Professor Trilochan Sastry, former Dean at IIM Bangalore, currently teaches at IIM Bangalore. A BTech. from IIT, Delhi, an MBA from IIM, Ahmedabad, and a Ph.D. from MIT, USA, Professor Sastry has taught for several years at IIM, Ahmedabad after which he moved to IIM, Bangalore. A recipient of national

award for research and teaching, Professor Sastry has taught in many prestigious Universities in India, Japan, Hong Kong and United States and has published several academic papers in Indian and International journals. He serves on the Board of NABARD and had earlier served on the Board of IIM Bangalore for 5 years.

Professor Trilochan Sastry joined the Board of Directors of Nucleus Software Exports Ltd. in April 2013 and of Nucleus Software Limited in August 2014.

Mr. R. P. Singh, Executive Director

Mr. Ravi Pratap Singh started his career with Nucleus Software in 1986 and has been part of the team since then. Currently, Mr. Ravi Pratap Singh, or 'RP', is the Head – Global Product Management at Nucleus Software. Recently, in 2014, he joined the Board as an Executive Director. Product innovation is RP's passion and he has been spearheading the launch of cutting edge products at Nucleus Software. His entire career has been spent in designing, developing & delivering best-in-class software solutions for global Banking and Financial Services leaders.

RP started the Nucleus School of Banking Technology (NSBT) as a new division of Nucleus Software in 2010 with a vision of developing world class Banking (& Financial) Technology Professionals. Being a natural mentor and a technocrat of high caliber himself, he continues to succumb to his passion for inspiring and enabling young minds to innovate.

As the Head – Global Delivery, RP introduced many measurement models and spearheaded quality initiatives. His innovative yet practical approach to solving "real" business problems makes him a repository of knowledge.

Mr. N. Subramaniam, Independent Director

Mr. N. Subramaniam is a post graduate from IIM Ahmedabad and is also CA, CS and CWA by qualification. Having a corporate experience of over 30 years, he founded M Cap Fund Advisors and is its Managing Partner. He is currently a Director on the Board of L&T Finance Ltd , Omkar Clean Energy Services Private Limited, Ganesha Ecosphere Limited , L&T Vrindavan Properties Limited , NS Equity Advisors Private Limited. In the past, he has been the Chairman of Venture Capital Association of India, Infrasoft Technologies, Vice Chairman of Mphasis, Chairman of Audit Committee of Mphasis and Director of Auro Mira Energy, Maples ESM Technologies, SECOVA, Cybernet Software Systems and SlashSupport Inc. He was also the member of Board at Integra Software Services, SlashSupport, Jyothy Laboratories, SRA Systems and B&M Hotbreads Pvt Ltd. His interests, beyond finance, include a passion for Executive Coaching and Green Energy Technologies.

Mr. Subramaniam joined the Board of Directors of Nucleus Software Exports Ltd. in July 2012 and Nucleus Software Australia Pty. Ltd. In February 2014.

c) Board Membership Criteria

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

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

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

d) Selection of Independent Directors

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

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

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

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

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law. The Company has received declarations from all the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the stock exchanges.

e) Familarisation programmes for Board members

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

a) Provide them with every opportunity to familiarize themselves with the Company, Nucleus's Board practices and processes, its management and its operations and above all the Industry perspective & issues.

b) To familiarize them with regards to their rights, duties and functions;

c) To ensure that all Directors are cognizant and appreciate the legal and ethical framework in which they must conduct themselves;

d) To ensure that all Directors attain a level of understanding of the business and industry in which Nucleus functions;

e) To maximise on the level and degree of each Director's contribution to the Board;

f) To ensure that all Directors make informed decisions in their deliberation of matters concerning the Company; and

g) To foster a spirit of independence in all Directors in order to ensure that they contribute meaningfully and impartially.

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

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

f) Diversity in Board

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

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

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

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

Roles and Responsibilities of the Nucleus Board Chairman are to:

- Ensure that the Board establishes and regularly reviews the Company's policies, strategies and plans.
- Provide consistent strategic input and scrutiny.
- Assist and guide the CEO as a mentor/coach.
- Chair the meetings of the Board and of the General Meetings.
- Ensure sufficient Board and Committee time for discussion of complex or contentious issues, with additional informal meetings for prior discussion, if necessary.
- Oversee the balance of membership of the Board and appointments to the Committees.
- Identify the development needs of individual Directors, and of the Board as a whole, and facilitate appropriate training.

Role and Responsibilities of the Nucleus CEO are to:

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

h) Membership Term

The Companies Act, 2013, mandates the retirement of two-third of the Board members (who are liable to retire by rotation) every year and the retiring members eligible for re-appointment. Independent Directors shall hold office for a term of upto five consecutive years on the Board of a Company and be eligible for re-appointment on passing of a special resolution by the shareholders of the Company.

During the year, the Company appointed Mr. R. P. Singh as Executive Director of the Company, liable to retire by rotation. The resolution to designate Mr. Vishnu R. Dusad, CEO and Managing Director, as liable to retire by rotation is being placed at the forthcoming Annual General Meeting for the approval of shareholders. Both these Executive Directors have been appointed by shareholders for tenure of a maximum period of five years.

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

i) Mechanism for Evaluating Board members

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, there is a formal Policy for Board Performance Evaluation which suggests process for evaluation of the performance of both the Board and individual Directors and the Committees. The purpose of the Policy is:

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

The Board, along with the Nomination and Remuneration Committee, laid down the criteria for evaluation of the performance of all Directors, which then became a part of the Board Effectiveness Survey. The questionnaire of the Survey, which had 19 specific points, was designed on a scale of 1 to 5, and in a comprehensive manner to be able to effectively capture the performance of each of the Directors, of the Board as a whole and several Committees of the Board. Each Board member was requested to evaluate the other Directors on a large number of parameters, including the effectiveness of the Board dynamics and skills to encourage discussions and decisions and flow of information to address issues relating to the Company's performance and future strategies, as also improving relationships with all stakeholders of the Company. Specifically for Independent Directors, the key performance indicators based on which they were evaluated, besides their attendance in the Board/Committee meetings, included monitoring of the Company's Corporate Governance practices, improving policies and processes across all functions, and contribution to strategic planning.

j) Compensation of the Board of Directors

Compensation of the Executive Directors is approved by the shareholders.

Non-Executive, Independent Directors are paid an amount not exceeding one percent of the net profits of the Company for the year, in accordance with section 197 of the Companies Act, 2013, and as approved by the shareholders vide a special resolution for a period of five years , at the Annual General Meeting held on July 8, 2014. As per the Companies Act, 2013, Independent Directors are not eligible to receive options under the various Employee Stock Option Plans (ESOP) launched by the Company from time to time.

All Board level compensation is approved by the shareholders and disclosed separately in the financial statements.

Compensation Paid /Payable to the Directors for the period April 2014 to March 2015

(Amount in ₹)

Name of Director	Position	Salary	Company's Contribution to Provident and other funds	Perquisites/ Allowances	Commission	Sitting Fees	Total Compensation
Mr. Janki Ballabh	Chairman, Non-Executive, Independent Director	–	–	–	1,354,167	520,000	1,874,167
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	6,000,000	360,000	716,830	–	–	7,076,830
Mr. Prithvi Haldea	Non-Executive, Independent Director	–	–	–	1,354,167	1,040,000	2,394,167
Mrs. Elaine Mathias	Non-Executive, Independent Director	–	–	–	716,037	440,000	1,156,037
Mr. Sanjiv Sarin*	Non-Executive, Independent Director	–	–	–	367,295	–	367,295
Prof. Trilochan Sastry	Non-Executive, Independent Director	–	–	–	1,354,167	800,000	2,154,167
Mr. R. P. Singh	Non-Executive, Independent Director	8,900,661	444,000	164,400	–	–	9,509,061
Mr. N. Subramaniam	Non-Executive, Independent Director	–	–	–	1,354,167	600,000	1,954,167
Total		**14,900,661**	**804,000**	**881,230**	**6,500,000**	**3,400,000**	**26,485,891**

Table 2

** Mr. Sanjiv Sarin retired on July 8, 2014*

Remuneration of the Executive Directors included above, does not include provision for incremental liability on account of gratuity, compensated absences since actuarial valuation is done for the Company as a whole.

None of the above Directors are eligible for any severance package and do not hold any stock options of the Company as on March 31, 2015. The notice period for a Director is as mutually agreed between the Executive Director and the Board.

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

Details of Equity Shares held by Independent Directors as on March 31, 2015

Name of Director	Position	No. of Equity Shares
Mr. Janki Ballabh	Chairman, Non-Executive, Independent Director	–
Mr. Prithvi Haldea	Non-Executive, Independent Director	–
Mrs. Elaine Mathias	Non-Executive, Independent Director	–
Prof. Trilochan Sastry	Non-Executive, Independent Director	1,000
Mr. N. Subramaniam	Non-Executive, Independent Director	7,684

Table 3

k) Memberships of other Boards

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

The number of other Directorships and Chairmanship/ Memberships of Committees held by each of the Director as on March 31, 2015 is mentioned in the table below:

Name of Director	Position	Relationship with other Directors	Directorships Held of other Companies			Committee Positions held as a	
			Public	Private	Section 8 Company	Chairperson	Member
Mr. Janki Ballabh	Chairman, Independent Director	None	5	–	–	4	2
Mr. Vishnu R Dusad	Managing Director, Promoter Executive Director	None	2	7	1	–	1
Mr. Prithvi Haldea	Independent Director	None	2	4	–	1	1
Mrs. Elaine Mathias	Independent Director	None	–	–	–	–	1
Prof. Trilochan Sastry	Independent Director	None	1	–	–	–	3
Mr. R. P. Singh	Executive Director	None	2	1	–	–	–
Mr. N. Subramaniam	Independent Director	None	2	4	–	1	–

Table 4

In accordance with Clause 49 of the Listing Agreement:

i) Membership/Chairmanships of only the Audit Committee and Stakeholder Relationship Committee of all Public Limited Companies including Nucleus Software Exports Ltd. is considered.

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

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

l) Board Meetings

(i) Information supplied to the Board

The Board has complete access to all information available with the Company. All information stipulated under Clause 49 is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings. There is a structured manner in which the agenda items are prepared and distributed for the Board meetings. During the Board meetings, the senior management is invited to present the plans and achievements relating to their respective areas of responsibility.

(ii) The information placed before the Board includes:

- Annual operating plans and budgets, with updates, if any.
- Capital budgets and updates, if any.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other Committees of the Board.

- Information on recruitment, remuneration and removal of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company or substantial non-payment for products sold by the Company.
- Any issue that involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken on adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Any significant development concerning human resources/ industrial relations.
- Sale of material nature, of investments and assets, which are not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Quarterly details of investments by the Company in liquid mutual funds, bank deposits and bonds, and returns thereon.
- Quarterly update on HR related activities.
- Quarterly update on wholly-owned subsidiaries.
- Quarterly update on large orders.
- Report on order book position
- Report on compliances under "Code of Prevention of Insider Trading" of the Company.

(iii) Board Agenda

- The Company Secretary, in consultation with the Chairman of the Company and Chairman of the respective Board Committees, prepares the agenda and supporting papers for discussion at each Board and Committee Meeting. The agenda and notes are circulated to Board/Committee members in advance, and in the defined agenda format. Members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to exercising their right to bring up matters for discussion at the meeting with permission of the Chairman.
- Moreover, the Company also attaches the "Impact Analysis on Minority Shareholders" for every agenda item at the Board meeting, proactively stating if the agenda item has any adverse impact on the rights of minority shareholders. The Directors discuss such impact analysis, and take appropriate decisions.

(iv) Board Materials Distributed in Advance

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

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

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

(vi) Scheduling of Board Meetings and Attendance during FY 2014-15.

- A minimum of four Board Meetings are required to be held each year. Moreover, the gap between two Board Meetings should not exceed four months. Eight Board meetings were held by your Company during FY 2014-15 and the maximum gap between two Board meetings during the year was two months and twenty three days.
- The dates on which the Board meetings were held during FY 2014-15, and the attendance record of the members in these meetings is provided in a table.

	Board Meeting Dates							
Name of Directors	**May 3, 2014**	**July 26, 2014**	**August 2, 2014**	**September 20, 2014**	**November 1, 2014**	**December 17, 2014**	**January 27, 2015**	**March 23, 2015**
Mr. Janki Ballabh	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu R Dusad	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias *	–	–	–	✓	✓	✓	✓	✓
Prof Trilochan Sastry	✓	X	✓	X	✓	✓	✓	✓
Mr. R. P. Singh**	–	✓	✓	✓	✓	✓	✓	✓
Mr. N. Subramaniam	✓	X	✓	X	✓	✓	✓	✓

Table 5

** Mrs. Elaine Mathias was appointed on September 20, 2014*

*** Mr. R P Singh was appointed on July 26, 2014*

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

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

- The Company Secretary, who is present in each Board/Committee meeting, records the minutes of the proceedings. The draft minutes are circulated to all Board members within 48 hours of the meeting for their comments.
- The final minutes are entered in the Minutes Book and signed by the Chairman within 30 days from the conclusion of each meeting.

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

(a) the names of the Directors present at the meeting; and

(b) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring with the resolution.

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

(viii) Compliance

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

(ix) Action Taken Report

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

m) Discussion with Independent Directors

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

B. Committees of the Board of Directors

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

The Board's Committees include Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee, Compensation Committee, Corporate Governance Committee and Corporate Social Responsibility Committee.

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

The Chairman of each Committee fulfills an important leadership role similar to that of the Chairman of the Board, particularly in creating an environment for effective contribution of each Committee member. While each Committee follows its charter,

it also takes up for discussions, matters referred to it by the Board. The Company Secretary, in consultation with the Board Chairman and Committee Chairman, prepares the agenda for each meeting. The minutes of each Committee's meeting are submitted to the Board for information and appropriate action.

Nucleus Board Committees

a) Audit Committee

A key element in the Corporate Governance process of any organization is its Audit Committee. Effective Audit Committees can greatly assist the Boards in discharge of their duties in respect of integrity of the Company's financial reporting. Indeed, it is essential that Boards, Management, Auditors, Internal Auditors and Audit Committees all work with a common purpose to ensure that the Company obtains the benefits of the Audit Committee in terms of better financial reporting and greater effectiveness of internal controls.

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

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

With reference to the financial statements

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

With reference to Auditors

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

With reference to related party transactions

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

  The term "related party transactions" shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement and also the provisions of Companies Act, 2013 read with relevant rules thereto.

Other references

- Scrutiny of Inter-Corporate Loans and Investments,
- Valuation of undertakings or assets of the company, wherever it is necessary,
- Evaluation of Internal Financial Controls and Risk Management Systems
- Monitoring the end use of funds raised through public offers and related matters.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;

- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Following information is required to be mandatory reviewed by Audit Committee

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

Additional responsibility of the Chairman of the Audit committee

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

a) Powers of the Audit committee

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

(iii) Composition of the Audit Committee and Meetings Held during FY 2014-15

Mr. N. Subramaniam is Chairman of the Audit Committee. The Audit Committee of the Company is constituted in line with the section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreements entered into with the Stock Exchanges. The Company Secretary of the Company is the Secretary of the Committee.

The Audit Committee met eight times during the year. As per the statutory requirement, the maximum gap between two Audit Committee Meetings did not exceed the mandatory four months. (The maximum gap between two meetings was two months and twenty eight days).

The Composition of the Audit Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. N. Subramaniam	Committee Chairman, Non-Executive, Independent Director	8	8
Mr. Prithvi Haldea	Non-Executive, Independent Director	8	8
Mrs. Elaine Mathias	Non-Executive, Independent Director	8	4*
Prof. Trilochan Sastry	Non-Executive, Independent Director	8	6**

Table 6

* *Appointed as member of the Committee on September 20, 2014*

** *Appointed as member of the Committee on July 26, 2014*

The Chairman of the Audit Committee was present at the previous year Annual General Meeting held on July 8, 2014 to answer shareholders' queries.

In addition to the members of the Audit Committee, the Chief Financial Officer, Internal Auditor, Statutory Auditors and other executives attend the meetings of the Committee upon invitation. Necessary information such as Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions submitted by the management, management letters, internal audit reports relating to internal control weaknesses as per the requirement of law, are reviewed by the Committee.

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

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

b) Nomination and Remuneration Committee

Nomination and Remuneration Committee was formed in accordance with Section 178 (1) of the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

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

During the year, the Charter of the Committee was further revised in accordance with requirements of newly enacted

Companies Act, 2013 and revised Clause 49 of the listing agreement with Stock Exchanges. Primary responsibility of the Committee is to identify and nominate suitable candidates for Board membership and as members of senior Management of the Company. The Committee also formulated policies relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

This Committee is responsible for:

- Recommending desirable changes in the Board composition, size and diversity, committees structures and processes, and other aspects of the Board's functioning
- Formulating criteria for determining qualifications, positive attributes and independence of an Independent Director
- Conducting search and recommending new Board members in light of resignation of some current member/s or in case of a planned expansion of the Board
- Identifying persons who are qualified to become Directors and who may be appointed as senior management in accordance with the criteria laid down, and recommend to the Board for their appointment
- Recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other senior employees, and while formulating such policy, to ensure that :

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the desired persons

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals

- Formulating criteria for evaluation of Independent Directors and the Board and carrying out evaluation of each Director's performance
- Ensuring that there is an appropriate induction programme in place for new Directors and members of senior management and reviewing its effectiveness
- Developing a succession plan for the Board and regularly reviewing the plan
- Reviewing succession plans for the senior management
- Carrying out any other function as is mandated by the Board from time to time and / or is enforced by any statutory notification, amendment or modification, as may be applicable.

(ii) Composition of the Nomination and Remuneration Committee and Meetings Held during FY 2014-15

Mr. Prithvi Haldea is the Chairman of the Nomination and Remuneration Committee. As of March 31, 2015, the Committee consisted of four members, all the members are Independent Directors. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee.

The Composition of the Nomination and Remuneration Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. Prithvi Haldea	Committee Chairman, Independent Director	4	4
Mr. Janki Ballabh	Independent Director,	4	4
Mr. Vishnu R. Dusad*	Managing Director, Promoter, Executive Director	4	2
Mrs. Elaine Mathias**	Independent Director	4	1
Prof. Trilochan Sastry***	Independent Director	4	2
Mr. N Subramaniam*	Independent Director	4	1

Table 7

* *Ceased to be a member of Committee wef July 26, 2014*

** *Appointed a member of committee on September 20, 2014.*

*** *Appointed a member of committee on July 26, 2014.*

The Chairman of the Nomination and Remuneration Committee attended the previous year Annual General Meeting held on July 8, 2014.

(iv) Remuneration Policy

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

- The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission to its Managing Director (an Executive Director).
- The Nomination and Remuneration Committee decides the commission payable to the Managing Director and the Non-Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 2013 and as approved by the shareholders at a General Meeting.

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

c) Stakeholder Relationship Committee

The Stakeholder Relationship Committee has been constituted to assist the Board in safeguarding the interests of and redressing the grievances of the security holders of the Company.

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

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

- To approve/ reject registration of transfer/ transmission/transposition of shares.
- To authorise issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation / Rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit or worn out
- To monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provide continuous guidance to improve the service levels.
- To monitor and review the mechanism for redressal of shareholders' / investors' grievances
- To authorise Managers/Officers/Signatories for signing Share Certificates;
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

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

The Committee's terms of reference/Charter was amended during the year, in order to comply with the provisions of the Companies Act 2013, Rules made thereunder and the revised Clause 49 of the Listing agreement with the stock exchanges.

(ii) Composition of the Stakeholder Relationship Committee and Meetings Held during FY 2014-15

Mr. Prithvi Haldea is the Chairman of the Stakeholder Relationship Committee. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee.

The Composition of the Stakeholder Relationship Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. Prithvi Haldea	Committee Chairman, Independent Director	4	4
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	4	4
Prof. Trilochan Sastry*	Independent Director	4	3

Table 8

* *Appointed as a member of Committee on July 26, 2014*

The Chairman of the Stakeholder Relationship Committee attended the previous year Annual General Meeting held on July 8, 2014.

(ii) Details of investor complaints/requests received and resolved during FY 2014-15 are as follows:

Nature of Complaints	No. of Complaints/Requests		
	Received	Resolved	Pending at the year end
Non Receipt of Annual Report	Nil	Nil	Nil
Non Receipt of Dividend Warrant	2	2	Nil
Duplicate/Revalidation of Dividend Warrant	28	28	Nil
Non receipt of securities	Nil	Nil	Nil
Issue of duplicate share certificates	2	2	Nil
SEBI/Stock Exchange/Legal	Nil	Nil	Nil

Table 9

d) Corporate Governance Committee

To promote good Corporate Governance practices, a Corporate Governance Committee was constituted.

(i) Terms of Reference/Charter of the Corporate Governance Committee

This Committee assists the Board in:

- Reviewing the Company's overall structure of Corporate Governance, and make recommendations to the Board in this regard.

- Assessing the Company's policies and processes in key areas of Corporate Governance, with a view to ensuring the Company is at the forefront of good Corporate Governance;
- Monitoring the emerging Corporate Governance trends and evaluate the Company's Corporate Governance policies and recommend to the Board such changes as the Committee believes desirable.
- Monitoring the implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations or any amendments thereto.
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- To perform other responsibilities as may be delegated to it by the Board from time to time.

The Committee's terms of reference/Charter was amended during the year, in line with its objectives.

(ii) Composition of the Corporate Governance Committee and Meetings Held during FY 2014-15

Mr. Janki Ballabh Chairman of the Board, is Chairman of the Corporate Governance Committee.

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

(iii) Composition of the Corporate Governance Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings	
		Held	Attended
Mr. Janki Ballabh	Committee Chairman, Independent Director	1	1
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	1	1
Mr. Prithvi Haldea	Independent Director	1	1
Mrs. Elaine Mathias*	Independent Director	1	NA
Prof. Trilochan Sastry	Independent Director	1	1
Mr. N. Subramaniam	Independent Director	1	1

Table 10

* *Appointed a member of committee on September 20, 2014.*

e) Compensation Committee

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

The Committee administers and supervises the employee stock options schemes of the Company, including review and grant of options to eligible employees.

The Committee is constituted with powers and responsibilities including, but not limited to:

- For administration and superintendence of employee stock option schemes / restricted stock grant plans or any other shares-based benefit plans for the employees, launched by the Company from time to time; in accordance with the applicable laws.
- To administer any established Trust for the employees' welfare, to the extent desirable and permitted under the applicable laws.
- To determine the eligibility criteria for grant of Employee Stock Options to the employees
- To determine at such intervals, as the Committee considers appropriate, the person/s to whom shares or options may be granted;
- To determine the terms and conditions in respect of grant to, vest in and exercise of options by the employees;
- To lay down the procedure for making a fair and reasonable adjustment to the number of shares or options and to the exercise price in case of corporate actions such as merger, sale of division, stock consolidation, rights issue, bonus issue and others;
- To determine the procedure for cashless exercise of Employee Stock Options, if required
- To construe and interpret the plan and to establish, amend rules and regulations for its administration. The Committee may correct any defect, omission or inconsistency in the plan or any option and / or vary/ amend the terms to adjust to the situation that may arise;
- To periodically review the design of and approve the Company's other benefit plans (including retirement, medical and other employee benefit and perquisite plans).
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- To perform such functions as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('ESOP Regulations') and its amendments, if any
- To perform any other responsibilities as may be delegated to it by the Board from time to time.
- The Committee's terms of reference/Charter was amended during the year, in line with its objectives.

(ii) Composition of the Compensation Committee and Meetings Held during FY 2014-15

Mr. Prithvi Haldea is the Chairman of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

The Composition of the Compensation Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

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

Table 11

f) Corporate Social Responsibility (CSR) Committee

As per the Companies Act, 2013, all companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year will be required to constitute a Corporate Social Responsibility (CSR) Committee of the Board. In accordance with the law, the Board of Directors constituted the CSR committee in their meeting held in FY 2013-14.

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

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

The responsibilities of the Corporate Social Responsibility Committee are:

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

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

(ii) Composition of the Corporate Social Responsibility Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

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

The Composition of the Corporate Social Responsibility Committee as on March 31, 2015 and details of attendance of the members in the meetings are as follows:

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

Table 12

C. Shareholder Information

a) Means of Communication

(i) Quarterly/Annual Results

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

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

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

uploaded on the website www.nucleussoftware.com, for public information.

- The Company publishes official news releases and they are also uploaded on the website www.nucleussoftware.com.

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

(ii) Newspapers for publication of financial results

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

(iii) Investor Section at Company's website

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

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

(iv) Interaction with Institutional investors, analysts etc.

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

(v) Annual Report

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

(vi) Dedicated Email id for shareholders

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

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

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

(viii) NSE Electronic Application Processing System (NEAPS)

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

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

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

(x) SEBI Complaints Redress System (SCORES)

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

b) Corporate Identity Number (CIN)

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

c) Shareholder Education

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

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

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

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

d) General Body Meetings

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

Financial Year, Date, Time	Venue	Ordinary Resolution	Special Resolution
FY 13-14, July 8 2014, 11.30 a.m.	Sri Sathya Sai International Centre	• Adoption of Annual Accounts for the year ended March 31, 2014. • Declaration of Dividend on equity shares. • Appointment of Deloitte Haskins & Sells as the Statutory Auditors. • Appointment of Mr. Janki Ballabh and Mr. N. Subramaniam as Independent Directors. • Vacancy caused by the retirement of Mr. Sanjiv Sarin, Director, who retires by rotation at the AGM not be filled.	• Approval of the Related Party Transaction with M/s. Praxis Consulting and Information Services Pvt. Ltd. for a period from October 3, 2013 to October 2, 2014.
FY 12-13, July 10, 2013, 11.30 a.m.	Sri Sathya Sai International Centre	• Adoption of Annual Accounts for the year ended March 31, 2013. • Re-appointment of Mr. Janki Ballabh and Mr. Prithvi Haldea as Directors. • Appointment of Deloitte Haskins & Sells as the Statutory Auditors. • Declaration of Dividend on equity shares.	• Regularisation of appointment of Prof. Trilochan Sastry and Mr. N. Subramaniam - Additional Directors.
FY 11-12, July 11, 2012, 11.30 a.m.	Sri Sathya Sai International Centre	• Adoption of Annual Accounts for the year ended March 31, 2012. • Re-appointment of Mr. Arun Shekhar Aran and Mr. Sanjiv Sarin as Directors. • Appointment of Deloitte Haskins & Sells as the Statutory Auditors. • Declaration of Dividend on equity shares.	

Table 13

(ii) Detail of Attendance at the AGM held for FY 13-14

AGM Date: July 8, 2014	Mr. Janki Ballabh	Mr. Vishnu R Dusad	Mr. Prithvi Haldea	Prof. Trilochan Sastry	Mr. N. Subramaniam
	√	√	√	√	√

No Extraordinary general meeting was held by the Company during the financial year ended March 31, 2015.

e) Procedure for Postal Ballot

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engaged the service of Karvy Computershare Pvt. Ltd. for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose name appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with the depository participants (in case of electronic shareholding)/ the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/ authorized officer. The results are also displayed on the website of the Company, www.nucleussoftware.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

f) Postal Ballot

During the year, the Company conducted 2 postal ballots and passed following Resolutions by postal ballot:

(i) Postal ballot -1

Resolution	Votes cast in favour		Votes cast against		Date of Declaration of Results
	No. of votes	%	No. of votes	%	
Appointment of Mr. Prithvi Haldea (DIN – 00001220) as an Independent Director	19,345,778	97.42%	512,627	2.58%	January 16, 2015
Appointment of Prof. Trilochan Sastry (DIN – 02762510) as an Independent Director	17,402,179	87.63%	2,456,226	12.37%	
Appointment of Mrs. Elaine Mathias (DIN – 06976868) as an Independent Director	19,858,305	100.00%	100	0.01%	
Appointment of Mr. R.P. Singh (DIN – 00008350) as a Whole Time Director	19,240,378	98.40%	312,177	1.60%	

Note: - All the above resolutions were passed by the requisite majority

(ii) Postal ballot-2

Resolution	Votes cast in favour		Votes cast against		Date of Declaration of Results
	No. of votes	%	No. of votes	%	
Approval of Nucleus Software Employee Stock Option Plan 2015 and grant of Employee Stock Option to the employees of the Company	19,526,575	98.22%	353,950	1.78%	February 20, 2015
Grant of Employees Stock Options to the employees of the Subsidiary Company (ies) of the Company under Nucleus Employee Stock Option Plan 2015	19,526,550	98.22%	353,975	1.78%	
Approval of acquisition of equity shares from secondary market through Employee Welfare Trust for the implementation of Nucleus Employee Stock Option Plan 2015	19,543,253	98.30%	337,272	1.70%	
Provision of Loan by the Company for purchase of its own shares by the Trust/Trustees for the benefit of employees under Nucleus Employee Stock Option Plan 2015	19,543,203	98.30%	337,322	1.70%	

Note: - All the above resolutions were passed by the requisite majority

The Company successfully completed the process of obtaining approval of its shareholders for the above resolutions on the items detailed above, vide postal ballots.

Mr. Sanjay Grover, Company secretary was appointed as the scrutinizer for carrying out the above postal ballot process in a fair and transparent manner.

There is no immediate proposal for passing any resolution through Postal Ballot.

D. Disclosures

(a) Disclosure on materially significant related party transactions:

The Company has not entered into any material transaction with any of its related parties. The disclosure of transactions with related parties is set out in Note 2.31 of Standalone Financial Statements, forming part of the Annual Report.

(b) Compliances by the Company of Capital Market Guidelines

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

(c) Whistle Blower Policy

Nucleus is committed to conduct its business in accordance with the applicable laws, rules and regulations, and with highest standards of business ethics. Nucleus does not tolerate any malpractice, impropriety, abuse or wrongdoing. The Company has a well established whistle blower policy as part of a vigil mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of Director(s) / employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

In accordance with the Companies Act 2013 and Rules made there under and the revised Listing Agreement with the Stock exchanges, the Board adopted a revised Whistle Blower Policy.

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

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

(d) Policy against Sexual Harassment

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

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

(e) Code of Conduct

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

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

A copy of the Code of Conduct is made available on the website of the Company.

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

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

(g) Adherence to Accounting Standards

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

(h) Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement, the Management Discussion and Analysis is provided in this Annual Report. As a voluntary initiative, the Company also prepares and publishes Management Discussion

and Analysis for the consolidated financials in the Annual Report, which is also provided later in this Annual Report.

(i) Subsidiary Companies

The Company has seven subsidiaries across the globe; all of which are wholly-owned. The following table provides a list of all these subsidiaries as on March 31, 2015.

Date of Incorporation	Subsidiaries	Location
February 25, 1994	Nucleus Software Solutions Pte. Ltd.	Singapore
August 5, 1997	Nucleus Software Inc.	USA
November 2, 2001	Nucleus Software Japan Kabushiki Kaisha	Japan
May 6, 2004	VirStra *i*-Technology Services Limited	India
February 2, 2006	Nucleus Software Netherlands B.V.	Netherlands
April 21, 2008	Nucleus Software Ltd.	India
February 3, 2014	Nucleus Software Australia Pty Limited	Australia

Table 14

(j) Unlisted Indian Subsidiary Companies

The Company has two Indian subsidiaries; Nucleus Software Ltd. and VirStra *i*- Technology Services Ltd. Both of these are unlisted Indian subsidiary companies. The investment of the Company in the subsidiaries does not exceed twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year. Also the subsidiaries have not generated twenty per cent of the consolidated income of the Company during the previous financial year.

(i) Mr. Prithvi Haldea, Independent Director on the Board of Directors of the Company, is an Independent Director on the Board of Directors of VirStra *i*- Technology Services Ltd.

(ii) Mr. Prithvi Haldea and Prof. Trilochan Sastry, Independent Directors on the Board of Directors of the Company, are Directors on the Board of Directors of Nucleus Software Ltd.

(iii) The Audit Committee of the Company reviews the financial statements, in particular, the investments made by VirStra *i*- Technology Services Ltd. and Nucleus Software Ltd.

(iv) The minutes of the Board meetings of both VirStra *i*- Technology Services Ltd. and Nucleus Software Ltd. are placed at the Board meetings of the Company.

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

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

E. General Shareholder Information

• **Date of incorporation**	9th January, 1989
• **Registered Office**	33-35, Thyagraj Market New Delhi-110 003 India
• **Corporate Office**	A-39, Sector 62 Noida, 201307 India
• **Date and time of Annual General Meeting**	July 8, 2015, 11.30 a.m
• **Venue of Annual General Meeting**	Sri Satya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003
• **Date of Book Closure for AGM**	July 2 to 8, 2015 (both days inclusive)

Financial Calendar for the financial year 2015-16 (tentative and subject to change)

Financial reporting for :	Tentative dates
First quarter ending June 30, 2015	between July 20-31, 2015
Second quarter ending September 30, 2015	between October 20-31, 2015
Third quarter ending December 31, 2015	between January 20-31, 2016
Year ending March 31, 2016	between April 20- 30, 2016
Annual General Meeting for the year ending March 31, 2016	July 2016

• **Listing on Stock Exchanges**	**Scrip Symbol/Code**
National Stock Exchange of India Limited (NSE) w.e.f. December 19, 2002	NUCLEUS
BSE Ltd. (BSE) w.e.f. November 6, 1995	531209
• **International Securities Identification Number**	INE096B01018
• **Registrars of Company & Share Transfer Agents**	Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India Tel: 040-23420815-18 Fax: 040-23420814 E-mail: mailmanager@karvy.com

The annual listing fees for 2015-16 have been paid to both the Stock Exchanges.

a) Dividend Payment Date:

The Board of Directors have recommended to the shareholders a final dividend of ₹ 5.00 per share (on equity share of par value of ₹ 10 each). The dividend, if approved at the Annual General Meeting, will be payable to Members whose names appear on the Register of Members of the Company on July 2, 2015, being the first day of Book-Closure and to those whose names appear as beneficial owner in the records of National Securities Depositories Ltd. and Central Depository Services (India) Ltd. on close of business as on July 1, 2015.

b) Market Price Data on NSE & BSE for the financial year 2014-15

Month	NSE			BSE		
	High (₹)	Low (₹)	Total Volume	High (₹)	Low (₹)	Total Volume
April 14	251.75	217.05	2,287,088	250.90	217.80	601,069
May 14	232.50	177.90	2,405,556	232.25	178.00	356,906
June 14	222.40	187.30	2,119,149	221.55	187.00	514,014
July 14	232.10	193.50	2,272,565	232.00	193.00	552,465
August 14	235.00	170.15	2,758,998	234.90	171.50	702,287
September14	273.95	218.60	6,978,838	273.80	219.00	1,892,497
October 14	240.00	205.00	2,043,732	240.00	202.30	581,831
November 14	235.70	202.95	1,542,366	236.00	206.00	394,119
December 14	222.40	175.70	1,169,526	222.00	177.50	380,942
January 15	212.90	178.25	1,666,382	213.00	180.00	391,019
February 15	196.00	172.00	939,348	195.90	173.00	270,656
March 15	209.20	160.05	168,1692	210.40	160.20	460,770
Total Shares traded during the year			**2,7865,240**			**7,098,575**

Table15

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

c) Share Transfer System

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

The Stakeholders Relationship Committee is authorised to approve transfer of shares, which are received in physical form, and the said Committee approves transfer of shares as and when required.

The Company obtains from a Company Secretary in practice, a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.

d) Dematerialization of Shares

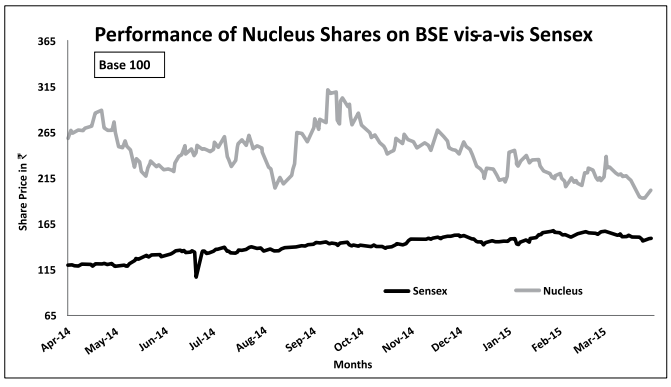
The Equity shares of the Company are under compulsory dematerialization ("Demat") category and can be traded only in electronic form. The Company has dematerialized 32,242,604 shares (99.56 % of the paid up share capital) as at March 31, 2015.

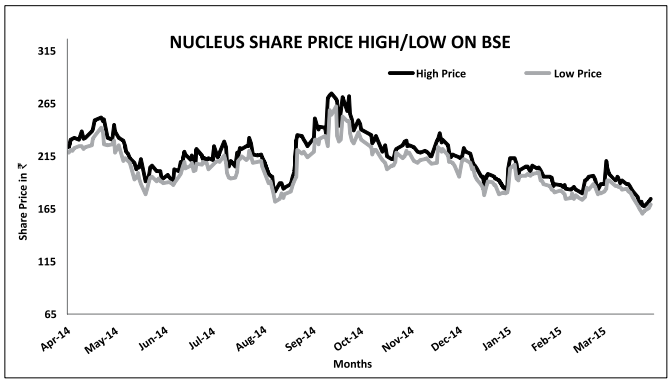
The procedure for converting the shares in dematerialized mode is as under:

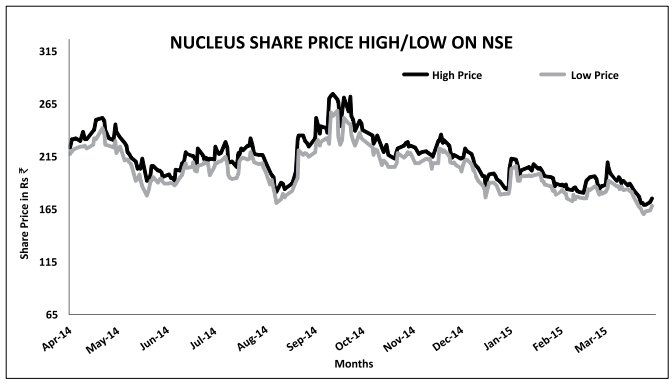
- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to his Depository Participant (DP)
- DP processes the DRF and generates a unique number viz. DRN.
- DP forwards the DRF and share certificates to the Company's Registrar & Shares Transfer Agent.
- The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

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

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







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

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

f) Shareholding Pattern of the Company as at March 31, 2015

Category	As on March 31, 2015		
	Share Holders	Share Holding	Share Holding (%)
Promoter and Promoter Group	**11**	**19,631,866**	**60.62**
Public Share Holding			
Mutual Funds	5	764,284	2.36
Financial Institutions /Banks	2	35,689	0.11
Foreign Institutional Investors	17	2,777,999	8.58
Individuals	15,659	7,711,731	23.81
Bodies Corporate	444	773,810	2.39
Overseas Corporate Bodies / Non Resident Indians/ Clearing Members/ Trusts	451	688,345	2.13
Total	**16,589**	**32,383,724**	**100.00**

Table 16

g) Distribution of Shareholding

Equity Shares Held		As on March 31, 2015				As on March 31, 2014			
		Share Holders		Shares		Share Holders		Shares	
From	To	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)
1	100	10,046	60.55	441,344	1.36	9,634	64.19	404,676	1.25
101	200	2,161	13.03	376,634	1.16	1,843	12.28	321,019	0.99
201	500	2,128	12.83	765,507	2.36	1,688	11.25	609,799	1.88
501	1,000	1,163	7.01	879,907	2.72	970	6.46	731,073	2.26
1,001	5,000	875	5.27	1,913,972	5.91	677	4.51	1,478,031	4.56
5,001	10,000	104	0.63	753,364	2.33	93	0.63	660,368	2.04
10,001	and above	112	0.68	27,252,996	84.16	103	0.68	28,178,758	87.02
TOTAL		**16,589**	**100.00**	**32,383,724**	**100.00**	**15,008**	**100.00**	**32,383,724**	**100.00**

h) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2015, the Company has no American Depository Receipts / Global Depository Receipts / Warrants or any such convertible instruments outstanding and there is no likely impact on the Company's Equity Shares in the financial year 2014-15.

i) Employee Stock Option Plans (ESOP)

Your Company has three Employee Stock Option Plans in operation- ESOP 2005, ESOP 2006 and ESOP 2015. During the year, the Company launched ESOP Plan 2015 .

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

The Company has got shareholders approval in respect of ESOP 2015 and grant of Stock Options to the eligible employees/ Directors of the Company and that of its Subsidiary Company(ies) as decided by the Compensation Committee from time to time .

j) Locations

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

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

A Subsidiary, VirStra *i*- Technology Services Limited operates a Development Centre at Pune (Maharashtra) under the Software Technology Park Scheme of the Government of India.

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

PARENT COMPANY

Nucleus Software Exports Ltd.

Registered Office	**Corporate Office**
33-35, Thyagraj Nagar	A-39 Sector 62
New Delhi-110 003	Noida-201 307
India	**India**

SUBSIDIARIES

Nucleus Software Solutions Pte. Ltd.
300, Tampines Avenue-5#04-06,
Tampines Junction
Singapore-529653

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

Nucleus Software Inc.
3086 Congressional Office Park,
Suite 10, Kendall Park, NJ 08824
USA

Nucleus Software Netherlands B.V.
Strawinskylaan 921 Tower A
(World Trade Center) 1077 XX
Amsterdam
Netherlands

VirStra *i*- Technology Services Limited
Marisoft 1, 6th Floor, Marigold Premises,
Vadgaon Sheri
Pune 411 014
India

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

Nucleus Software Australia Pty. Ltd.
Suite 4, 96-98 Wigram Street
Harris Park
NSW 2150
Australia

Branch Offices in India

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

B. Chennai
Building No. 40,
II Main Road
Ambattur Industrial Estate Ambattur
Chennai 600 058

Branch Offices in Overseas Locations

A. London (UK)

Nucleus Software Exports Ltd.
1520, City Point
1, Ropemaker Street
London EC2Y 9HT,
UK

B. Dubai (U.A.E)

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

k) Investor Correspondence may be addressed to:

The Company Secretary
Nucleus Software Exports Ltd.,
33-35, Thyagraj Market
New Delhi-110003.
India
Tel: +91-(120)-4031400
Fax: +91-(120)-4031672
Email: investorrelations@nucleussoftware.com

l) Other General Shareholder Information

The other mandatory and additional information of interest to investors is voluntarily furnished in a separate chapter "Shareholders' Referencer" of this Annual Report.

m) CEO/CFO Certification

As required by Clause 49 of the listing agreement, the CEO/CFO certification is provided as Annexure A to the report on Corporate Governance, in this Annual Report.

n) Secretarial Audit

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

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

The Secretarial Auditor has made certain recommendations for adopting additional Best Practices, which are now being implemented.

o) Compliance with the Code of Conduct

All Directors and Senior Management personnel of the Company have affirmed compliance with the code for the financial year ended March 31, 2015. A declaration to this effect signed by the Managing Director has been published as Annexure B to this report on Corporate Governance.

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

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

F. Compliance with Non-Mandatory Requirements of Clause 49

Clause 49 of the Listing Agreement mandates us to obtain a certificate from either the statutory auditors or practicing Company secretaries regarding compliance of conditions of Corporate Governance as stipulated in the Clause and annex the certificate with the Directors' report, which is sent annually to all our shareholders. We have obtained a certificate to this effect and the same is given as Annexure to the Directors' report.

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

a. Shareholder Rights

The Clause states that a half-yearly declaration of financial performance including summary of the significant events in the last six months, may be sent to each household of shareholders.

- We communicate with investors regularly through e-mail, telephone and face-to-face meetings in investor conferences, Company visits or during road-shows. We also leverage the Internet in communicating with our investor base.

- The announcement of quarterly/annual results is followed by:
  - Media interactions, wherein business television channel in India telecasts discussions with our CEO.
  - Earnings conference calls are conducted after announcement of quarterly/annual results wherein the Management updates investor community on the progress made by the Company and answers their queries. The audio as well as the transcript of the call is uploaded on the website www.nucleussoftware.com for investors' information.
  - The Company also send results via email to all its shareholders who have valid e-mails ids registered with their Depository Participants (DP).
  - The Company also sends an instant alert of the results, to all those who register themselves on the corporate website.
  - Highlights of the results along with a comparison with previous quarters/years, all financial press releases, information on Board of Directors, FAQ for shareholders and other related information on Corporate Governance etc. are also available on the Company website.

b. Audit Qualification

The Company is in the regime of unqualified financial statements.

c. Separate posts of Chairman and CEO

The Company has separate persons as Chairman and Managing Director/CEO.

d. Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

Annexure A

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY PURSUANT TO CLAUSE 49(IX) OF THE LISTING AGREEMENT

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Vishnu R Dusad, Managing Director & CEO and Ashish Nanda, Global Head – Finance & Accounts, of Nucleus Software Exports Limited ("the Company"), to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements for the Quarter & Financial Year ended March 31, 2015 along with its schedules and notes on accounts, as well as the cash flow statements;
2. These statements do not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, misleading with respect to the statements made;
3. These financial statements, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and applicable laws and regulations;
4. Based on our knowledge and information, no transactions entered into by the Company during the period, are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee of the Company's Board of Directors, deficiencies in the design or operation of internal controls and steps proposed to be taken to rectify these deficiencies.
6. We have disclosed, based on our most recent evaluation, to the Company's Auditors and the Audit Committee of the Company's Board of Directors:
   a. Significant changes in internal control over financial reporting during the period, if any;
   b. There are no significant changes in accounting policies during the period; and
   c. There are no instances of fraud of which we have become aware and the involvement, therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

	Sd/-	**Sd/-**
Place : Noida	**Vishnu R Dusad**	**Ashish Nanda**
Date : May 7, 2015	**Managing Director & CEO**	**Global Head – Finance & Accounts**

Annexure B

DECLARATION BY CEO & MANAGING DIRECTOR PURSUANT TO CLAUSE 49(II)(E)(II) OF THE LISTING AGREEMENT

I, Vishnu R Dusad, CEO & Managing Director of Nucleus Software Exports Limited ("the Company") confirm that the Company has adopted a Code of Conduct ("Code") for its Board Members and senior management personnel and the Code is available on the Company's Website.

I,further confirm that the Company has in respect of the financial year ended March 31, 2014, received from its Board members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

Sd/-
Vishnu R Dusad
Managing Director & CEO

Place : Noida
Date : May 7, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forming Part of the Financial Statements for the year ended March 31, 2015

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

A. Industry Structure and Development

The year 2014-15 has witnessed key policy reforms for the Indian economy, aimed at aiding growth revival and surmounting the structural constraints in the economy. Advance estimates released by the Central Statistics Office expect the Indian economy to grow by 7.4 per cent in 2014-15, as compared to 6.9 percent in 2013-14. The ongoing revival is remarkable since it has happened despite highly tentative global economic conditions and a below-par domestic agricultural season.

We are a Product software Company and making products is quite different from delivering services; it requires a distinctive mindset, capabilities and environment. In FY 2015 Nasscom estimates that the Indian IT industry will account for revenues of USD 146 billion, an increase of 13 per cent over the previous year. Industry exports will be more than USD 98 billion, a growth of 12.3 per cent, while the domestic segment, which has benefited from the inclusion of ecommerce and mobile app industry, is estimated to touch USD 48 billion. Software products, Engineering Research and Development (ER&D) and product development segments together have over 16 per cent market share *(Source: Nasscom Strategic Review 2015)*. This makes us hopeful of the future and we work towards building a great Product Company.

B. Company Background

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

Nucleus Software is the leading provider of lending and transaction banking products to the global financial services industry. Its software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

During the year, your Company launched FinnOne Neo™, a product suite specifically designed to manage end-to-end lending requirements of the banking and financial services industry. This comprehensive product suite incorporates the latest business thinking, compliance, technology, functionalities and security aspects. Over the years, our committed professionals have provided world class solutions and with their experience and skills we have been able to create a global footprint of customers and partners across multiple continents with multi-product, multi-service, multi-currency and multi-lingual implementations, leading to growing worldwide acceptance and customer satisfaction. Nucleus operates through integrated and well-networked subsidiaries in India, Japan, Netherlands, Singapore, USA and Australia. Since 1995 product development has been our strength and the Company has chosen to exclusively develop products and further add value through dedicated Research and Development initiatives.

Over the years Nucleus has gained experience working closely with IT leaders in the Banking and Financial Services industry. Headquartered in Delhi, India, the Company has seven wholly owned subsidiaries, as described in table 1 below.

Date of Incorporation	Name of Subsidiary Company	Location
February 25, 1994	Nucleus Software Solutions Pte. Ltd.,	Singapore
August 5, 1997	Nucleus Software Inc.	USA
November 2, 2001	Nucleus Software Japan Kabushiki Kaisha	Japan
May 6, 2004	VirStra-*i* Technology Services Ltd.	India
February 3, 2006	Nucleus Software Netherlands B.V.	Netherlands
April 21, 2008	Nucleus Software Ltd.	India
February 3, 2014	Nucleus Software Australia Pty. Ltd.	Australia

Table 1

The Company has branch offices in Chennai and Mumbai in India and in London, UK and Dubai. The Singapore subsidiary has a representative office in Jakarta in Indonesia and in Manila in the Philippines. These subsidiaries/branch offices help the Company in providing front-end support to customers and explore new opportunities.

C. The Way Forward

Information technology is one of the most dynamic, fast-changing and fiercely competitive industries in the world, characterized by relentless cycles of innovation and commoditization. The Indian IT industry has been primarily identified with software services, while the software products segment has mostly remained in the background. More recently the world is observing a change in this segment growth. Emerging technologies present a range of exciting new opportunities for IT firms in India. According to the software product think-tank iSpirt, software products could be a $100 billion industry in India by 2025. This affirms our faith that a new generation of Indian software products will have a sizeable impact on improving productivity and the way businesses are run.

The Company started its journey of developing world class IT products for customers in the banking and financial services space, where changing business requirements and growing complexity are driving rapid adoption of technology. Given the importance of information in banking, it is not surprising that banks were among the earliest adopters of automated information processing technology. IT has transformed the way banking is carried out to deliver superior customer experience and help the banking industry meet the diverse challenges posed

by global business environment. Technology is also helping the industry cope with the ever-changing regulatory landscape. More than most other industries, financial institutions and banks rely on gathering, processing, analyzing, and providing information in order to meet the needs of customers.

The seismic changes in the industry following the banking crisis have led to the end of universal banking. Banks are increasingly specializing in particular areas of business, and new competitors are entering the market offering specific services to niche customers. Coupled with increased regulatory and economic pressures this has created the requirement for a breakthrough product in lending which can support such changes. Banks today increasing choose best-of-breed technology solutions that can integrate with their IT landscape.

Our next-generation products with their modern technology will support ambitious banks to cater not only to their core customer base, but to the tens of millions of unbanked and under banked, or to providing transaction banking services to their corporate clients. In all cases, it will require banks to rethink their systems and processes to be more agile and to make their analytical capabilities more insightful. The way forward will not be easy, requiring the reinvention of the way they do business. Yet, the alternative will be even less palatable – a gradual slide into irrelevance, an opportunity missed. The time to begin the transformation is now and we view it positively.

At the same time, innovative competitors are entering the market. From technology based market places like peer-to-peer lenders to retailers, telecoms companies and others who wish to offer financial services to their client bases, these new arrivals offer another great market opportunity for our solutions.

Some notable accolades won over the years are as follows:

- FinnOne™ has been ranked as the **Global No. 1 Best Selling Lending Banking System** for the Seventh consecutive year by IBS Publishing, UK in their Annual Sales League Table 2015
- Annual Report for the Year Ended March 31, 2014 won the **Platinum Award** for Excellence within the Technology-Software industry category and ranked amongst the World's Top 50 Annual Reports by the League of American Communications Professional (LACP).
- 9th Social and Corporate Governance Awards in the category **"Best Overall Corporate Governance Compliance and Ethics Program** organised by World CSR Congress.
- Titanium Award at **"The Asset Triple A Corporate Awards 2014"** for the Third Consecutive Year under the category Financial Performance, Corporate Governance and Investor Relations.
- "Asian CSR Leadership Awards 2014" in the category, "Best Corporate & Financial Reporting".
- **"The Asian Banker award – 2014"** for "Best Lending Platform Implementation Project" for introducing MARC, an innovative debt servicing solution that allows customers to make payment anytime, anywhere.
- CIMB Malaysia, our customer, powered by Nucleus Software's FinnOne™ implementation, has received the P**rocess Excellence Award** for Collection and Debt Management at the prestigious BPA Trailblazer Awards.
- Vietnam Prosperity Bank's Loan Origination system, powered by Nucleus Software's FinnOne CAS, LMS and Collections was recognized with **Model Bank Award** by Celent (March 2013).
- Forrester recognized Nucleus as a **"Global Pursuer"** and stated it **"regained traction in 2010"**. Based on the number of deals and regions covered, Nucleus was ranked among top Banking Platform providers Source: Global Banking Platform Deals 2010, Forrester Research, Inc., 31st March 2011.
- HDFC Bank, Nucleus Software customer, won the prestigious **Celent 2010 Model Bank Award** for its loan origination system, FinnOne™.
- Forrester Research, a leading independent analyst firm, recognized Nucleus Software as an **industry vertical specialist** in their report "Working with Tier Two Offshore Providers".
- Nucleus Software Ranked Amongst **India's Top 15 Exciting Emerging Companies to Work For** by Nasscom.

D. Company Management

An active and well-informed Board is necessary to ensure highest standards of Corporate Governance. At Nucleus, a well qualified Board consisting of seven members manages the Company with Mr. Janki Ballabh as the Chairman and Mr. Vishnu R Dusad as the Managing Director & CEO. Five out of seven members of the Board are Non-Executive, Independent Directors. These Independent Directors provide valuable contribution in the deliberations and decisions of the Board with their diverse knowledge and expertise. As an effective Board, it develops and promotes the vision, culture and values of the Company and provides entrepreneurial leadership to the Company within a framework of prudent and effective controls.

Only a strong global team can drive excellent performance – especially in a challenging business environment. During the year, critical functions of the organisation were strengthened with assessment of Leadership bandwidth and strengthening of the process of hiring to build a strong team aligned to Nucleus fundamentals & culture. Particular emphasis was placed on attracting, developing and retaining talent, especially in emerging markets, through specifically designed programs. At the same time, the focus was on continuously improving and strengthening the leadership team and fostering a unique performance culture at Nucleus. Senior leaders from across industries joined the Company in Products, Sales and Marketing, Human Resources and other functions. For a global Company, a diverse workforce that unites different cultural backgrounds and work experience is an important success factor. We recruited people from across the globe and our endeavour is to smoothly manage and assimilate this diversity in work culture.

Total manpower numbers stood at 1,512 at the end of the year.

Through these efforts we continue to build a robust Brand Nucleus with business from all global markets, supported through the creation of an effective distribution network of partnerships, alliances and acquisitions to achieve seamless and high quality delivery resulting in a high level of customer satisfaction.

E. OPPORTUNITIES AND THREATS

The erratic movements in global commodity prices, inflation, unemployment and changing business and technology landscape mean that volatility is now an ongoing reality rather than an exception. Digital technology can extend the reach of organizations and enhance the quality of management decisions to ultimately result in economic and sustainable growth. Today's customer expects technology to turnaround the speed of operations and boost efficient outcomes. While this is exciting and will always keep organizations like us on the innovation track, it is challenging too. This is likely to dictate global technology spend with an increased need for enterprise digital transformation as the new way to engage and serve customers.

As an international organization, we have a relentless focus on product development assimilating global best practices, which has led to lending and transaction banking product implementations across more than 50 countries for 150+ customers. We have not, however, realised our potential and are either not present or only minimally present in large parts of the developed world. Our domain knowledge and years of experience positions us well to enter new markets and expand market share in existing markets

To successfully tap these opportunities with the given constraints, we are exploring different business models to meet customer expectations and demand cost effectively. There is an opportunity created by years of hard-work and dedication, and the focus now is to convert this opportunity into growth for the Company. With the changing political and economic scenario, India's medium to long-term economic outlook remains positive and supports forecasts of increasing technology penetration. Strategically, our focus is on the Lending market and the Transaction Banking space and consequent specialization enables us to monetize our IPR.

F. OUTLOOK

Today Banks are facing highly saturated markets where price no longer remains the key differentiator. Innovative products that help banks deliver better and faster to a customer is the key to help banks provide a differentiated customer experience, thus supporting better customer retention.

Total bank IT spending across North America, Europe, and Asia-Pacific will grow to US$196.7 billion in 2015, an increase of approximately 4.6% over 2014, as mentioned in a Celent report. This upward shift is definitely an encouraging indicator. The future is bright and we believe that with our vision for growth, we have the potential to achieve growth with our specialized software solutions. We have strong branding and an established customer base and need to market and sell more effectively to increase shareholder value.

G. RISKS AND CONCERNS

These are discussed in detail in the Risk Management chapter provided later in this Annual Report.

H. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. Good controls encourage operational efficiency and compliance with laws and regulations, as well as minimizing the chance of errors, theft and fraud. At the same time internal controls also enhance reliability and accuracy of accounting data.

The Company has an Internal Control System commensurate with the size, scale and complexity of operations. Internal Auditors recommended by the Audit Committee are then appointed by the Board with a well-defined internal audit scope. The Internal Auditor reports to the Chairman of the Audit Committee and presents significant audit observations to the Audit Committee. Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

During the year, in order to further strengthen our internal financial controls, a renowned professional consultant firm was hired to conduct an assessment of the current internal financial controls and advise on best practices for adoption.

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

I. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The IT industry is India's largest and most diverse private sector employer, with a direct workforce nearing 3.5 million and influencing another 10 million indirect jobs. It has empowered diverse sections of the society and is the driving force behind the Indian multinational Company success story.

The industry continues to face challenges from an HR perspective in hiring, managing and retaining talent in the current environment. Only a strong global team can drive excellent performance – especially in a challenging business environment. Your Company's HR function continued its focus in the strategic direction of enhancing competency and talent development for the employees. Strong emphasis was laid on attracting, developing and retaining talents across the globe, through specifically designed programs. At the same time, we have also been continuously improving and strengthening our leadership team to foster a unique performance culture at Nucleus Software.

To be known as a global Company a diverse workforce that unites different cultural backgrounds and work experience is an important success factor. We are happy to share that we actively manage diversity and have made significant progress over the past years. With greater focus on goals based high performance culture and a clear performance and career growth plan for each employee, the next financial year will see employee learning at Nucleus move up the curve substantially.

J. FINANCIAL PERFORMANCE

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable and guidelines issued by the Securities and Exchange

Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Company has seven subsidiary companies, all of which are wholly-owned subsidiaries. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis. The financial results of the Company have been discussed in this report in two parts:

i) Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company, discussed in this chapter and

ii) Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, and has been discussed in the later chapters of this report.

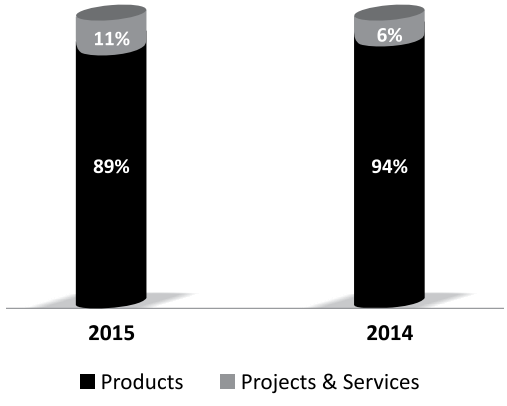
Standalone financial results are as below: *(₹ in crore)*

For the Year Ended March 31,	2015	% of Revenue	2014	% of Revenue	Growth (%)
Revenue from Operations	**279.04**	***100.00***	**241.11**	***100.00***	**15.73**
Expenses					
a) Changes in inventories of stock–in–trade	–	–	4.95	*2.05*	
b) Employee benefit expense	145.95	*52.30*	124.80	*51.76*	16.95
c) Travel expense	16.91	*6.06*	17.38	*7.21*	(2.70)
d)Finance costs (Bank charges)	0.40	*0.14*	0.35	*0.15*	14.29
e) Other expenses	54.80	*19.64*	49.05	*20.34*	11.72
Total Expenses	**218.06**	***78.15***	**196.53**	***81.51***	**10.96**
Operating Profit (EBITDA)	**60.98**	***21.85***	**44.58**	***18.49***	**36.79**
Depreciation	10.66	*3.82*	6.76	*2.80*	57.69
Operating Profit after Interest and Depreciation	**50.32**	***18.03***	**37.82**	***15.69***	**33.05**
Other Income	29.26	*10.49*	28.77	*11.93*	1.70
Foreign Exchange Gain/ (Loss)	0.12	*0.04*	1.17	*0.49*	(89.74)
Profit Before Tax	**79.70**	***28.56***	**67.76**	***28.10***	**1.76**
Taxation					
– Net current tax	13.78	*4.94*	13.38	*5.55*	2.99
– Other taxes	5.18	*1.86*	(0.71)	*(0.29)*	NA
Profit After Tax	**60.74**	***21.77***	**55.09**	***22.85***	**10.26**

Revenue from Operations

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

Revenue from Business Segments



During the year, the revenue from operations is ₹ 279.04 crore, registering a growth of 15.73% over ₹ 241.11 crore, revenue for the previous year.

Revenue from Products

We are a Product Company and derive most of our revenues from Products and related services. Categorized under revenue from "Products", it comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 247.81 crore, 88.81% of the total revenue, against ₹ 227.08 crore, 94.18% of total revenue, in the previous year.

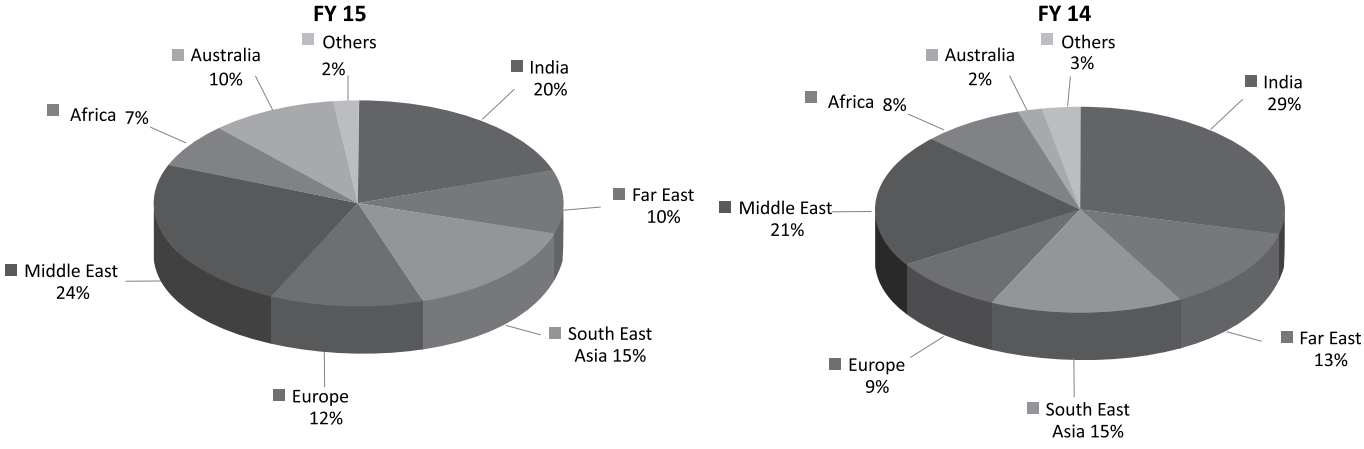
Revenue from Projects and Services

Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Software projects and services revenue for the year is ₹ 31.23 crore, 11.19% of the total revenue, against ₹ 14.03 crore, 5.82% of the total revenue, in the previous year.

Revenue from Various Geographies

Your Company is incorporated in India and caters to customers situated all across the globe and hence significant part of the revenue is derived from international sales. For the year 80% revenue was derived from overseas. The graph below presents a geography-wise distribution for the year as well as the previous year.

Revenue from Various Geographies



EXPENSES

Employee Benefit Expense

Employee benefit expense includes salaries paid to employees in India, with fixed and variable components; provision for gratuity and compensated absence, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 16.95 % to ₹ 145.95 crore, 52.30% of revenue against ₹ 124.80 crore, 51.76% of revenue in the previous year. The increase is primarily due to increase in employee compensation, both fixed and variable pay and increased hiring at overseas locations.

(₹ in crore)

For the Year Ended March 31,	2015	% of Revenue	2014	*% of Revenue*	Growth (%)
Salaries	133.06	***47.68***	113.76	***47.18***	16.97
Contribution to provident and other funds	6.89	***2.47***	6.04	***2.51***	14.07
Gratuity	2.64	***0.95***	2.41	***1.00***	9.54
Staff welfare	3.36	***1.20***	2.59	***1.07***	29.73
Total Employee Benefit Expenses	**145.95**	***52.30***	**124.80**	***51.76***	**16.95**
Revenue	***279.04***	***100.00***	***241.11***	***100.00***	***15.73***

Operating and Other Expenses

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

Operating and other expenses at ₹ 72.11 crore, 25.84% of revenue for the year, an increase of 7.98% against ₹ 66.78 crore, 27.70% of revenue in the previous year.

(₹ in crore)

For the Year Ended March 31,	2015	% of Revenue	2014	% of Revenue	Growth %
Outsourced Technical Service Expense	9.90	3.55	3.48	1.44	184.48
Travelling	16.91	6.06	17.38	7.21	(2.70)
Cost of software purchased for delivery to clients	3.44	1.23	8.57	3.55	(59.86)
Power and fuel	4.13	1.48	3.89	1.61	6.17
Rent	3.67	1.32	3.00	1.24	22.33
Repair and maintenance	2.49	0.89	2.36	0.98	5.51
Legal and professional	6.67	2.39	4.25	1.76	56.94
Conveyance	1.79	0.64	1.49	0.62	20.13
Communication	1.61	0.58	1.41	0.58	14.18
Information technology expenses	3.81	1.37	2.40	1.00	58.75
Provision for doubtful debts/advances/other current assets	2.14	0.77	4.24	1.76	(49.53)
Commission to channel partners	1.92	0.69	1.87	0.78	2.67
Training and recruitment	2.92	1.05	2.34	0.97	24.79
Conference, exhibition and seminar	1.94	0.70	1.68	0.70	15.48
Advertisement, business development and promotion	1.83	0.66	1.06	0.44	72.64
Insurance	1.11	0.40	0.45	0.19	146.67
Finance Cost (Bank Charges)	0.40	0.14	0.35	0.15	14.29
Contribution to CSR activities	0.71	0.25	–	–	
Miscellaneous expenses	4.72	1.69	6.56	2.72	(28.05)
Total Operating and Other Expenses	**72.11**	**25.84**	**66.78**	**27.70**	**7.98**
Revenue	***279.04***	***100.00***	***241.11***	***100.00***	***15.73***

Finance cost includes bank charges and fee for issuance of bank guarantees. It is ₹ 0.40 crore against ₹ 0.35 crore in the previous financial year.

The increase in operating and other expense for FY 2015 from FY 2014 are primarily due to increase in outsourced technical service expense, Legal and professional expense, Information technology expense, advertisement, business development and promotion, Insurance expense and contribution to CSR activities, which is partially offset by a decrease in cost of software purchased for delivery to clients, provision for bad debts and other expenses.

Increase in advertisement, business development and promotion expense is due to greater focus of the Company on marketing and branding. During the year, the Company contributed ₹ 0.71 crore towards CSR activities, in accordance with Section 135 read with schedule VII of the Companies Act, 2013 to various trusts and NGOs.

Operating Profit (EBITDA)

Operating Profit improved to ₹ 60.98 crore, 21.85% of revenue against ₹ 44.58 crore, 18.49% of revenue in the previous year. A growth of 368 basis points was registered in EBITDA margins.

Depreciation

Depreciation on fixed assets is ₹ 10.66 crore, 3.82% of revenue for the year against ₹ 6.76 crore, 2.80% of revenue in the previous year. It has increased due to depreciation on hardware/software additions of ₹ 7.25 crore during the year. Pursuant to the Companies Act, 2013, the Company revised depreciation rates in respect of computers and data processing unit (end user devices such as desktop, laptops etc.) as per the useful life specified in the Part "C" of Schedule II of the Act.

Other Income

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

(₹ *in Crore*)

For the Year Ended March 31,	2015	2014
On Investments		
Capital Gain- Mutual Funds	9.45	4.97
Dividend on investment in Mutual fund units	4.40	5.73
Dividend from Subsidiary	–	9.39
Interest on fixed deposits	8.80	6.46
Interest on tax free bonds	2.94	1.00
Provisions written back	2.81	0.46
Others	0.86	0.76
Total	**29.26**	**28.77**

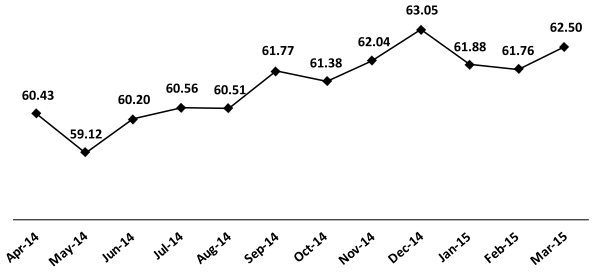
Other income for the year is ₹ 29.26 crore against ₹ 28.77 crore for the previous year.

In the previous year, the Company had received an Interim dividend of ₹ 9.39 crore from the Singapore subsidiary of the Company. These dividends from subsidiaries do not form part of income on consolidation of parent company and subsidiaries.

Foreign Exchange Gain/ (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from translation of current assets and liabilities at quarter end rates, those arising from realization/payments of receivables/payables. During the year, the Company had a foreign exchange gain of ₹ 0.12 crore against a gain of ₹ 1.17 crore for the previous year. We conduct major portion of our business transactions in currencies other than the Indian Rupee. Eighty percent of our revenue is denominated in foreign currency, predominantly the US Dollar, and majority of our expenses are in the Indian Rupee, therefore the Company is exposed to continuing risk of foreign exchange fluctuation. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. The exchange rate movement during the year is depicted in the below mentioned chart.

USD/INR Closing Rate Movement in FY 14-15



Taxation

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

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods, in accordance with accounting standards. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

(₹ in crore)

For the Year Ended March 31,	2015	2014
- Current Tax (Net of MAT credit entitlement)	14.21	14.41
- Deferred Tax Expense	5.18	(0.71)
- Earlier Year Tax	(0.43)	(1.03)
Total	**18.96**	**12.67**

Total effective tax for the year is 23.79% of Profit Before Tax, in comparison to 18.70% of Profit Before Tax for the previous year. Expenditure of the Company's R & D centre in Noida, duly recognized by the by the Department of Scientific and Industrial Research (DSIR), is entitled to weighted deduction for tax purposes in accordance with section 35(2 AB) of the Income Tax Act , 1961.

Profit After Tax

Our profit after tax for the year is ₹ 60.74 crore, 21.77% of revenue against ₹ 55.09 crore, 22.85% of revenue, during the previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up share capital as on March 31, 2015 is 32,383,724 equity shares of ₹ 10 each similar to the paid-up share capital as on March 31, 2014.

Retained Earnings

During the year, Company earned net profit of ₹ 60.74 crore. Your Directors have proposed a dividend of ₹ 16.19 crore. In the previous year, the Company paid a total dividend of ₹ 19.43 crore, inclusive of a special dividend on account of 25th year of the Company of ₹ 9.72 crore. Dividend tax for the year is ₹ 3.30 crore against ₹ 1.70 crore for the previous year, which was after set off against taxes paid by subsidiary Company in accordance with the provisions of the Income Tax Act, 1961.

Reserves and Surplus

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

(₹ in crore)

Particulars	Opening Balance as on April 1, 2014	Additions/ (Deletions) during the year	Closing Balance as on March 31, 2015
Capital Reserve	0.89	–	0.89
Securities Premium	2.19	–	2.19
General Reserve	82.27	–	82.27
Hedging Reserve	2.81	(2.16)	0.65
Profit and Loss Account Balance	235.06	41.25	276.31
Total	**323.22**	**39.09**	**362.31**

Fixed Assets

As at March 31, 2015, gross block of fixed assets including investment in technology assets is ₹ 113.43 crore against ₹ 106.79 crore as on March 31, 2014.

(₹ in crore)

As at March 31,	2015	2014	% Inc/Dec
Gross Block			
Freehold land	0.34	0.34	–
Leasehold land	6.64	6.64	–
Building	24.15	24.15	–
Office and other equipment	14.51	14.57	*(0.41)*
Computers	30.47	26.10	*16.74*
Vehicles	2.44	1.94	*25.77*
Furniture and fixtures	3.64	3.62	*0.55*
Software	30.53	28.72	*6.30*
Leasehold improvement	0.71	0.71	–
Total	**113.43**	**106.79**	***6.22***
Less; accumulated depreciation	72.05	62.86	*14.62*
Net Block	**41.38**	**43.93**	***(5.80)***
Add: Capital Work In Progress	0.79	1.26	*(37.30)*
Net Fixed Assets	**42.17**	**45.19**	*(6.68)*

There are fresh additions of ₹ 8.31 crore during the year including ₹ 7.25 crore in technology assets. The net fixed assets after depreciation are ₹ 41.38 crore as on March 31, 2015 against ₹ 43.93 crore as on March 31, 2014.

Investments

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

i) **Non-current investments** totaling ₹ 82.47 crore as on March 31, 2015 against ₹ 37.36 crore as on March 31, 2014.

a. **Investment In subsidiaries** -The investment of the Company in the Equity Share capital of its subsidiaries stood at ₹ 13.59 crore.

(₹ in crore)

Name of Subsidiary Company, Location	As at March 31,	
	2015	***2014***
Nucleus Software Solutions Pte. Ltd. Singapore.	1.63	1.63
Nucleus Software Inc., USA.	1.63	1.63
Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	*(1.63)*	*(1.63)*
Nucleus Software Japan Kabushiki Kaisha, Japan.	0.41	0.41
VirStra *i*-Technology Services Ltd., India.	1.00	1.00
Nucleus Software Netherlands B.V., Netherlands.	2.42	2.42
Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands.	*(2.42)*	*(2.42)*
Nucleus Software Limited, India	10.00	10.00
Nucleus Software Australia Pty. Limited	0.55	–

b. **Investment in equity shares of a non listed company** - ₹ 0.25 crore.

c. **Investment in tax free bonds held on a hold to maturity basis** - ₹ 53.63 crore.

d. **Investment in long-term fixed maturity plans of mutual funds** - ₹ 15.00 crore.

ii) Current Investments and Bank Balances

In Fixed Maturity plans and liquid plans of mutual funds, ₹ 88.21 crore, as per below table.

(₹ in crore)

Name of the Mutual Fund Scheme	Value of units as at March 31, 2015
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	12.59
IDFC Banking Debt Fund Regular Plan- Dividend	2.34
IDFC Cash Fund Direct Plan- Daily Dividend Reinvestment	10.75
Kotak Floater Short Term-Direct Plan-Daily Dividend	10.28
Kotak Liquid Scheme Plan A- Direct Plan-Daily Dividend-Reinvestment Option	21.40
Reliance Liquid Fund-Treasury Plan-Direct Plan-Daily Dividend-Reinvestment Option	0.85
HDFC FMP 370D June 2014 (2) Series 31 – Growth Option	1.00
HDFC FMP 371D June 2014 (1) Series 31 – Growth Option	3.00
HDFC Banking and PSU Debt Fund-Direct Plan-Growth	10.00
ICICI Prudential FMP Series 74 -369 Days Plan T Growth	10.00
Reliance Fixed Horizon Fund- XXVI- Series 31-Growth Option	5.00
UTI Fixed Term Income Fund-Series XIX-VIII (368 Days) Growth	1.00
Total	**88.21**

As of March 31, 2015 the cash and bank balances (including fixed deposits) stood at ₹ 162.98 crore against ₹ 71.99 crore as on March 31, 2014, current investments in mutual funds are ₹ 88.21 crore against ₹ 189.02 crore as on March 31, 2014. Total cash and cash equivalents and current investments are thus at ₹ 251.19 crore on March 31, 2015 against ₹ 261.01 crore as on March 31, 2014.

(₹ in crore)

As at March 31,	2015	2014
Cash and cheque in hand	–	0.01
Balances with Bank		
In Current Accounts	7.88	3.09
In Fixed Deposit Account	154.84	68.89
Remittance in transit	0.26	–
Investments in Mutual Funds	88.21	189.02
Total	**251.19**	**261.01**

Our net cash flow from operating activities before working capital changes is ₹ 63.79 crore for the financial year, against ₹ 50.91 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 45.42 crore against ₹ 36.76 crore in the previous year. To summarise the Company's liquidity position, given below are a few ratios:

As at March 31,	2015	2014
Operating cash flow as % of revenue	22.86%	21.11%
Days of sale receivable	101	48
Cash and Equivalents as % of shareholders' funds	63.64%	73.40%
Cash and Equivalents as % of revenue	90.02%	108.26%
Current investments as % of shareholders' funds	22.35%	53.16%
Current investments as % of revenue	31.61%	78.40%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2015 are ₹ 76.96 crore against ₹ 31.93 crore on March 31, 2014. The age profile of the debtors (net of provision) is given below:

As at March 31,	2015	2014
Less than three months	87.12%	83.62%
Between 3 and 6 months	5.89%	13.22%
More than 6 months	6.99%	3.16%

The Company has a policy of providing for all debtors outstanding for a period of 365 days or more and for those invoices which are otherwise considered doubtful based on the Management's perception of risk of collection.

Loans and Advances

Loans and Advances are classified into long-term and short-term based on their period of realization.

(₹ in crore)

As at March 31,	2015	2014
Long term Loans and advances		
Loans to subsidiaries	8.01	9.19
Security deposits	1.26	1.18
Advance income tax	11.03	14.03
Prepaid expenses	0.52	0.78
Staff Loans	0.06	0.06
Total	**20.88**	**25.24**
Short term Loans and advances		
Loans to subsidiaries	0.63	0.60
Security deposit	0.08	0.23
Employee advances	0.64	0.51
Prepaid expenses	3.22	4.65
Supplier advances	2.70	1.90
Mark-to-market gain on forward contracts	0.65	2.82
Service tax credit receivable	3.09	5.03
Others	2.58	0.97
Total	**13.59**	**16.71**
Total Loans and Advances	**34.47**	**41.95**

Outstanding amounts from wholly owned subsidiaries at the end of FY 2015 and FY 2014 both in Indian Rupees and foreign currency are as below:

As at March 31,	2015		2014	
	In ₹ Crore	In US $ Mn.	In ₹ Crore	In US $ Mn.
Long Term				
Nucleus Software Limited, India	8.01	–	8.59	–
Nucleus Software Inc., USA	–	–	0.60	0.10
	8.01	**–**	**9.19**	**0.10**
Short Term				
Nucleus Software Inc., USA	0.62	0.10	0.60	0.10
	0.62	**0.10**	**0.60**	**0.10**

Security Deposits, utilised primarily for hiring of office premises and staff accommodation, amounts to ₹ 1.34 crore as on March 31, 2015 against ₹ 1.41 crore as on March 31, 2014.

Current Liabilities

Current liabilities represent trade payables, short-term provisions and other current liabilities. As on March 31, 2015 the Current liabilities are ₹ 114.69 crore (₹ 93.87 crore as on March 31, 2014).

(₹ in crore)

As at March 31,	2015	2014
Trade Payables	23.50	16.21
Advances from customers/Advance Billing	28.39	18.46
Deferred revenue	27.53	19.72
Unpaid dividend	0.27	0.24
Payable for purchase of fixed assets	0.19	–
Book Overdraft	1.54	1.19
Due to subsidiaries	9.13	7.89
Provision for Gratuity	0.26	–
Other statutory dues	3.14	3.73
Short term provisions		
Leave encashment	1.25	1.20
Gratuity	–	2.50
Proposed dividend	16.19	19.43
Tax on dividend	3.30	3.30
Total	**114.69**	**93.87**

Trade payables represent the amount payable for providing goods and services and are ₹ 23.50 crore as on March 31, 2015 against ₹ 16.21 crore as on March 31, 2014.

Advances from customers/Advance Billing as on March 31, 2015 is ₹ 28.39 crore against ₹ 18.46 crore as on March 31, 2014. These consist of advance payments received from customers, for which related costs have not been yet incurred or product license delivery is at later date. Deferred revenue represents the advance invoicing for annual maintenance charges for which services are to be rendered in the future. As of March 31, 2015 it is ₹ 27.53 crore against ₹ 19.72 crore as on March 31, 2014.

Statutory dues are the amounts accrued for taxes deducted at source by the Company, staff provident fund, employee state insurance liabilities, sales tax, etc. As on March 31, 2015 it is ₹ 3.14 crore against ₹ 3.73 crore as on March 31, 2014.

Short term provisions for leave encashment and gratuity are those for which liability is expected to arise in near future. A sum total of all these short-term provisions as on March 31, 2015 are ₹ 20.74 crore against ₹ 26.43 crore as on March 31, 2014.

Long-term Provisions

Long term provisions as on March 31, 2015 were ₹ 3.50 crore against ₹ 10.63 crore as on March 31, 2014. The break-up of provision at the year-end is given below:

(₹ *in crore*)

As at March 31,	2015	2014
Gratuity	–	7.63
Leave encashment	3.50	3.00
Total	**3.50**	**10.63**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Leave encashment represents provisions made by the Company based on actuarial valuation. During the year, the Company has made contributions to Nucleus Software Employees Group Gratuity Assurance Trust, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

AUDITORS' REPORT

For the Financial Statements for the year ended March 31, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NUCLEUS SOFTWARE EXPORTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **NUCLEUS SOFTWARE EXPORTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31 March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

Sd/-
SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
7 May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

i. In respect of its fixed assets:

(a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

ii. The Company does not have any inventory. Accordingly, the provisions of Clause 3 (ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

iv. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. Having regard to the explanation that services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to sale of services. The Company's operations did not give rise to purchase and sale of inventory during the current year. During the course of our audit, we have not observed any major weakness in such internal control system.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits and accordingly, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for the Company.

vii. According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

We are informed that the operations of the Company during the year did not give rise to any liability for Excise Duty and Customs Duty.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Value Added Tax and cess which have not been deposited as on 31 March, 2015 on account of disputes.

(d) The Company has generally been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

viii. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

ix. According to the information and explanations given to us and the records examined by us, the Company has not taken any loans from financial institutions and banks nor has it issued any debentures. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.

x. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

xi. Based on the examination of the books of account and related records and according to the information and explanations given to us, no term loans were obtained by the Company.

xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

sd/-
SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
7 May, 2015

BALANCE SHEET AS AT 31 MARCH, 2015

(Amount in ₹)

	Notes Ref.	As at 31 March, 2015	As at 31 March, 2014
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share capital	2.1	323,852,240	323,852,240
b. Reserves and surplus	2.2	3,623,139,377	3,232,229,347
		3,946,991,617	**3,556,081,587**
2. NON-CURRENT LIABILITIES			
Long-term provisions	2.3	**35,021,563**	**106,344,418**
3. CURRENT LIABILITIES			
a. Trade payables	2.4	235,020,362	162,061,578
b. Other current liabilities	2.5	704,522,536	512,252,985
c. Short-term provisions	2.6	207,369,476	264,413,311
		1,146,912,374	**938,727,874**
		5,128,925,554	**4,601,153,879**
ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.7	327,889,509	315,227,041
- Intangible assets	2.7	85,868,663	124,087,871
- Capital work in progress		7,920,000	12,560,000
		421,678,172	451,874,912
b. Non-current investments	2.8	824,663,240	373,562,267
c. Deferred tax assets (net)	2.9	9,613,446	61,385,458
d. Long-term loans and advances	2.10	208,785,706	252,350,976
e. Other non-current assets	2.11	11,294,974	4,688,330
		1,476,035,538	**1,143,861,943**
2. CURRENT ASSETS			
a. Current investments	2.12	882,071,487	1,890,248,637
b. Trade receivables	2.13	769,564,876	319,335,108
c. Cash and cash equivalents	2.14	1,629,819,091	719,873,578
d. Short-term loans and advances	2.15	135,888,728	167,158,765
e. Other current assets	2.16	235,545,834	360,675,848
		3,652,890,016	**3,457,291,936**
		5,128,925,554	**4,601,153,879**

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

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Sd/-
SAMEER ROHATGI
Partner

Place : Noida
Date : 07 May, 2015

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

Sd/-
JANKI BALLABH
Chairman

Sd/-
VISHNU R DUSAD
Managing Director & Chief Executive Officer

Sd/-
ASHISH NANDA
Global Head - Finance & Accounts

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

Place : Noida
Date : 07 May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

(Amount in ₹)

	Notes Ref.	Year ended 31 March, 2015	Year ended 31 March, 2014
1. REVENUE FROM OPERATIONS			
Income from software product and services	2.17	2,790,356,599	2,411,107,181
2. OTHER INCOME	2.18	293,765,949	299,391,988
3. TOTAL REVENUE (1+2)		**3,084,122,548**	**2,710,499,169**
4. EXPENSES			
a. Changes in inventories of stock in trade		–	49,486,419
b. Employee benefits expense	2.19	1,459,467,764	1,248,031,797
c. Operating and other expenses	2.20	717,031,059	664,299,419
d. Finance cost	2.21	4,004,625	3,499,856
e. Depreciation and amortisation expense	2.7	106,590,402	67,602,999
TOTAL EXPENSES		**2,287,093,850**	**2,032,920,490**
5. PROFIT BEFORE TAX (3-4)		**797,028,698**	**677,578,679**
6. TAX EXPENSE			
a. Current tax expense	2.23	153,100,000	144,100,000
b. MAT Credit Entitlement (including ₹ 7,170,597 for earlier years)	2.23	(10,970,597)	–
c. Tax credit relating to prior year		(4,320,512)	(10,253,915)
d. Net current tax expense		137,808,891	133,846,085
e. Deferred tax charge/ (credit)	2.9	51,772,012	(7,145,000)
NET TAX EXPENSE		**189,580,903**	**126,701,085**
7. PROFIT FOR THE YEAR (5-6)		**607,447,795**	**550,877,594**
8. EARNINGS PER EQUITY SHARE	2.30		
Equity shares of ₹ 10 each			
a. Basic		18.76	17.01
b. Diluted		18.76	17.01
Number of shares used in computing earnings per share			
a. Basic		32,383,724	32,383,699
b. Diluted		32,383,724	32,383,699
See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Sd/-
SAMEER ROHATGI
Partner

Place : Noida
Date : 07 May, 2015

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

Sd/-
JANKI BALLABH
Chairman

Sd/-
VISHNU R DUSAD
Managing Director & Chief Executive Officer

Sd/-
ASHISH NANDA
Global Head - Finance & Accounts

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

Place : Noida
Date : 07 May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

(Amount in ₹)

		Notes Ref.	For the Year ended 31 March, 2015	For the Year ended 31 March, 2014
A.	**Cash flow from operating activities**			
	Net profit before tax		797,028,698	677,578,679
	Adjustment for:			
	Depreciation and amortisation expense		106,590,402	67,602,999
	Exchange gain on translation of foreign currency accounts (net)		(1,176,534)	(11,771,028)
	Dividend received from non-trade investments		(43,854,099)	(57,339,926)
	Dividend on long term trade investment		(125,000)	(62,500)
	Dividend received from subsidiary		-	(93,931,921)
	Interest on fixed deposits and others		(117,446,604)	(74,490,642)
	Interest on loan to subsidiaries		(350,895)	(549,224)
	Net gain on sale of investments		(94,542,426)	(49,710,907)
	Adjustment to the carrying amount of investments		139,269	9,350,000
	Profit on sale of fixed assets (net)		(1,768,469)	(1,657,250)
	Provision for doubtful debts/advances/other current assets		21,446,578	48,711,894
	Provisions written back		(28,087,144)	(4,649,158)
	Operating profit before working capital changes		**637,853,776**	**509,081,016**
	Adjustment for (increase) / decrease in operating assets			
	- Trade receivables		(453,043,935)	243,971,039
	- Inventories		–	49,486,419
	- Short-term loans and advances		21,647,067	(75,188,510)
	- Long-term loans and advances		1,739,802	915,008
	- Other current assets		162,464,670	(118,206,762)
	- Other non-current assets		(9,106,644)	(2,852,151)
	Adjustment for increase / (decrease) in operating liabilities			
	- Trade payables and other current liabilities		276,684,823	(113,431,181)
	- Short-term provisions		(24,601,821)	1,270,594
	- Long-term provisions		(71,322,855)	2,426,086
			542,314,883	497,471,558
	Net income tax paid		(88,094,945)	(129,856,478)
	Net cash from operating activities (A)		**454,219,938**	**367,615,080**
B.	**Cash flow from investing activities**			
	Purchase of fixed assets		(76,578,044)	(191,472,569)
	Proceeds from sale of fixed assets		3,856,220	2,453,749
	Purchase of current investments		(3,208,756,284)	(4,228,260,636)
	Proceeds from sale of current investments		4,311,336,591	3,895,961,032
	Purchase of long term investments in Bonds & mutual funds		(445,600,000)	(250,000,000)
	Investments in subsidiaries		(5,500,973)	–
	Loans to subsidiaries (net)		11,566,413	87,693,795
	Bank balance not considered as cash and cash equivalents - placed		(1,520,027,530)	(671,955,211)
	Bank balance not considered as cash and cash equivalents - matured		658,500,000	851,423,761
	Interest on fixed deposits and others (net)		91,008,633	71,065,597
	Income tax paid		(30,044,598)	(6,793,202)
	Dividend received from non-trade investments		43,854,099	57,339,926
	Dividend on long term trade investment		125,000	62,500
	Dividend received from subsidiary		–	93,931,921
	Net cash from / (used in) investing activities (B)		**(166,260,473)**	**(288,549,337)**
C.	**Cash flow from financing activities**			
	Dividend paid (including corporate dividend tax)		(227,324,027)	(97,697,968)
	Proceeds from employee stock option exercised		–	12,060
	Net cash flow from / (used in) financing activities (C)		**(227,324,027)**	**(97,685,908)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**60,635,438**	**(18,620,165)**
	Opening cash and cash equivalents	2.14	47,918,367	53,247,333
	Exchange difference on translation of foreign currency bank accounts		**(15,171,630)**	**13,291,199**
	Closing cash and cash equivalents	2.14	**93,382,175**	**47,918,367**
	See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Sd/-
SAMEER ROHATGI
Partner

Place : Noida
Date : 07 May, 2015

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

Sd/-
JANKI BALLABH
Chairman

Sd/-
VISHNU R DUSAD
Managing Director & Chief Executive Officer

Sd/-
ASHISH NANDA
Global Head - Finance & Accounts

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

Place : Noida
Date : 07 May, 2015

Notes forming part of the financial statements

Note 1:

1.1 Company Overview

Nucleus Software Exports Limited ('Nucleus' or 'the Company') was incorporated on 9 January, 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October, 1994. The Company made an initial public offer in August 1995. As at 31 March, 2015, 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, Australia and 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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Examples of such estimates include estimates of expected contract costs to be incurred to complete contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the year in which the results are known/ materialise.

(iii) Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale.

(iv) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(v) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(vi) Depreciation and amortisation

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

The management's estimates of the useful lives of the various fixed assets are as follows:

Asset category	Useful life (in years)
Tangible asset	
Building	30
Plant and machinery (including office equipment)	5
Computers- end user devices such laptops, desktops etc	3
Computers- servers and networking equipments	4
Vehicles	5
Furniture and fixtures	5
Temporary wooden structures (included in furniture and fixtures)	1
Intangible asset	
Software	3

With effect from 1 April, 2014, the Company has revised the useful life in respect of computers and data processing units (end use devices such as laptops, desktops etc) from 4 years to 3 years. (also see note 2.7 (iii))

(vii) Revenue recognition

Revenue from software development services comprises income from time and material and fixed price contracts.

Revenue from time and material contracts is recognised as the services are rendered.

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.

Revenue from sale of licenses, where no customisation is required, are recognised upon delivery of these licenses which constitute transfer of all risks and rewards.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Revenue from sale of goods is recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.

Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with terms of the contract.

(viii) 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.

Interest income is accounted on accrual basis.

Dividend income is recognised when the right to receive the same is established.

(ix) Expenditure

The cost of software purchased for use in software development and services is charged to cost of revenues in the year of acquisition. Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(x) Tangible assets and capital work in progress

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets are stated at the cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use. Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(xi) 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.

(xii) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Statement of Profit and Loss.

The Company uses foreign exchange forward contracts and options to hedge its exposure for movement in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

The Company follows Accounting Standard (AS) 30 – "Financial Instruments: Recognition and Measurement" to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

(xiii) Investments

Investments are classified into long-term and current investments based on the intent of management at the time of acquisition. Long-term investments including investment in subsidiaries are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and the fair value.

(xiv) Employee stock option based compensation

The excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option plan is recognised as deferred stock compensation cost and is amortised on graded vesting basis over the vesting period of the options.

(xv) Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

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. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the 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 recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

(xvi) 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.

(xvii) 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.

(xviii) 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.

(xix) Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

(xx) 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 capitalised. The amount capitalised 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. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

(xxi) Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use

of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

(xxii) Provision and contingencies

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

Contingent assets are not recognised in the financial statements.

(xxiii) Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

(xxiv) Derivative contracts

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

(xxv) Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(xxvi) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

(xxvii) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

2.1 SHARE CAPITAL *(Amount in ₹)*

	Particulars	As at 31 March, 2015	As at 31 March, 2014
a.	**Authorised**		
	Equity shares		
	40,000,000 (40,000,000) equity shares of ₹ 10 each	**400,000,000**	**400,000,000**
b.	**Issued, Subscribed and Paid-Up**		
	Issued		
	32,386,524 (32,386,524) equity shares of ₹ 10 each	**323,865,240**	**323,865,240**
	Subscribed and Paid-Up		
	32,383,724 (32,383,724) equity shares of ₹ 10 each, fully paid up	323,837,240	323,837,240
	Add: 2,800 (2,800) forfeited equity shares pending reissue (see note (iv) below)	15,000	15,000
		323,852,240	**323,852,240**

Refer notes (i) to (v) below :-

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

Particulars		Opening balance	Allotted under Employee Stock Option Plans	Closing balance
a.	For the year ended 31 March, 2015			
-	Number of shares	32,383,724	–	32,383,724
-	Amount	323,837,240	–	323,837,240
b.	For the year ended 31 March, 2014			
-	Number of shares	32,383,634	90	32,383,724
-	Amount	323,836,340	900	323,837,240

(ii) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	27.79%	9,000,000	27.79%
Nucleus Software Engineers Private Limited	2,385,882	7.37%	2,385,882	7.37%
Madhu Dusad	3,066,248	9.47%	2,045,048	6.32%
Vishnu R Dusad	1,603,492	4.95%	1,603,492	4.95%
Fidelity Puritan Trust- Fidelity Low-Priced Stock Fund*	2,200,000	6.79%	2,100,000	6.48%
ICICI Prudential Mutual Fund*	666,143	2.06%	1,634,856	5.05%

* Shares of the Company are held by various Mutual Fund Schemes of Asset Management Companies ("AMC"). The Company has consolidated the shares held under Mutual Fund Schemes under their legal entities structure and disclosed them together.

(iv) Details of forfeited shares

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	(Number)	(₹)	(Number)	(₹)
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 three ESOP schemes; ESOP scheme - 2005 (instituted in 2005), ESOP scheme - 2006 (instituted in 2006) and ESOP Scheme - 2015 (instituted in 2015). These schemes were duly approved by the Board of Directors and Shareholders. The 2005 scheme provides for 600,000 options, 2006 scheme provides for 1,000,000 options and 2015 scheme 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. These schemes are administered by the Compensation Committee comprising three members, the majority of whom are independent directors.

c. Details of options granted, forfeited and exercised during the year in the above mentioned scheme is as follows:

Particulars	Year ended 31 March, 2015	Weighted Average	Year ended 31 March, 2014	Weighted Average
	(Number)	(Rupees)	(Number)	(Rupees)
2005 Stock Option Scheme				
Options outstanding at the beginning of the year	–	–	1,320	144
Options granted	–	–	–	–
Options forfeited	–	–	(1,230)	144
Options exercised	–	–	(90)	144
Balance carried forward	–	–	–	–

There are no options granted, forfeited and exercised during the year under ESOP Scheme 2006 and ESOP Scheme 2015.

d. During the year ended 31 March, 2014, 1230 shares were forfeited and the amount paid up as application money aggregating to Rupees 12,300 has been transferred to the Capital Reserve (Also see note 2.2 (a))

Notes forming part of the financial statements

(Amount in ₹)

	Particulars	As at 31 March, 2015	As at 31 March, 2014
2.2	**RESERVES AND SURPLUS**		
a.	**Capital reserve**		
	Opening balance	8,900,230	8,887,930
	Add : Amount forfeited against employees stock option plan	–	12,300
	Closing balance	**8,900,230**	**8,900,230**
b.	**Securities premium account**		
	Opening balance	21,901,489	21,889,429
	Add : Premium on conversion of stock options issued to employees	–	12,060
	Closing balance	**21,901,489**	**21,901,489**
c.	**Hedging reserve [see note 2.35]**		
	Opening balance	28,143,036	6,370,074
	Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	(21,655,752)	21,772,962
	Closing balance	**6,487,284**	**28,143,036**
d.	**General reserve**		
	Opening balance	822,708,220	767,620,461
	Add: Transferred from surplus in Statement of Profit and Loss	–	55,087,759
	Closing balance	**822,708,220**	**822,708,220**
e.	**Surplus in Statement of Profit and Loss**		
	Opening balance	2,350,576,372	2,066,146,834
	Add: Profit for the year	607,447,795	550,877,594
	Less : Appropriations		
	- Proposed final dividend on equity shares [see note (i) and (ii) below]	(161,918,620)	(97,151,172)
	- Proposed special dividend on equity shares [see note (ii) below]	–	(97,151,172)
	- Tax on dividend charge [see note 2.40]	(32,963,393)	(17,057,953)
	- Transferred to general reserve	–	(55,087,759)
	Closing balance	**2,763,142,154**	**2,350,576,372**
		3,623,139,377	**3,232,229,347**

Note :

(i) The Board of Directors recommended a Final Dividend of ₹ 5 per share (on equity share of par value of ₹ 10 each) at their Board meeting held on May 7, 2015. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting.

(ii) The Board of Directors, at their meeting held on May 3, 2014 had declared a final dividend of ₹ 3 per equity share and a special dividend of ₹ 3 per equity share for the year ended on 31 March, 2014 which was approved by shareholders through poll in Annual General Meeting held on 8th July, 2014.

Notes forming part of the financial statements

(Amount in ₹)

	Particulars	As at 31 March, 2015	As at 31 March, 2014
2.3	**LONG-TERM PROVISIONS**		
	Provision for employee benefits		
	- Provision for compensated absences	35,021,563	30,055,646
	- Provision for gratuity (see note 2.34)	–	76,288,772
		35,021,563	**106,344,418**
2.4	**TRADE PAYABLES**		
	a. Trade Payables		
	- Micro and small enterprises (see note below)	–	–
	- Others	215,790,355	160,287,186
	b. Due to subsidiaries (see note 2.31)	19,230,007	1,774,392
		235,020,362	**162,061,578**

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.

2.5	**OTHER CURRENT LIABILITIES**		
	a. Advance from customers	283,932,617	184,632,621
	b. Deferred revenue	275,322,389	197,237,246
	c. Unpaid dividends	2,720,113	2,264,961
	d. Payable for purchase of fixed assets	1,903,333	–
	e. Other payables - statutory liabilities	31,365,101	37,290,760
	f. Book overdraft	15,401,797	11,901,186
	g. Provision for gratuity (see note 2.34)	2,570,248	–
	h. Due to subsidiary (see note 2.31 & 2.37)	91,306,938	78,926,211
		704,522,536	**512,252,985**
2.6	**SHORT-TERM PROVISIONS**		
	a. Provision for employee benefits		
	- Provision for compensated absences	12,487,463	12,046,912
	- Provision for gratuity (see note 2.34)	–	25,042,372
	b. Provision for proposed equity dividend	161,918,620	194,302,344
	c. Provision for tax on proposed dividend (see note 2.40)	32,963,393	33,021,683
		207,369,476	**264,413,311**

2.7 Fixed Assets (At Cost)

(Amount in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April, 2014	Additions	Deductions / adjustments	As at 31 March, 2015	As at 1 April, 2014	Depreciation for the period	Deductions / adjustments	As at 31 March, 2015	As at 31 March, 2015	As at 31 March, 2014
Tangible assets										
Freehold land	3,360,720	–	–	3,360,720	–	–	–	–	3,360,720	3,360,720
	(3,360,720)	(–)	(–)	(3,360,720)	(–)	(–)	(–)	(–)	(3,360,720)	(3,360,720)
Leasehold land	66,395,000	–	–	66,395,000	8,886,523	752,243	–	9,638,766	56,756,234	57,508,477
	(66,395,000)	(–)	(–)	(66,395,000)	(8,134,965)	(751,558)	(–)	(8,886,523)	(57,508,477)	(58,260,035)
Leasehold improvements	7,148,689	–	–	7,148,689	7,148,689	–	–	7,148,689	–	–
	(7,583,420)	(–)	(434,731)	(7,148,689)	(7,583,420)	(–)	(434,731)	(7,148,689)	(–)	(–)
Buildings	241,471,493	–	–	241,471,493	67,370,584	8,049,059	–	75,419,643	166,051,850	174,100,909
	(242,275,991)	(–)	(804,498)	(241,471,493)	(59,438,363)	(7,932,221)	(–)	(67,370,584)	(174,100,909)	(182,837,628)
Plant and equipment	115,799,872	611,475	1,489,713	114,921,634	109,457,894	1,755,895	1,489,713	109,724,076	5,197,558	6,341,978
	(114,674,612)	(2,989,515)	(1,864,255)	(115,799,872)	(108,206,471)	(3,862,655)	(2,611,232)	(109,457,894)	(6,341,978)	(6,468,141)
Office equipment	29,886,632	289,899	–	30,176,531	26,064,859	1,448,300	–	27,513,159	2,663,372	3,821,773
	(28,529,271)	(2,117,544)	(760,183)	(29,886,632)	(24,440,982)	(2,384,060)	(760,183)	(26,064,859)	(3,821,773)	(4,088,289)
Computer equipment	261,022,979	54,448,651	10,728,633	304,742,997	205,925,429	33,559,804	10,641,517	228,843,716	75,899,281	55,097,550
	(234,752,030)	(41,986,599)	(15,715,650)	(261,022,979)	(205,692,115)	(15,635,357)	(15,402,043)	(205,925,429)	(55,097,550)	(29,059,915)
Vehicles	19,428,067	9,539,057	4,536,435	24,430,689	5,104,721	4,508,032	2,535,801	7,076,952	17,353,737	14,323,346
	(14,427,706)	(13,721,527)	(8,721,166)	(19,428,067)	(11,548,094)	(1,852,422)	(8,295,795)	(5,104,721)	(14,323,346)	(2,879,612)
Furniture and fixtures	36,211,435	176,950	–	36,388,385	35,539,147	242,481	–	35,781,628	606,757	672,288
	(36,670,113)	(106,732)	(565,410)	(36,211,435)	(35,816,114)	(288,443)	(565,410)	(35,539,147)	(672,288)	(853,999)
	780,724,887	**65,066,032**	**16,754,781**	**829,036,138**	**465,497,846**	**50,315,814**	**14,667,031**	**501,146,629**	**327,889,509**	**315,227,041**
	(748,668,863)	**(60,921,917)**	**(28,865,893)**	**(780,724,887)**	**(460,860,524)**	**(32,706,716)**	**(28,069,394)**	**(465,497,846)**	**(315,227,041)**	**(287,808,339)**
Intangible assets										
Software	**287,223,881**	**18,055,380**	**–**	**305,279,261**	**163,136,010**	**56,274,588**	**–**	**219,410,598**	**85,868,663**	**124,087,871**
	(171,727,503)	**(115,496,378)**	**–**	**(287,223,881)**	**(128,239,727)**	**(34,896,283)**	**–**	**(163,136,010)**	**(124,087,871)**	**(43,487,776)**
	1,067,948,768	**83,121,412**	**16,754,781**	**1,134,315,399**	**628,633,856**	**106,590,402**	**14,667,031**	**720,557,227**	**413,758,172**	**439,314,912**
	(920,396,366)	**(176,418,295)**	**(28,865,893)**	**(1,067,948,768)**	**(589,100,251)**	**(67,602,999)**	**(28,069,394)**	**(628,633,856)**	**(439,314,912)**	

Notes :

(i) Figures in bracket pertains to previous year ended 31 March 2014/2013.

(ii) Some of the assets have been re-grouped during the year, based on the nature of assets.

(iii) Pursuant to the Companies Act, 2013, ("The Act"), being effective from April 1, 2014, the Company has revised depreciation rates in respect of computers and data processing unit (end user devices such as desktop, laptops etc.) as per the useful life specified in Part "C" of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended March 31, 2015 is higher by ₹ 5,199,477.

(Amount in ₹)

	Particulars	As at 31 March, 2015	As at 31 March, 2014
2.8	**NON-CURRENT INVESTMENTS (at cost)**		
	- **Trade**		
	Investments in equity instruments of wholly owned subsidiaries (unquoted)		
a.	625,000 (625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore	16,319,950	16,319,950
b.	1,000,000 (1,000,000) equity shares of US Dollar 0.35 each, fully paid up, in Nucleus Software Inc., USA	16,293,150	16,293,150
	Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	(16,293,150)	(16,293,150)
c.	200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha	4,092,262	4,092,262
d.	1,000,000 (1,000,000) equity shares of ₹ 10 each, fully paid up, in VirStra i-Technology Services Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	10,000,000	10,000,000
e.	4,000 (4,000) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands	24,242,000	24,242,000
	Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands	(24,242,000)	(24,242,000)
f.	10,000,000 (10,000,000) equity shares of ₹10 each, fully paid up, in Nucleus Software Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	100,000,000	100,000,000
g.	100,000 (1) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	5,501,028	55
		135,913,240	**130,412,267**
	- **Other investments**		
	Investment in equity instruments (Unquoted)		
	250,000 (250,000) equity shares of ₹10 each, fully paid up, in Ujjivan Financial Services Private Limited	**2,500,000**	**2,500,000**
	Investment in bonds (quoted)		
a.	Indian Railway Finance Corporation Limited - Tranche 1 Series IA (see note 2.38)	90,650,000	90,650,000
	(Net of adjustment to the carrying amount of investments amounting to ₹9,350,000)		
b.	Indian Infrastructure Finance Company Limited - Tranche 1 Series 1A	50,000,000	50,000,000
c.	8.09% Power Finance Corporation Tax Free Bonds 2021	45,600,000	–
d.	7.51% Power Finance Corporation Tax Free Bonds 2021	50,000,000	–
e.	Indian Railway Finance Corporation Ltd.- Tranche 1 Series I	200,000,000	–
f.	Indian Railway Finance Corporation Limited - Tranche 1 Series IB	100,000,000	100,000,000
	Investment in mutual funds (quoted)		
a.	HDFC FMP 1128D March 2015(1) Direct Growth	50,000,000	–
b.	ICICI Prudential FMP Series 72 -368 Days Plan A Growth	50,000,000	–
c.	ICICI Prudential FMP Series 76-1108 Days Plan V-Direct-Growth	50,000,000	–
		686,250,000	**240,650,000**
	Aggregate amount of non-current investments	**824,663,240**	**373,562,267**
	Aggregate amount of quoted investments	686,250,000	240,650,000
	Aggregate market value of quoted investments	701,240,000	261,365,000
	Aggregate amount of unquoted investments	138,413,240	132,912,267

2.9 DEFERRED TAX ASSET (Net) *(Amount in ₹)*

Particular	Opening as at 1 April, 2014	(Credited)/ Charge during the year *	Closing as at 31 March, 2015
a. Deferred tax assets			
Provision for compensated absences, gratuity and other employee benefits	48,753,115	32,311,191	16,441,924
Provision for doubtful debts / service income accrued but not due	24,699,844	(431,619)	25,131,463
	73,452,959	**31,879,572**	**41,573,387**
b. Deferred tax liabilities			
On difference between book balance and tax balance of fixed assets	12,067,501	19,892,440	31,959,941
c. Net deferred tax asset	**61,385,458**	**51,772,012**	**9,613,446**

* including prior period charge for ₹ 9,196,807

(Amount in ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
2.10 LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
a. Loans to subsidiaries (see note 2.31) (also see note (i) below)	80,110,221	91,938,634
b. Security Deposits	12,602,866	11,770,815
c. Loans and advances to employees		
- Staff Loans	556,867	595,890
d. Prepaid expenses	5,174,204	7,707,034
e. Balances with government authorities		
- Advance tax [net of provision of ₹ 447,314,715 (₹ 354,675,203)] (see note 2.24)	110,341,548	140,338,603
	208,785,706	**252,350,976**

Note (i) :Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges is given below :-

Loans and advances in the nature of loans given to subsidiaries :

	Name of the party	Repayment Schedule	Amount outstanding as at 31 March, 2015	Maximum balance outstanding during the year
			(₹)	(₹)
a.	Nucleus Software Limited, India	Payable on demand after 31 March 2018	80,110,221 (85,950,634)	85,950,634 (90,946,898)
b.	Nucleus Software Inc., USA	5 yearly instalments (December 2011 to December 2015)	6,250,000 (11,976,000)	12,352,000 (20,196,000)

Note : Figures in bracket pertains to previous year ended 31 March, 2014.

(Amount in ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
2.11 OTHER NON CURRENT ASSETS		
(Unsecured, considered good)		
a. Long-term bank deposits (See note below)	1,675,000	4,175,000
b. Interest accrued but not due on bank deposits	571,129	513,330
c. Unamortised premium on tax free bonds	9,048,845	–
	11,294,974	**4,688,330**

Note :-

Long-term bank deposits represent deposits under lien with banks and are restricted from being settled for more than 12 months from the Balance Sheet Date.

2.12 Current investments - Non trade (At the lower of cost and fair value)

a. Investment in mutual funds

Name	Units as at 31 March, 2015 (Numbers)	Value of units as at 31 March, 2015 (₹)	Units as at 31 March, 2014 (Numbers)	Value of units as at 31 March, 2014 (₹)
– **Liquid Schemes of Mutual Funds (Quoted)**				
a. Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	125,906	125,944,643	193,497	193,519,815
b. Birla Sunlife Cash Plus -Daily Dividend- Regular Plan	–	–	2,369	237,319
c. Birla Sunlife Cash Plus Fund-Direct-Daily Dividend-Reinvestment Option	–	–	740,078	74,152,137
d. HDFC Liquid Fund- Direct Plan-Daily Dividend-Reinvestment	–	–	9,320,303	95,050,316
e. ICICI Prudential Liquid Fund-Direct Plan-Daily Dividend-Reinvestment Option	–	–	633,625	63,395,982
f. IDFC Banking Debt Fund Regular Plan- Dividend	2,316,839	23,396,133	2,163,842	22,000,000
g. IDFC Cash Fund Direct Plan- Daily Dividend Reinvestment	107,419	107,476,268	–	–
h. JP Morgan India Liquid Fund- Daily Dividend-Direct Plan			3,585,782	35,894,039
i. Kotak Floater Short Term-Direct Plan-Daily Dividend	101,572	102,751,856	75,724	76,604,051
j. Kotak Liquid Scheme Plan A- Direct Plan-Daily Dividend-Reinvestment Option	175,002	213,993,857	17,150	17,349,318
k. Reliance Liquid Fund-Treasury Plan-Direct Plan-Daily Dividend-Reinvestment Option	5,566	8,508,730	137,968	210,916,791
l. SBI Liquid Fund- Direct Plan- Daily Dividend	–	–	8,033	8,059,292
m. Templeton India Treasury Management Account Super Institutional Plan - Direct Plan- Daily Dividend	–	–	11,317	11,328,734
n. UTI Money market Fund-Institutional Plan- Direct Plan- Daily Dividend-Reinvestment	–	–	42,399	42,542,194
– **Fixed Maturity Plans/Interval Plans (Quoted)**				
a. Birla SunLife Fixed Term Plan-Series IV-Growth-368 Days	–	–	5,000,000	50,000,000
b. Birla SunLife Fixed Term Plan-Series JL-Growth-368 Days	–	–	3,000,000	30,000,000
c. Birla SunLife Fixed Term Plan-Series IH-Growth-368 Days	–	–	2,000,000	20,000,000
d. Birla SunLife Fixed Term Plan-Series JI-Growth-368 Days	–	–	2,000,000	20,000,000
e. Birla SunLife Fixed Term Plan-Series JO-Growth-368 Days	–	–	5,000,000	50,000,000
f. DSP BlackRock FMP-Series 93-12M-Dividend-Payout	–	–	3,041,587	30,415,869
g. DSP BlackRock FMP-Series 129-12M-Growth Option	–	–	5,000,000	50,000,000
h. DSP BlackRock FMP-Series 130-12M-Growth Option	–	–	5,000,000	50,000,000
i. DSP BlackRock FMP-Series 126-12M-Growth Option	–	–	950,000	9,500,000
j. DSP BlackRock FMP-Series 144-12M-Growth Option	–	–	5,000,000	50,000,000

Name	Units as at 31 March, 2015 (Numbers)	Value of units as at 31 March, 2015 (₹)	Units as at 31 March, 2014 (Numbers)	Value of units as at 31 March, 2014 (₹)
k. HDFC FMP 371D July 2013 (1) Series 26 – Growth Option	–	–	4,772,153	47,721,530
l. HDFC FMP 370D October 2013(1)-Series 28- Growth Option	–	–	2,000,000	20,000,000
m. HDFC FMP 371D December 2013(2)- Series 29 - Growth Option	–	–	2,500,000	25,000,000
n. HDFC FMP 371D November 2013(2)- Series 28 – Growth Option	–	–	1,089,800	10,898,000
o. HDFC FMP 372D October 2013(1) Series 28- Growth Option	–	–	3,797,996	37,979,960
p. HDFC FMP 370D June 2014 (2) Series 31 – Growth Option	1,000,000	10,000,000	–	–
q. HDFC FMP 371D June 2014 (1) Series 31 – Growth Option	3,000,000	30,000,000	–	–
r. HDFC Banking and PSU Debt Fund-Direct Plan-Growth	9,078,941	100,000,000		
s. ICICI Prudential Interval Fund-Annual Interval Plan IV -Regular Plan - Growth	–	–	1,442,814	20,000,000
t. ICICI Prudential FMP Series 69 -366 Days Plan G Growth	–	–	5,000,000	50,000,000
u. ICICI Prudential FMP Series 68 -369 Days Plan I Growth	–	–	1,000,000	10,000,000
v. ICICI Prudential FMP Series 72 -368 Days Plan A Growth	–	–	5,000,000	50,000,000
w. ICICI Prudential FMP Series 72 -368 Days Plan K Growth	–	–	5,000,000	50,000,000
x. ICICI Prudential FMP Series 74 -369 Days Plan T Growth	10,000,000	100,000,000	–	–
y. Kotak FMP Series 102 Direct - Growth	–	–	5,000,000	50,000,000
z. Kotak FMP Series 105 Direct - Growth	–	–	3,100,000	31,000,000
aa. Kotak FMP Series 129 - Growth	–	–	5,000,000	50,000,000
ab. Reliance Fixed Horizon Fund- XXVI- Series 31- Growth Option	5,000,000	50,000,000	–	–
ac. SBI Debt Fund Series - 366 days 25 - Direct Plan-Growth	–	–	10,000,000	100,000,000
ad. SBI Debt Fund Series-366 Days-45-Growth Option	–	–	2,168,329	21,683,290
ae. SBI Debt Fund Series-366 Days-46-Growth Option	–	–	5,500,000	55,000,000
af. SBI Debt Fund Series-366 Days-48-Growth Option	–	–	5,000,000	50,000,000
ag. UTI Fixed Term Income Fund-Series XIX-VIII (368 Days) Growth	1,000,000	10,000,000	–	–
		882,071,487		**1,890,248,637**
Aggregate market value of quoted investment		**896,494,723**		**1,937,469,517**

2.13 TRADE RECEIVABLES

(Unsecured)

(Amount in ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	53,811,188	10,165,542
- Considered doubtful	45,045,829	19,590,209
	98,857,017	29,755,751
Less: Provision for doubtful trade receivables	(45,045,829)	(19,590,209)
	53,811,188	10,165,542
b. Other Trade receivables		
- Considered good	715,753,688	309,169,566
- Considered doubtful	2,394,000	14,085,547
	718,147,688	323,255,113
Less: Provision for doubtful trade receivables	(2,394,000)	(14,085,547)
	715,753,688	309,169,566
Total	**769,564,876**	**319,335,108**

(Amount in ₹)

	Particulars	As at 31 March, 2015	As at 31 March, 2014
2.14	**CASH AND BANK BALANCES**		
A.	**Cash and cash equivalents (As per AS 3 Cash Flow Statements)**		
a.	Cash on hand	2,316	132,933
b.	Remittance in transit	2,572,498	–
c.	Balances with scheduled banks:		
	- in current accounts	6,643,438	2,296,066
	- in EEFC accounts	67,307,231	24,637,011
d.	Balance with non scheduled banks in current accounts:		
	- Citibank, United Kingdom	630,587	827,432
	- Citibank, United Arab Emirates	1,526,105	824,925
e.	Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	14,700,000	19,200,000
	Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	**93,382,175**	**47,918,367**
B.	**Other bank balances**		
a.	Balances with scheduled banks in earmarked accounts:		
	– unclaimed dividend accounts	2,724,100	2,269,925
b.	Balances with scheduled banks in deposit accounts with original maturity of more than 3 months	1,533,712,816	669,685,286
	– Original maturity of more than 12 months		
	Total - Other bank balances (B)	**1,536,436,916**	**671,955,211**
	Total Cash and cash equivalents (A+B)	**1,629,819,091**	**719,873,578**

Details of balances as on balance sheet dates with scheduled banks in current accounts:-

- HDFC Bank	2,286,852	554,279
- Citi Bank	2,843,969	699,392
- DBS Bank	–	61,497
- ICICI Bank	1,512,616	744,151
- State Bank of India	–	236,747
- Citi Bank *	60,509,190	22,915,528
- HDFC Bank *	6,798,042	1,721,483
- HDFC Bank **	2,724,100	2,269,925
	76,674,769	**29,203,002**

* EEFC account

** Earmarked for unclaimed dividend

Details of balances as on balance sheet dates with scheduled banks in deposit accounts:-

- HDFC Bank	220,500,000	10,000,000
- Citi Bank	14,700,000	19,200,000
- Bank of India	298,591,878	148,500,000
- State Bank of Travancore	189,200,000	89,400,000
- ICICI Bank	191,753,094	110,000,000
- Corporation Bank	255,149,904	202,204,156
- Kotak Mahindra Bank	99,800,000	–
- Punjab National Bank	225,000,000	108,457,298
- ING Vysya Bank	50,000,000	–
	1,544,694,876	**687,761,454**

Detail of fixed deposit under lien

- HDFC Bank	1,217,940	1,123,832
- Citi Bank	2,500,000	-
Total	**3,717,940**	**1,123,832**

(Amount in ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
2.15 SHORT-TERM LOANS AND ADVANCES		
(Unsecured)		
a. Loans to subsidiaries (see note 2.31)	6,250,000	5,988,000
b. Security deposit	778,294	2,330,312
c. Loans and advances to employees		
- Staff loans	3,120,695	1,730,614
- Employee advances	6,378,200	5,060,123
d. Prepaid expenses	32,261,085	46,524,177
e. Balances with government authorities		
- Advance fringe benefit tax [net of provision ₹ 24,915,859 (₹ 24,915,859)]	2,089,032	2,732,275
- Service tax credit receivable	30,969,946	50,344,989
- Mat credit entitlement	10,970,597	–
f. Others		
- Supplier advances		
- Considered good	26,985,500	19,027,480
- Considered doubtful	511,073	–
	27,496,573	**19,027,480**
Less : Provision for doubtful advances	511,073	–
	26,985,500	**19,027,480**
- Mark-to-market gain on forward contracts (see note 2.35)	6,452,581	28,216,253
- Expenses recoverable from customers	9,632,798	5,204,542
	135,888,728	**167,158,765**
2.16 OTHER CURRENT ASSETS		
(Unsecured)		
a. Service income accrued but not due		
- Considered good	173,010,319	247,554,571
- Considered doubtful	25,451,688	38,992,214
	198,462,007	286,546,785
Less : Provision for service income accrued but not due	(25,451,688)	(38,992,214)
	173,010,319	**247,554,571**
b. Interest accrued but not due on		
- Fixed deposits with banks	40,308,559	27,231,858
- Loan to subsidiary	81,938	176,167
- Current, non trade investments	20,593,436	6,787,041
c. Insurance claim recoverable (see note 2.37)	–	78,926,211
d. Unamortised premium on tax free bonds	1,551,582	–
	235,545,834	**360,675,848**

(Amount in ₹)

Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
2.17 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Software development services and products		
- Domestic	558,782,556	641,187,826
- Overseas	2,231,574,043	1,712,576,629
b. Sale of goods	–	57,342,726
	2,790,356,599	**2,411,107,181**

2.18 OTHER INCOME

(Amount in ₹)

Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
a. Interest income on		
- Deposits with banks	88,041,567	64,473,366
- Loan to subsidiary	350,895	549,224
- Current, non trade investments	29,405,037	10,017,276
- Income tax refund	6,090,702	4,496,028
b. Dividend income from		
- Current, non trade investments	43,854,099	57,339,926
- Non-current, non trade investment	125,000	62,500
- Subsidiary company (see note 2.31)	–	93,931,921
c. Net gain on sale of investments		
- Current, non trade investments	94,542,426	49,710,907
d. Net Gain / (Loss) on foreign currency		
- Gain / (Loss) on exchange fluctuation	1,211,238	11,657,811
- Gain / (Loss) on ineffective hedges (see note 2.35)	(34,703)	73,217
e. Other non-operating income		
- Provisions written back	28,087,144	4,649,158
- Net profit on sale of fixed assets/discarded assets	1,768,469	1,657,250
- Miscellaneous income	324,075	773,404
	293,765,949	**299,391,988**

2.19 EMPLOYEE BENEFITS EXPENSES

a. Salaries and wages	1,330,628,330	1,137,516,179
b. Contribution to provident and other funds	68,912,407	60,358,746
c. Gratuity expense (see note 2.34)	26,348,452	24,256,659
d. Staff welfare expenses	33,578,575	25,900,213
	1,459,467,764	**1,248,031,797**
Employee benefit expenses include Managing Director remuneration as follows :		
a. Salary	6,000,000	6,000,000
b. Contribution to provident fund	360,000	360,000
	6,360,000	**6,360,000**

Notes:

The above remuneration does not include expense towards retirement benefits since the same is calculated for the Company as a whole.

(Amount in ₹)

Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
2.20 OPERATING AND OTHER EXPENSES		
a. Outsourced technical service expense	99,011,862	34,848,115
b. Cost of software purchased for delivery to clients	34,401,127	85,685,437
c. Power and fuel	41,260,471	38,852,878
d. Rent (see note 2.22)	36,702,024	29,975,165
e. Repair and maintenance		
- Buildings	2,087,481	3,273,121
- Others	22,811,335	20,342,958
f. Insurance	11,116,111	4,510,481

(Amount in ₹)

Particulars		Year ended 31 March, 2015	Year ended 31 March, 2014
g.	Rates and taxes	3,180,996	3,108,880
h.	Travel expenses		
	- Foreign	142,149,624	149,443,405
	- Domestic	26,955,053	24,341,760
i.	Advertisement, business development and promotion	18,260,647	10,633,778
j.	Legal and professional (see note 2.26)	66,717,843	42,503,486
k.	Directors remuneration	9,900,000	8,260,000
l.	Conveyance	17,907,999	14,853,791
m.	Communication	16,130,908	14,096,398
n.	Training and recruitment	29,156,012	23,426,715
o.	Adjustment to the carrying amount of investments (see note 2.38)	139,269	9,350,000
p.	Conference, exhibition and seminar	19,446,764	16,770,732
q.	Information technology expenses	38,122,569	23,978,167
r.	Provision for doubtful debts/advances/other current assets	21,446,578	42,353,273
s.	Commission to channel partners	19,225,263	18,674,703
t.	Expenditure on Corporate Social Responsibility (see note 2.41)	7,050,000	–
u.	Miscellaneous expenses	33,851,123	45,016,176
		717,031,059	**664,299,419**
Directors Remuneration includes :			
Non Executive Directors			
a.	Commission	6,500,000	6,400,000
b.	Sitting fees	3,400,000	1,860,000
		9,900,000	**8,260,000**

2.21 FINANCE COST

Bank Charges	**4,004,625**	**3,499,856**

2.22 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 year ended 31 March, 2015 is ₹ 36,702,024/- (year ended 31 March, 2014 is ₹ 29,975,165) . The future minimum lease payments in respect of non-cancellable leases as at 31 March, 2015 is ₹ Nil (As at 31 March, 2014, ₹ Nil).

2.23 Tax Expense

The Company has been accorded initial recognition for the in-house R&D unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which is valid till 31 March, 2015. The Company had thereafter applied to DSIR for the approval of weighted deduction under section 35(2AB) of the Income Tax Act, 1961, which was received by the Company in the year ended 31 March, 2014. Accordingly, the Company has during the year ended 31 March , 2015 availed and recognised tax benefit under section 35 (2AB) aggregating to ₹ 55,233,750. This has resulted in decrease in income tax liability of the Company for the year ended 31 March , 2015.

2.24 Advance Tax (Net of provision)

Advance Tax (Net of provision) aggregating to ₹ 110,341,548 (As at 31 March, 2014 : ₹ 140,338,603) has been classified as Long-Term Loans and Advances as the same represents amount recoverable from Income Tax Department after the completion of Income Tax Assessments.

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

(Amount in ₹)

Particulars	As at 31 Mar 2015	As at 31 Mar 2014
a. Contingent liabilities		
Claims against the Company not acknowledged as debts	6,922,050	–
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).	3,149,016	22,725,415
c. Other Commitments		
The Company is committed to provide financial support to its subsidiary companies, as and when required.		

As at 31 March 2015, the Company has given an undertaking to repay the amounts due to Nucleus Software Solutions Pte Limited, Singapore (subsidiary company) by Nucleus Software Japan Kabushiki Kaisha, Japan (subsidiary company), in the event that the latter party is unable to repay the same, as and when it falls due. (Also see note 2.31)

As on 31 March, 2015, the Company has outstanding bank guarantee and letter of credits of ₹ 23,444,551 (As at 31 March, 2014 ₹ 13,617,899). These are secured to the extent of ₹ 15 crores against all present and future receivables of the Company.

(Amount in ₹)

Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
2.26 Auditors Remuneration (excluding service tax)		
a. As auditors - statutory audit, including quarterly audits	2,800,000	2,200,000
b. For taxation matters	280,000	400,000
c. For other services	1,250,000	775,000
d. Reimbursement of expenses	219,986	345,256
	4,549,986	**3,720,256**
2.27 CIF value of imports		
Capital goods	**42,573,358**	**38,250,619**
2.28 Earnings in foreign currency		
a. Software development services and products	2,231,574,043	1,712,576,629
b. Dividend income from subsidiary company	–	93,931,921
c. Interest income on loan to subsidiary	350,895	549,224
	2,231,924,938	**1,807,057,774**

(Amount in ₹)

Particulars	Year ended 31 Mar 2015	Year ended 31 Mar 2014
2.29 Expenditure in foreign currency		
a. Travel expenses	102,540,798	111,370,498
b. Legal and professional	14,658,695	9,295,783
c. Cost of software purchased for delivery to clients	16,523,401	10,593,955
d. Conference, exhibition and seminar	17,849,050	13,522,737
e. Outsourced technical service expense	70,514,206	12,722,436
f. Salaries and wages	51,160,156	40,108,813
g. Commission to channel partners	19,182,430	18,640,857
h. Rent	12,822,136	9,259,384
i. Others	48,745,984	39,721,677
	353,996,856	**265,236,140**

2.30 Earnings per share

(Amount in ₹)

	Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
a.	Profit after taxation available to equity shareholders (Rupees)	607,447,795	550,877,594
b.	Weighted average number of equity shares used in calculating basic earnings per share	32,383,724	32,383,699
c.	Effect of dilutive issue of shares	–	–
d.	Weighted average number of equity shares used in calculating diluted earnings per share	32,383,724	32,383,699
e.	Basic earnings per share (Rupees)	18.76	17.01
f.	Diluted earnings per share (Rupees)	18.76	17.01

2.31 RELATED PARTY TRANSACTIONS

List of related parties – where control exists

a. Wholly owned 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 (incorporated on 3 February, 2014)

b. Other subsidiary company (wholly owned subsidiary of VirStra i-Technology Services Limited, India)

- VirStra i-Technology (Singapore) Pte Ltd, Singapore (wound up with effect from 19 February, 2014)

c. Other related parties:

Key managerial personnel:

- Vishnu R Dusad (Managing Director)

(Amount in ₹)

	Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
	Transactions with related parties		
a.	**Software development services and products**		
	- Nucleus Software Japan Kabushiki Kaisha, Japan	90,472,905	131,514,450
	- Nucleus Software Solutions Pte Ltd, Singapore	100,318,033	79,507,996
	- Nucleus Software Inc., USA	9,308,784	19,681,087
	- Nucleus Software Netherlands B.V., Netherlands	6,429,753	13,158,017
		206,529,475	**243,861,550**
b.	**Other income**		
	Dividend income		
	- Nucleus Software Solutions Pte Ltd, Singapore	–	93,931,921
	Interest income		
	- Nucleus Software Inc., USA	350,895	549,224
c.	**Managerial remuneration**		
	[including perquisite value ₹ 716,830 (Previous year ₹ 89,003)		
	- Vishnu R Dusad (Managing Director & Chief Executive Officer)	7,076,830	6,449,003

(Amount in ₹)

Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
d. Cost of software purchased for delivery to clients		
- Nucleus Software Solutions Pte Ltd, Singapore	3,164,587	4,061,112
e. Outsourced technical service expense		
- Nucleus Software Solutions Pte Ltd, Singapore	2,602,440	3,856,312
- Nucleus Software Japan Kabushiki Kaisha, Japan	5,717,146	–
- Nucleus Software Inc., USA	28,239,682	–
- Nucleus Software Australia Pty Ltd.	16,262,599	–
	52,821,867	**3,856,312**
f. Lease rent paid		
– Nucleus Software Limited, India	9,496,296	9,496,296
g. Reimbursement of expenses from		
- Nucleus Software Solutions Pte Ltd, Singapore	14,173,718	9,891,748
- Nucleus Software Japan Kabushiki Kaisha, Japan	412,634	478,579
- Nucleus Software Inc., USA	44,843	2,088,437
- Nucleus Software Netherlands B.V., Netherlands	586,665	419,477
- VirStra i-Technology Services Limited, India	16,396	153,114
- Nucleus Software Limited, India	25,699	8,826
- Nucleus Software Australia Pty Ltd.	3,601,409	
	18,861,364	**13,040,181**
h. Reimbursement of expenses to		
- Nucleus Software Solutions Pte Ltd, Singapore	1,024,337	535,768
- Nucleus Software Japan Kabushiki Kaisha, Japan	124,157	443,535
- Nucleus Software Netherlands B.V., Netherlands	–	–
- Nucleus Software Australia Pty Ltd.	–	–
	1,148,494	**6,089,718**
i. Repayment of loans		
- Nucleus Software Limited, India	5,840,413	5,000,000
- Nucleus Software Inc., USA	5,726,000	6,256,000
	11,566,413	**11,256,000**
j. Investment in subsidiary		
- Nucleus Software Australia Pty. Ltd., Australia	5,500,973	55
k. Insurance claim		
- Nucleus Software Inc., USA (See note 2.37)	9,004,508	78,926,211
l. Provision for Doubtful Debts		
- Nucleus Software Netherlands B.V., Netherlands	2,394,000	–

(Amount in ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
Outstanding balances as at year end		
a. Trade receivables		
- Nucleus Software Solutions Pte Ltd, Singapore	10,836,958	7,410,290
- Nucleus Software Japan Kabushiki Kaisha, Japan	12,842,666	7,053,967
- Nucleus Software Inc., USA	14,768,406	6,940,955
- Nucleus Software Netherlands B.V., Netherlands	27,425,863	29,720,291
- VirStra i -Technology Services Limited, India	–	45,630
- Nucleus Software Limited, India	25,099	13,000
- Nucleus Software Australia Pty Ltd.		–
	65,898,992	**51,184,133**

(Amount in ₹)

	Particulars	As at 31 March, 2015	As at 31 March, 2014
b.	**Provision for doubtful trade receivables**		
	- Nucleus Software Netherlands B.V., Netherlands	24,385,600	21,991,600
c.	**Trade payables**		
	- Nucleus Software Solutions Pte Ltd, Singapore	1,315,000	–
	- Nucleus Software Japan Kabushiki Kaisha, Japan	6,792,323	1,787,392
	Nucleus Software Australia Pty Ltd.	3,695,263	–
	- Nucleus Software Limited, India	2,123,067	–
	- Nucleus Software Inc., USA	5,507,216	–
		19,432,869	**1,787,392**
d.	**Other current liabilities**		
	- Nucleus Software Inc., USA (see note 2.37)	91,306,938	78,926,211
e.	**Loans to subsidiaries**		
	- Nucleus Software Inc., USA	6,250,000	11,976,000
	- Nucleus Software Limited, India	80,110,221	85,950,634
		86,360,221	**97,926,634**
f.	**Interest income accrued but not due**		
	- Nucleus Software Inc., USA	81,938	176,167
g.	**Service income accrued but not due**		
	- Nucleus Software Solutions Pte Ltd, Singapore	–	–
	- Nucleus Software Inc., USA	–	732,836
	- Nucleus Software Japan Kabushiki Kaisha, Japan	–	96,005
		–	**828,841**
h.	**Deferred revenue**		
	- Nucleus Software Solutions Pte Ltd, Singapore	–	1,382,466
	- Nucleus Software Inc., USA	5,168,753	438,252
	- Nucleus Software Netherlands B.V., Netherlands	1,387,172	–
		6,555,925	**1,820,718**
i.	**Guarantees on behalf of (see note 2.25 c)**		
	- Nucleus Software Japan Kabushiki Kaisha, Japan	7,784,200	21,594,478
j.	**Investments in subsidiary companies (net of provision) (see note 2.8)**	135,913,240	130,412,267
k.	**Advance to subsidiaries**		
	- VirStra i -Technology Services Limited, India	185,540	–

(Amount in ₹)

	Particulars	Year ended 31 March, 2015	Year ended 31 March, 2014
2.32	**Research and development expenditure**		
	Expenditure on research and development as per Accounting Standard 26		
	Revenue	190,208,441	164,556,919

The Company had been accorded initial recognition for the in-house R&D unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which is valid till 31 March, 2015. The Company had thereafter applied to DSIR for the approval of weighted deduction under section 35(2AB) of the Income Tax Act, 1961, which was been received by the Company in the year ended 31 March, 2014. (Also see note 2.23)

2.33 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 Accounting Standard-17 on "Segment Reporting" specified as per Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 7 of Companies (Accounts) Rules, 2014. The segmentation is based on the Geographies (reportable primary segment) in which the Company operates and internal reporting systems. The secondary segmentation is based on the nature and type of services rendered.

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 individually contribute 10% or more of the Company's revenue and segment assets.

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 segments and across geographies. 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.

The secondary segmentation is based on the nature and type of services rendered. Accordingly, Secondary Segmentation has been classified under Products and Software Projects and Services. Products revenue includes Income from sale of licenses and all other related customization, implementation, time and material contracts, fixed price contracts and annual technical service for these licenses. Software projects and services includes other time and material contracts and fixed price contracts, whereby no license sale is made by the Company.

Information in respect of primary segment

The profit and loss for reportable primary segment is set out below:

a. For the year ended 31 March, 2015 *(Amount in ₹)*

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	558,782,557	267,365,819	411,836,601	343,257,589	681,177,385	197,638,771	269,606,764	60,691,113	2,790,356,599
Expenses	432,505,826	136,944,526	235,367,520	179,591,263	258,046,930	71,405,005	55,671,950	58,365,033	1,427,898,053
Segment result	126,276,731	130,421,293	176,469,081	163,666,326	423,130,455	126,233,766	213,934,814	2,326,080	1,362,458,546
Unallocated corporate expenditure									859,195,797
Operating profit before taxation									503,262,749
Other income									293,765,949
Profit before taxation									797,028,698
Tax Expense									
Net current tax expense									137,808,891
Net deferred tax credit									51,772,012
									189,580,903
Profit for the year									**607,447,795**

b. For the year ended 31 March, 2014

Revenue from operations	698,530,552	309,852,974	358,825,211	215,007,942	497,660,839	203,032,819	49,991,356	78,205,489	2,411,107,181
Expenses	475,130,423	135,203,601	254,363,525	115,445,148	196,226,338	87,238,356	13,251,772	38,281,709	1,315,140,872
Segment result	223,400,129	174,649,373	104,461,686	99,562,794	301,434,500	115,794,463	36,739,584	39,923,780	1,095,966,309
Unallocated corporate expenditure									717,779,618
Operating profit before taxation									378,186,691
Other income									299,391,988
Profit before taxation									677,578,679
Tax Expense									
Net current tax expense									133,846,085
Net deferred tax credit									(7,145,000)
									126,701,085
Profit for the year									**550,877,594**

Assets and liabilities of reportable primary segment are as follows:

a. As at 31 March, 2015 *(Amount in ₹)*

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	420,490,359	35,073,721	86,811,568	120,250,499	207,406,808	109,389,750	78,332,258	31,711,636	1,089,466,599
Unallocated corporate assets									4,039,458,955
Total assets									**5,128,925,554**
Segment liabilities	171,726,036	24,721,381	176,882,803	65,633,910	212,486,800	111,889,981	20,094,247	112,407,194	895,842,352
Unallocated corporate liabilities									286,091,585
Total liabilities									**1,181,933,937**
Capital employed									**3,946,991,617**

b. As at 31 March, 2014

Segment assets	337,628,912	23,812,606	96,279,432	64,344,903	148,323,638	29,099,194	4,056,407	29,603,555	733,148,647
Unallocated corporate assets									3,868,005,232
Total assets									**4,601,153,879**
Segment liabilities	192,304,172	26,353,290	145,675,349	49,226,432	141,624,377	67,473,423	28,120,390	97,365,878	748,143,311
Unallocated corporate liabilities									296,928,981
Total liabilities									**1,045,072,292**
Capital employed									**3,556,081,587**

Listing of capital expenditure, depreciation and other non-cash expenditure of the reportable primary segment are set out below:

a. For the year ended 31 March, 2015 *(Amount in ₹)*

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure (unallocated)									78,481,412
Total capital expenditure									**78,481,412**
Depreciation expenditure (unallocated)									106,590,402
Total depreciation									**106,590,402**
Segment non-cash expense other than depreciation	5,510,313	2,086,675	1,201,467	2,556,350	2,172,405	8,058,637	–	–	21,585,847
Total non cash expenditure other than depreciation	**5,510,313**	**2,086,675**	**1,201,467**	**2,556,350**	**2,172,405**	**8,058,637**	**–**	**–**	**21,585,847**

b. For the year ended 31 March, 2014

Capital expenditure (unallocated)									188,978,295
Total capital expenditure									**188,978,295**
Depreciation expenditure (unallocated)									67,602,999
Total depreciation									**67,602,999**
Segment non-cash expense other than depreciation	11,844,405	–	15,336,644	21,991,600	2,867,303	(94,065)		(242,614)	51,703,273
Total non cash expenditure other than depreciation	**11,844,405**	**–**	**15,336,644**	**21,991,600**	**2,867,303**	**(94,065)**	**–**	**(242,614)**	**51,703,273**

Information in respect of secondary segment

Information for business segments

(Amount in ₹)

	Description	Products	Software projects and services	Total
a.	**For the year ended 31 March 2015**			
	Revenue	2,478,066,159	312,290,440	2,790,356,599
	Carrying amount of segment assets	967,535,945	121,930,654	1,089,466,599
b.	**For the year ended 31 March 2014**			
	Revenue	2,270,752,059	140,355,122	2,411,107,181
	Carrying amount of segment assets	690,470,674	42,677,973	733,148,647

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

2.34 Employee Benefit Obligations

Defined contribution plans

An amount of ₹ 68,862,235 for the year ended 31 March, 2015 (Year ended 31 March, 2014 ₹ 60,315,334), have been recognized as an expense in respect of Company's contribution for Provident Fund and ₹ 50,172 (Year ended 31 March, 2014 ₹ 43,412) 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 ₹ 1,000,000 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.

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, 2015 :

(Amount in ₹)

	Particulars	As at 31 March, 2015	As at 31 March, 2014
a.	**Change in defined benefit obligations (DBO)**		
	Obligation at beginning of the year	101,331,144	91,032,223
	Current service cost	15,068,104	14,436,138
	Interest cost	9,245,148	7,404,558
	Actuarial losses/(gains)	5,490,743	2,415,963
	Benefits paid	**(8,886,811)**	**(13,957,738)**
	Obligation at year end	**122,248,328**	**101,331,144**
b.	**Change in plan assets**		
	Plan Assets at year beginning, at fair value	–	–
	Contributions by employer	125,109,348	13,957,738
	Actuarial (losses)/gains	3,455,543	–
	Benefits paid	(8,886,811)	(13,957,738)
	Plan assets at year end, at fair value	**119,678,080**	**–**
c.	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	122,248,328	101,331,144
	Fair value of plan assets	119,678,080	–
	Funded status- Surplus/ (Deficit)	(2,570,248)	(101,331,144)
	Unrecognised past service costs	–	–
	Net liability recognised in the Balance Sheet	**(2,570,248)**	**(101,331,144)**
d.	Expected employer's contribution next year	20,000,000	25,042,372

e. Gratuity cost for the year: *(Amount in ₹)*

Particulars	Year end 31 March, 2015	Year end 31 March, 2014
Current service cost	15,068,104	14,436,138
Interest cost	9,245,148	7,404,558
Actuarial losses/(gains)	2,035,200	2,415,963
Net gratuity cost	26,348,452	24,256,659

f. Experience adjustment *(Amount in ₹)*

Particulars	Year ended 31 March, 2011	Year ended 31 March, 2012	Year ended 31 March, 2013	Year ended 31 March, 2014	Year ended 31 March, 2015
Defined benefit obligation	75,668,784	83,557,616	91,032,223	101,331,144	122,248,328
Plan assets	–	–	–	–	119,678,080
Surplus/(Deficit)	(75,668,784)	(83,557,616)	(91,032,223)	(101,331,144)	(2,570,248)
Experience adjustment on plan liabilities	(609,066)	(1,340,985)	(2,781,491)	3,407,556	110,250
Experience adjustment on plan assets	–	–	–	–	3,455,543

g. Economic assumptions :

	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 31 March, 2015	As at 31 March, 2014
Discount rate	7.90%	7.85%
Salary escalation rate	8.00%	7.00%
Expected return on plan assets	8.00%	–

Discount rate:

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

Salary escalation rate:

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

Expected return on plan assets:

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

h. Demographic assumptions

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

i. Withdrawal rates

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

j. Category of asset

Insurer Managed Funds	119,678,080	–

2.35 Forward contract and option in foreign currency

a. Forward contract outstanding	Buy/Sell	As at 31 March, 2015	As at 31 March, 2014
In USD	Sell	9,090,236	9,000,000
Equivalent amount in Rupees	Sell	568,139,750	538,920,000

b. Short term loans and advances include net marked to market gain of ₹ 6,452,581 (Previous year ended 31 March, 2014 : ₹ 28,216,253) relating to forward contracts which are outstanding as at year end. The gain on such forward contact which are designated as effective, aggregating to ₹ 6,487,284 (Previous year ended 31 March 2014 : gain of ₹ 28,143,036) have been credited to Hedging Reserve. The loss on ineffective contracts aggregating to ₹ 34,703 (Previous year ended 31 March 2014 : Gain of ₹ 73,217) has been debited to Statement of Profit and Loss.

c. 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, 2015		As at 31 March, 2014	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Receivable				
USD	8,477,510	529,844,361	5,899,855	353,283,294
EURO	380,144	25,431,633	93,954	7,728,691
MYR	1,446,657	24,448,504	826,320	15,171,226
SGD	–	–	156,039	7,410,290
JPY	27,783,773	14,470,622	12,058,063	7,053,967
ZAR	528,670	2,712,078	1,142,946	6,446,215
AED	2,567,309	43,695,599	460,024	7,498,393
CHF	180	11,540	–	–
AUD	1,612,718	76,604,125	–	–
Payable				
USD	8,773,891	548,368,168	6,414,220	384,083,518
EURO	242,120	16,197,801	202,708	16,674,735
MYR	831,912	14,059,312	801,439	14,714,424
GBP	49,336	4,560,085	51,909	5,168,601
SGD	12,330	562,495	6,977	331,354
CHF	9,884	634,521	16,145	1,090,110
SEK		–	28,778	265,329
AED	1,071,468	18,236,380	64,356	1,048,995
ZAR	3,838,385	19,690,917	534,115	2,996,384
JPY	4,685,308	2,440,249	4,071,988	2,382,113
AUD	140,690	6,682,783	12,553	695,562

Notes forming part of the financial statements

2.36 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS (Unaudited)

(Amount in ₹)

Particulars	Year end 31 March, 2015	Year end 31 March, 2014
Income from software services and products	2,790,356,599	2,411,107,181
Software development expenses	1,539,706,376	1,382,025,116
Gross Profit	**1,250,650,223**	**1,029,082,065**
Changes in inventories of stock-in-trade	–	49,486,419
Selling and marketing expenses	324,575,480	266,970,466
General and administration expenses	316,221,592	266,835,490
Operating profit before depreciation	**609,853,151**	**445,789,690**
Depreciation and amortisation expense	106,590,402	67,602,999
Operating profit after depreciation	**503,262,749**	**378,186,691**
Other income	293,765,949	299,391,988
Profit before tax	**797,028,698**	**677,578,679**
Tax expense:		
Net current tax expense	137,808,891	133,846,085
Net deferred tax credit	51,772,012	(7,145,000)
	189,580,903	**126,701,085**
Profit for the year	**607,447,795**	**550,877,594**

2.37 Other current liabilities includes ₹ 91,306,938 received by the Company during the year ended 31 March, 2015 against insurance claim filed on behalf of one of its overseas subsidiary company towards claim settlement with its customer and expenses incurred in this regard by the subsidiary Company. The above insurance claim is to be reimbursed to the subsidiary company.

2.38 The Company had during the year ended 31 March, 2014 reclassified investment in bonds of Indian Railway Finance Corporation Limited - Trache 1 Series I as non-current investments which was originally held as current investment. Due to this change in classification and in accordance with Accounting Standard (AS) 13, the difference in the fair value of the investment as on the date of transfer and the cost at which these were recorded earlier aggregating to ₹ 9,350,000 had been recognised as an adjustment to the carrying value of the investment.

2.39 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.

2.40 During the year ended 31 March, 2015 as per provision of Income-tax Act, 1961, the Company has taken credit of corporate dividend tax aggregating ₹ Nil (Year ended 31 March, 2014 : ₹ 15,963,730) on account of tax paid on dividend received from one of its subsidiaries.

2.41 During the year, the Corporate Social Responsibility (CSR) committee has been formed by the Company to monitor CSR related activities. The Company has contributed ₹ 7,050,000 out of the total contributable amount of ₹ 11,853,562 for the year ended 31 March, 2015 in accordance with section 135 read with schedule VII of the Companies Act, 2013 to various trusts and NGOs. The contributions have been made towards promoting education and sanitation. The management has not spent the remaining amount of ₹ 4,803,562.

2.42 Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification/ disclosure.

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

Sd/-	**Sd/-**
JANKI BALLABH	**VISHNU R DUSAD**
Chairman	*Managing Director & Chief Executive Officer*
Sd/-	**Sd/-**
ASHISH NANDA	**POONAM BHASIN**
Global Head - Finance & Accounts	*AVP (Secretarial) & Company Secretary*

Place : Noida
Date : 07 May, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF CONSOLIDATED OPERATIONS OF NUCLEUS SOFTWARE EXPORTS LTD. AND SUBSIDIARY COMPANIES

Forming Part of the Consolidated Financial Statements for the year ended March 31, 2015

Management's Discussion and Analysis of Financial Condition and Results of Consolidated Operations of Nucleus Software Exports Ltd. and Subsidiary Companies

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

The consolidated financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

Nucleus Software Exports Limited (Consolidated) includes the parent Company, Nucleus Software Exports Ltd. (the Company) and its subsidiaries and branches worldwide, collectively referred to as Group.

Overview

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

Nucleus Software is the leading provider of mission critical lending and transaction banking products to the global financial services industry. Its software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

During the year, the Company launched FinnOne Neo™, a product suite specifically designed to manage end-to-end lending requirements of banking and financial services industry. This comprehensive product suite incorporates the latest business focus, compliance, technology, functionalities and security aspects. Over the years, our committed professionals have provided solutions par excellence and with the experience and skills, we have been able to create a global footprint of customers and partners across multiple continents with multi-product, multi-service, multi-currency and multi-lingual implementations, leading to worldwide acceptability and customer satisfaction.

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

Strengths

The Group's business broadly consists of Development and Marketing of Software Products and Software Services for business entities in the Banking and Financial Services (BFS) vertical. With a single point focus on the banking and financial industry, the Group's focus on product development is to build products on latest architecture & technology stack, with products that have advanced feature & functionalities to support growing need of business. We are performing today to deliver top-tier performance, while investing to ensure that our performance levels can be sustained in the long term. We have stepped up our investments in brand building, R&D, sales and our people. All of this coupled with differentiated products' help us drive sales and ultimately bring in customer satisfaction. The definitive goal is to touch and improve lives of more and more people across the world by equipping Banks and Financial Institutions with superior technology products for managing lending operations.

The Group is on a transformation journey which has continued through FY 2015. Building on our strong product innovation and R&D capabilities, we executed strategic initiatives for new products, sales and market development and people to help drive transformation and continue the momentum of growth. This endeavor demonstrates our passion for perfection and relentless commitment to deliver world class products to our customers. In this journey, we have been honoured and feel grateful for having received various accolades, listed elsewhere in this Annual Report.

A brief on the functionality of our products is given below:

FinnOne™, the flagship product of Nucleus, is an integrated lending software suite designed to support part or all of the end-to-end lending process of banks, finance companies, captive auto finance companies and retail businesses.

The suite offers the following line of products which can be used as independent modules or together to form a single suite:

- The **Customer Acquisition System (CAS)** automates and manages the complete origination process flow of retail loans, corporate loans and credit card applications. It allows user organisations to automate large parts of the origination process and achieve a faster decision for the customer. A key benefit of FinnOne™ is the ability to introduce products very rapidly into the market to take advantage of opportunities or counteract competitive threats.
- The **Loan Management System (LMS)** focuses on loan servicing, enabling an organisation to automate the process to a high level. It is the backbone of all customer servicing activities during the lifecycle of the load.
- The **Collections Management System** focuses on the tracking and management of delinquent customers. The system helps to collections agents to be highly focused, for example by queuing up delinquent agreements cases based on severity of client risk profiles. Collectors are provided with a periodical work-list and contact recording facilities. The system also facilitates

escalation of agreement to effectively monitor and administer the agreements.

- **Islamic Financing** is a an offering comprising of CAS and LMS modules designed as per Islamic/Shariah rules. It is designed with function specific modules, managing the complete finance cycle starting from origination till after sales transactions.
- **Finance Against Securities (FAS)** is a comprehensive solution that establishes credit lines to individuals and corporate against the pledging of financial securities like shares, mutual funds and bonds. The objective of the product is to value the collateral security provided by the customer and determine the credit limits that may be granted to a customer. As the market value of the security offered is volatile in nature, the system conducts valuation at regular intervals.
- **Forecaster system** is a web-based data-mining and analytical tool that involves access to and manipulation of business data available with the organization. It is used to identify patterns and relationships in data and do a case-based reasoning. Based on this reasoning, it creates models that can be used to visualize the situation and hence make informed decisions and do predictive analysis. It uses advanced statistics and data mining algorithms such as decision tree, logistic and multiple linear regressions. The system provides an end to end solution to implement data mining projects by using Cross Industry Standard process (CRISP) for data mining.

FinnOne Neo™, launched in 2014, is a brand new lending software suite based on many of the principles of FinnOne™ but developed from the ground up using new Java technology and a services oriented architecture (SOA). It is cloud ready, meaning that customers can choose whether to deploy it on their own servers ('on premise'), in a private cloud or via a public cloud.

FinnAxia™ is an integrated global transaction banking solution built on latest Java J2EE technology and Service Oriented Architecture (SOA) platform. With this product suite, banks can breakdown traditional product silos, launch personalized products/services over multiple channels and create winning corporate customer propositions.

The key product components of FinnAxia™:

- **Global Receivables** enables banks to provide comprehensive accounts receivable solutions to corporate customers, across currencies, transaction types and jurisdictions.
- **Global Payments** enables banks to manage the payments process of their customers, including initiation, processing, authorisation matrices, A/P reporting, advising & alerts along with payments reconciliation for their corporate customers.
- **Global Liquidity Management** gives banks the power to manage the cash positions of their corporate customers on an international basis resulting in better utilisation of available funds and reduced interest costs through short-term bank borrowings. It helps the banks setup and manage complex cash concentration and pooling structures for automated fund movements and consolidation within the group. Global Liquidity Management automates all transactions, interest & tax calculations and manages a registry of intercompany lending/borrowing history and limits for the corporate entity.
- **Financial Supply Chain Management** offers an integrated way of managing invoice presentation and transaction processing across a corporate's supply chain, covering its suppliers and dealers. It aims to optimize working capital, automate operations, eliminate paper and manual processing and bring about operational efficiency in the supply chain management workflows.

Mobility Solutions: The FinnOne ™ Mobility suite is a portfolio of mobile solutions tailored to serve specific market needs in retail loan origination (mCAS), management (mServe) & Collections (mCollect) management. The suite offers functional areas for use by end customers and by staff of banks and finance companies. Mobility solutions are also available for FinnAxia™ customers.

FINANCIAL PERFORMANCE

Consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable.

The Company has seven subsidiary companies, all of which are wholly-owned subsidiaries. The Company discloses stand-alone audited financial results on a quarterly and annual basis, consolidated un-audited financial results on a quarterly basis and consolidated audited financial results on an annual basis. The financial results of the Company have been discussed in this report in two parts:

i) Nucleus Software Exports Limited (Consolidated) including performance of subsidiaries of Nucleus Software, discussed in this chapter. This consolidated presentation is more relevant for understanding the overall performance of the group especially as intercompany transactions are eliminated being contra.

ii) Nucleus Software Exports Limited (Standalone) which excludes the performance of subsidiaries of the Company has been discussed in the earlier part of this Annual Report.

The consolidated financial results are as below:

(₹ in crore)

For the Year Ended March 31,	2015	% of Revenue	2014	% of Revenue	Growth (%)
Revenue From Operations	**353.14**	**100.00**	**346.22**	**100.00**	2.00
Expenses					
a) Changes in inventories of stock-in-trade	–	–	4.95	1.43	NA
b) Employee benefit expense	201.44	57.04	180.77	52.21	11.43
c) Travel expense	20.01	5.67	19.90	5.75	0.55
d) Finance costs (Bank charges)	0.54	0.15	0.51	0.15	5.88
e) Other expenses	65.84	18.64	73.51	21.23	(10.43)
Total Expenses	**287.83**	**81.51**	**279.64**	**80.77**	2.93
Operating Profit (EBITDA)	**65.31**	**18.49**	**66.58**	**19.23**	(1.91)
Depreciation	11.97	3.39	7.93	2.29	50.95
Operating Profit after Interest and Depreciation	**53.34**	**15.10**	**58.65**	**16.94**	(9.05)
Other Income	31.64	8.96	23.81	6.88	32.89
Foreign Exchange Gain/ (Loss)	1.67	0.47	0.74	0.21	NA
Profit Before Tax	**86.65**	**24.54**	**83.20**	**24.03**	4.15
Taxation					
- Withholding Taxes	0.54	0.15	0.65	0.19	(16.92)
- Net current tax	15.97	4.52	18.87	5.45	(15.37)
- Other taxes	5.43	1.54	(0.66)	(0.19)	NA
Profit After Tax	**64.71**	**18.32**	**64.34**	**18.58**	**0.58**

Revenue from Operations

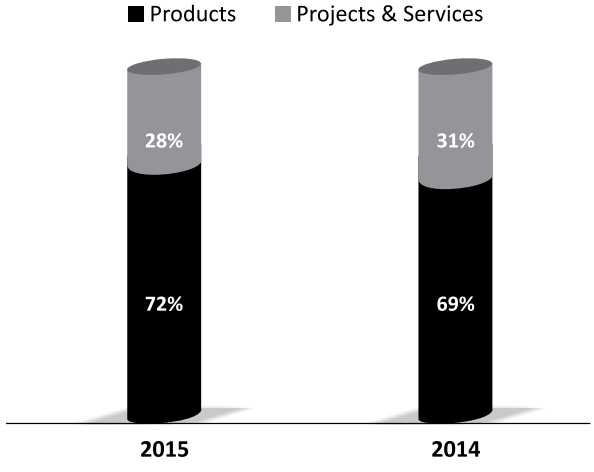
Our revenues from software development comprise of income from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the services are rendered and revenue from fixed price contracts comprising of license, related customization and implementation is recognised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

During the year, revenue from operations is ₹ 353.14 crore, registering a growth of 2% over ₹ 346.22 crore, revenue for the previous year.

Revenue from Products

We are a Product Company and derive most of our revenues from Products and related services. Categorized under revenue from "Products", it comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the year is ₹ 255.62 crore, 72.38% of the total revenue, against ₹ 237.96 crore, 68.73% of total revenue, in the previous year.

Revenue from Business Segments



Revenue from Projects and Services

Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Software projects and services revenue for the year is ₹ 97.52 crore, 27.62% of the total revenue, against ₹ 108.26 crore, 31.27% of the total revenue in the previous year.

Revenue from Various Geographies

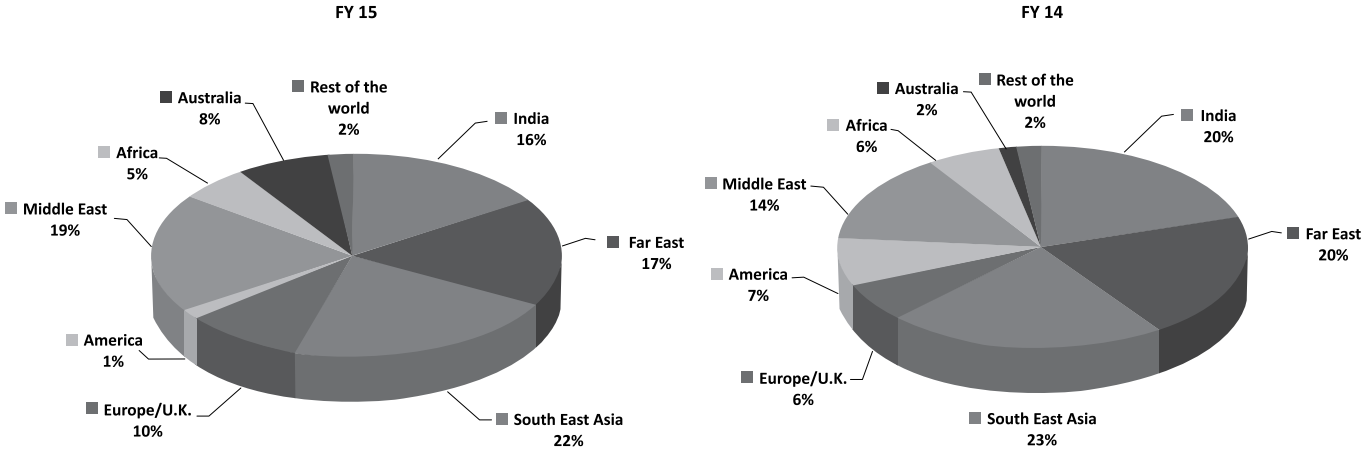
Your Group's parent Company is incorporated in India, and caters to customers situated all across the globe, and hence significant part of the revenue is derived from international sales. For the year, around 84% of revenue was derived from overseas. The graph below presents a geography-wise distribution for the year as well as the previous year.

EXPENSES

Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed and variable components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 11.43% to

Revenue from Various Geographies



₹ 201.44 crore, 57.04% of revenue against ₹ 180.77 crore, 52.21% of revenue in the previous year. The increase is primarily due to increase in employee compensation, both fixed and variable pay and increased hiring at overseas locations.

(₹ in crore)

For the Year Ended March 31,	2015	% of Revenue	2014	% of Revenue	Growth (%)
Salaries	185.44	52.51	166.58	48.11	11.32
Contribution to provident and other funds	9.18	2.60	8.50	2.46	8.00
Gratuity expense	2.80	0.79	2.62	0.76	6.87
Staff welfare	4.02	1.14	3.07	0.88	30.94
Total Employee Benefit Expenses	**201.44**	**57.04**	**180.77**	**52.21**	**11.43**
Revenue	***353.14***	***100.00***	***346.22***	***100.00***	***2.00***

Operating and Other Expenses

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

Operating and other expenses at ₹ 86.39 crore, 24.46% of revenue for the year, decreased by 8.02% in comparison to ₹ 93.92 crore, 27.13% of revenue in the previous financial year.

(₹ in crore)

For the Year Ended March 31,	2015	% of Revenue	2014	% of Revenue	Growth (%)
Software and other development charges	5.82	1.65	13.01	3.76	(55.27)
Travelling	20.01	5.67	19.90	5.75	0.55
Cost of software purchased for delivery to clients	3.79	1.07	9.50	2.74	(60.11)
Power and fuel	4.68	1.33	4.49	1.30	4.23
Rent	9.63	2.73	9.50	2.74	1.37
Rates & Taxes	0.37	0.10	0.42	0.12	(11.90)
Repair and maintenance	3.22	0.91	3.04	0.88	5.92
Legal and professional	9.52	2.70	8.24	2.38	15.53
Conveyance	2.31	0.65	2.06	0.59	12.14
Communication	2.75	0.78	2.51	0.72	9.56
Information technology expenses	4.01	1.14	2.63	0.76	52.47
Provision for doubtful debts/advances/other current assets	1.99	0.56	2.09	0.60	(4.78)
Commission to channel partners	1.92	0.54	1.87	0.54	2.67
Training and recruitment	4.11	1.16	3.41	0.98	20.53
Conference, exhibition and seminar	2.01	0.57	1.78	0.51	12.92
Advertisement, business development and promotion	2.91	0.82	1.15	0.33	NA
Insurance	1.13	0.32	0.86	0.25	31.40
Finance Cost (Bank Charges)	0.54	0.15	0.51	0.15	5.88
Miscellaneous expenses	4.96	1.40	6.95	2.01	(28.63)
Contribution to CSR Activities	0.71	0.20	–	–	NA
Total Operating and Other Expenses	***86.39***	***24.46***	***93.92***	***27.13***	***(8.02)***
Revenue	***353.14***	***100.00***	***346.22***	***100.00***	***2.00***

The decrease in Operating and other expense for FY 2015 from FY 2014 is primarily due to decrease in Software and other development charges, Cost of software purchased for delivery to clients.

During the year, the Company contributed ₹ 0.71 crore towards CSR activities, in accordance with section 135 read with schedule VII of the Companies Act, 2013 to various trusts and NGOs.

Operating Profit (EBITDA)

Operating Profit is ₹ 65.31 crore, 18.49% against ₹ 66.58 crore, 19.23% of revenue in the previous year.

Depreciation

Depreciation on fixed assets is ₹ 11.97 crore, 3.39% of revenue for the year, against ₹ 7.93 crore, 2.29% of revenue in the previous year. It has increased due to depreciation, on hardware/software additions of ₹ 7.92 crore during the year. Pursuant to the Companies Act, 2013, the Company revised depreciation rates in respect of computers and data processing unit (end user devices such as desktop, laptops etc.) as per the useful life specified in the Part "C" of Schedule II of the Act.

Other Income

Other Income represents income received in the form of dividends from subsidiaries and current investments, interest on fixed deposits and bonds and capital gains on the sale of current investments. All these investments are in India.

(₹ in crore)

For the Year Ended March 31,	2015	2014
On Investments		
Capital Gain- Mutual Funds	9.45	4.97
Dividend on investment in Mutual fund units	5.03	6.19
Interest on fixed deposits	8.87	6.51
Interest on tax free bonds	2.94	1.00
Provisions written back	3.30	3.70
Others	2.05	1.44
Total	**31.64**	**23.81**

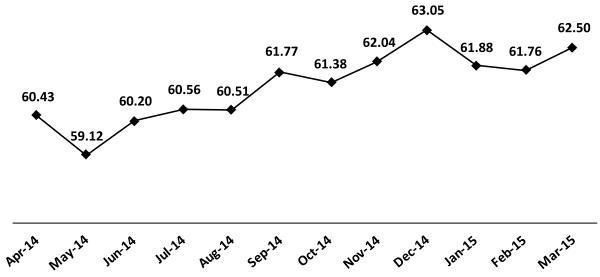
Other income for the year is ₹ 31.64 crore, against ₹ 23.81 crore in the previous year.

Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from translation of current assets and liabilities at quarter end rates, those arising from realization/payments of receivables/payables. During the year, the Company had a foreign exchange gain of ₹ 1.67 crore against ₹ 0.74 crore in the previous year.

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

USD/INR Closing Rate Movement in FY 14-15



The Company follows a well-defined policy of hedging close to receivables through Forward Contracts which are designated as Highly Probable forecast transactions. The Company has a conservative approach and does not speculate in foreign currency markets. Forwards are held to maturity and regular reporting and monitoring systems are in place including quarterly updates to the Audit Committee. In terms of foreign currency hedges, we had on March 31, 2015, 10.14 million US dollars of forward contracts at an average rate of 64.52, designated as highly probable forecast transactions. There is a mark-to-market gain of ₹ 0.69 crore reflected in the hedging reserve in balance sheet. Currency-wise revenues for the year along with a comparison for the previous years are as follows:

For the Year Ended March 31,	2015	2014
USD	48%	50%
INR	16%	20%
SGD	10%	12%
AUD	8%	1%
JPY	7%	8%
AED	6%	1%
EUR	3%	3%
MYR	1%	1%
ZAR	1%	3%
KRW	–	1%

Taxation

It represents provision for corporate & income taxes determined in accordance with tax laws applicable in countries where the Company and subsidiaries operate.

(₹ in crore)

For the Year Ended March 31,	2015	2014
- Withholding taxes charged off	0.54	0.65
- Current Tax (Net of MAT credit entitlement)	16.57	19.86
- Deferred Tax Credit (net)	5.43	(0.66)
- Earlier Year Tax	(0.60)	(0.99)
Total	**21.94**	**18.86**

Total effective tax for the year is 25.32% of Profit Before Tax, in comparison to 22.67% of Profit Before Tax for the previous year. Expenditure of the Company's R & D centre in Noida, duly recognized by the by the Department of Scientific and Industrial Research (DSIR), is entitled to weighted deduction for tax purposes in accordance with section 35(2 AB) of the Income Tax Act , 1961.

Profit After Tax

Our profit after tax for the year is ₹ 64.71 crore, 18.32% of revenue, against ₹ 64.34 crore, 18.58% of revenue, previous year.

This age of competition necessitates overall revenue growth, earned in an optimal cost environment. We remain committed to achieving higher productivity and generate better margins. Our sales and marketing efforts are focused on increasing our customer base and hence the market share, which would ultimately yield better realizations. Emerging markets across the world will continue to provide stability and growth would be led by larger engagements and value offerings.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up share capital as on March 31, 2015 is 32,383,724 equity shares of ₹ 10 each similar to the paid-up share capital as on March 31, 2014.

Subsidiaries

The Company has seven subsidiary companies, all over the world, all of which are wholly-owned. As 100% of the Share Capital of the Subsidiaries is held by Nucleus Software Exports Limited and nominees; on consolidation of accounts, these amounts are contra with investments in Subsidiaries amounts in the consolidated accounts of the Parent Company. Paid-up Share Capital of the Subsidiaries as on March 31, 2015 is as per the below table.

Name of Subsidiary Company	Currency	As at March 31, 2015		As at March 31, 2014	
		In foreign Currency	Eqv. Rupees (in crore)	In foreign Currency	Eqv. Rupees (in crore)
Nucleus Software Solutions Pte. Ltd., Singapore. 625,000 equity shares of S$ 1 each.	**SGD**	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US$ 0.35 cents each	**USD**	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaisha, Japan. 200 equity shares of JPY 50,000 each	**JPY**	10,000,000	0.41	10,000,000	0.41
VirStra *i*-Technology Services Ltd., India. 1,000,000 equity shares of ₹ 10 each	**INR**	–	1.00	–	1.00
Nucleus Software Netherlands B.V., Netherlands. 4,000 equity shares of Euro 100 each	**Euro**	400,000	2.42	400,000	2.42
Nucleus Software Limited, India. 10,000,000 equity shares of ₹ 10 each	**INR**	–	10.00	–	10.00
Nucleus Software Australia Pty. Ltd., Australia. 100,000 equity shares of AUD 1 each	**AUD**	100,000	0.55	1	–

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries.

Reserves and Surplus

The movement in the components of reserves and surplus is as below:

(₹ in crore)

	Opening Balance as on April 1, 2014	Additions/ (Deletions) during the year	Closing Balance as on March 31, 2015
General Reserve	88.88	–	88.88
Securities Premium	2.19	–	2.19
Capital Reserve	0.89	–	0.89
Foreign Currency Translation Reserve	10.70	(1.74)	8.96
Hedging Reserve	2.81	(2.12)	0.69
Profit and Loss Account Balance	259.15	45.22	304.37
Total	**364.62**	**41.36**	**405.98**

Fixed Assets

As at March 31, 2015, gross block of fixed assets including investment in technology assets is ₹ 144.34 crore against ₹ 136.97 crore as on March 31, 2014.

(₹ in crore)

As at March 31,	2015	2014	Inc/Dec (%)
Gross Block			
Freehold land	0.34	0.34	–
Leasehold land	18.78	18.78	–
Leasehold improvement	1.02	0.71	43.66
Building	28.50	28.09	1.46
Office and other equipment	19.50	19.64	(0.71)
Computers	37.34	32.99	13.19
Vehicles	2.44	1.94	25.77
Furniture and fixtures	5.19	5.20	(0.19)
Software	31.23	29.28	6.66
Total	**144.34**	**136.97**	**5.38**
Less; accumulated depreciation	86.18	76.33	**12.90**
Net Block	**58.16**	**60.64**	**(4.09)**
Add: Capital Work In Progress	0.79	1.26	(37.30)
Net Fixed Assets	**58.95**	**61.90**	**(4.77)**

There are fresh additions of ₹ 9.72 crore during the year, including ₹ 5.96 crore of computer hardware and ₹ 1.96 crore of software purchases. The net fixed assets after depreciation and including capital work in progress are ₹ 58.95 crore as on March 31, 2015 against ₹ 61.90 crore as on March 31, 2014.

Investments

a. **Non-current investments** totaling ₹ 68.88 crore as on March 31, 2015 against ₹ 24.32 crore as on March 31, 2014.

   i) **Investment in equity shares of a non listed company** - ₹ 0.25 crore.

   ii) **Investment in tax free bonds held on a hold to maturity basis** - ₹ 53.63 crore.

   iii) **Investment in long-term fixed maturity plans of mutual funds** – ₹ 15.00 crore.

b. **Current investments and Bank Balances**

   Our capital requirements are completely financed by internal accruals. Your Company continues to remain debt-free and we believe that cash generated from operations and reserves and surplus are sufficient to meet our obligations and requirements towards capital expenditure and working capital requirements.

   As of March 31, 2015 the cash and bank balances (including fixed deposits) stood at ₹ 180.59 crore against ₹ 98.75 crore on March 31, 2014, current investments in Fixed Maturity plans and liquid plans of mutual funds are ₹ 100.66 crore against ₹ 199.27 crore on March 31, 2014.

   Total cash and current investments are thus at ₹ 281.25 crore on March 31, 2015 against ₹ 298.02 crore as on March 31, 2014.

(₹ in crore)

As at March 31,	2015	2014
Balances with Bank		
In Current Accounts	18.16	19.04
In Fixed Deposit Account	162.43	79.71
Investments in Mutual Funds	100.66	199.27
Total	**281.25**	**298.02**

As a part of the financial policies, the Company believes in maintaining high level of liquidity as it provides immense support against contingencies and uncertainties.

Complete details of Bank Balances and Fixed Deposits of the Company are given below:

(₹ in crore)

As at March 31,	2015	2014
Balances with Banks		
In Current Accounts in INDIA		
Citi Bank	0.31	0.11
Citi Bank - EEFC accounts in US dollar	6.19	2.53
DBS Bank	–	0.01
HDFC Bank - EEFC accounts in US dollar	0.68	0.17
HDFC Bank	0.32	0.46
HDFC Bank - Unclaimed dividend accounts	0.27	0.23
ICICI Bank	0.15	0.07
State Bank of India	–	0.02
In Current Accounts in OVERSEAS locations		
Citibank UK	0.06	0.08
Citibank UAE	0.15	0.08
Citibank Singapore	6.09	5.67
Citibank Korea	–	0.78
Citibank Philippines	0.11	0.01
Citibank,USA	0.77	4.92
PNC Bank USA	0.30	0.15
Bank of Tokyo Mitshubishi- Japan	0.08	0.32
Shinsei Bank Japan	0.00	–
Citibank Japan	1.70	3.14
Citibank, Australia	0.03	–
Citibank Netherlands.	0.24	0.27
Remittance in transit	0.71	–
Cash in hand	–	0.02
Total Balances in Current Accounts	**18.16**	**19.04**
In Fixed Deposit Accounts		
HDFC Bank	22.17	1.11
Citi Bank	1.74	1.96
Kotak Mahindra Bank	9.98	–
ING Vysya	5.00	–
Bank of India	37.43	25.63
State Bank of Travancore	18.92	8.94
ICICI Bank	19.18	11.00
Corporation Bank	25.51	20.22
Punjab National Bank	22.50	10.85
Total Balances in Fixed Deposit Accounts	**162.43**	**79.71**
Total Bank Balance & Fixed Deposits	**180.59**	**98.75**

Our net cash flow from operating activities before working capital changes is ₹ 69.19 crore for the financial year against ₹ 70.22 crore in the previous year. After considering working capital changes, operating cash flow is ₹ 39.82 crore against ₹ 65.73 crore.

Operating cash flow is today considered a better measure of operations of the Company than the net profits as it measures the cash generated by the operations and there is a decline this year with lower operating profitability.

To summarise the Company's liquidity position, given below are few ratios based on consolidated figures:

As at March 31,	2015	2014
Operating cash flow as % of revenue	19.59%	20.28%
Days of sale receivable	87	44
Cash and Equivalents as % of shareholders funds	64.16%	75.07%
Cash and Equivalents as % of revenue	79.64%	86.08%
Current investments as % of shareholders funds	22.96%	50.19%
Current investments as % of revenue	28.50%	57.56%

Trade Receivables

Our trade receivables (net of provision) as on March 31, 2015 are ₹ 84.61 crore, against ₹ 41.72 crore as on March 31, 2014.

The age profile of the debtors (net of provision) is given below:

As at March 31,	2015	2014
Less than three months	91.61%	86.46%
Between 3 and 6 months	2.04%	11.04%
More than 6 months	6.36%	2.50%

The Company has a policy of providing for all debtors outstanding for a period of 365 days or more and for those invoices which are otherwise considered doubtful based on the Management's perception of risk of collection.

Loans and Advances

Loans and Advances have been classified into long-term and short-term based on their period of realization.

(₹ in crore)

As at March 31,	2015	2014
Long term Loans and advances		
Security deposits	3.00	3.06
Advance income tax	11.41	14.34
Prepaid expenses	0.52	0.77
MAT credit entitlement	3.16	3.21
Loans & advances to employees	0.06	0.06
Total	**18.15**	**21.44**
Short term Loans and advances		
Security deposits	0.08	0.23
Advance fringe benefit tax	0.21	0.27
Prepaid expenses	4.03	6.21
MAT credit entitlement	1.50	0.70
Loans & advances to employees	1.07	0.84
Supplier advances	3.11	2.17
Mark-to-market gain on forward contracts	0.69	2.82
Service tax credit receivable	3.27	5.12
Others	1.63	0.54
Total	**15.59**	**18.90**
Total Loans and Advances	**33.74**	**40.34**

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to ₹ 3.08 crore as on March 31, 2015 against ₹ 3.28 crore as on March 31, 2014. MAT credits are ₹ 4.66 crore as on March 31, 2015 against ₹ 3.91 crore as on March 31, 2014.

Current Liabilities

Current liabilities represent trade payables, short-term provisions and other current liabilities. As on March 31, 2015 the Current liabilities are ₹ 113.22 crore against ₹ 104.73 crore as on March 31, 2014.

(₹ in crore)

As at March 31,	2015	2014
Trade Payables	25.89	24.13
Other current liabilities		
Advances from customers/Advance Billing	31.46	22.08
Deferred Revenue	26.85	19.72
Unclaimed dividend	0.27	0.23
Book Overdraft	1.54	1.20
Payable for purchase of fixed assets	0.20	–
Statutory dues	5.15	5.13
Advance rent	–	0.05
Security deposits received	–	0.32
Others	0.27	0.52
Short term provisions		
Leave encashment	1.34	2.52
Proposed dividend	16.19	19.43
Tax on dividend	3.30	3.30
Income tax	0.76	3.42
Gratuity	–	2.68
Total	**113.22**	**104.73**

Trade payables represent the amount payable for providing goods and services and are ₹ 25.89 crore as on March 31, 2015 against ₹ 24.13 crore as on March 31, 2014.Advances from customers as on March 31, 2015 are ₹ 31.46 crore against ₹ 22.08 crore as on March 31, 2014. These consist of advance payments received from customers, for which related costs have not been yet incurred or product license delivery is at later date. Deferred revenue represents the advance invoicing for annual maintenance charges for which services are to be rendered in the future. As of March 31, 2015 it is ₹ 26.85 crore against ₹ 19.72 crore as on March 31, 2014.Statutory dues are the amounts accrued for taxes deducted at source by the Company, staff provident fund, employee state insurance liabilities, sales tax, etc. As on March 31, 2015 it is ₹ 5.15 crore against ₹ 5.13 crore as on March 31, 2014.Short term provisions for leave encashment and gratuity are those for which liability is expected to arise in near future. A sum total of all these short-term provisions as on March 31, 2015 are ₹ 21.59 crore against ₹ 31.35 crore as on March 31, 2014.

Long-term Provisions

Long term provisions as on March 31, 2015 were ₹ 4.74 crore against ₹ 11.60 crore as on March 31, 2014. The break-up of provision at the year-end is given below:

(₹ in crore)

As at March 31,	2015	2014
Leave encashment	4.74	3.32
Gratuity	–	8.28
Total	**4.74**	**11.60**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Leave encashment represents provisions made by the Company based on actuarial valuation. During the year, the Company has made contributions to Nucleus Software Employees Group Gratuity Assurance Trust, which has made further contributions to Employees Group Gratuity Scheme of Life Insurance Corporation of India.

Risk Management Report

Risk may be defined as the possibility to suffer damage or loss, characterized by three factors:

1. The Probability or likelihood that loss or damage will occur.
2. The Expected time of occurrence.
3. Magnitude of the negative impact that can result from its occurrence.

Focus of risk management is to enhance value of business and assets of the Company, by identifying, analyzing, evaluating and mitigating all known forms of risks. In order to achieve this objective, policies and relevant internal controls are developed as an on-going process to ensure proper management of the Company's resources and appropriate mitigation of risks.

We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Risk Management Structure at Nucleus

At Nucleus, Risk Management is a disciplined way to deal with business uncertainty and the associated risk and opportunity.

This objective of this Risk Management at Nucleus is to:

- Enable the Company to manage unexpected outcomes and reduce impact of risk events when they occur.
- Empower the Management to take informed decisions, under guidance of Board of Directors of the Company, that maximize value, reduce costs and balance risk with returns.
- Ultimately promote confidence amongst the Company's stakeholders in the effectiveness of business management process of the Company and the ability to plan and meet strategic objectives.

  Risk management in the Company is conducted across the organisation at various levels. The key components of Risk management structure are as follows:

At a strategic level, our risk management practices are:

- **Risk Identification** – Risk Management Committee (RMC) is responsible for 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.
- **Risk measurement, mitigation and monitoring** - At the end of every quarter, the Risk Management Committee invites status update of the mitigation plans of the top identified risks and if any changes have occurred in the nature of risks during the quarter. Basis the same, an analysis of exposure and potential impact are carried out. Mitigation plans are finalized, owners are identified and progress of mitigation actions are monitored and reviewed. Each top risk is mapped as per a Risk Criticality Matrix.
- **Risk Reporting** – Basis the above, a Risk update is prepared every quarter and provided to the Audit Committee and the Board. Entity level risks such as project risks, account level risks are reported to and discussed at appropriate levels of the organization.
- **Integration with strategy and business planning** - Identified risks are used as key inputs for the development of strategy and business plan.

Risks and Concerns

The Company's business operations are subject to various risks particular to the industry and certain generic risks including those described below, that could have an adverse impact on business.

Product Obsolescence may affect our business potential. As a Product Company, growth of the Company is based on the ability to offer products on latest technology trends and evolving industry standards. If we are unable to do so, then the performance of the products as well as the technologies and functionalities provided, could lead to product obsolescence and impact the competitive position of the Company. Our model for growth is based on our ability to initiate and embrace new technology trends and to drive adoption of the products we develop and market. Our future success will depend on our ability to develop solutions that keep pace with changes in the markets in which we provide services. We cannot be sure that we will be successful in developing new products with evolving technologies in a timely or cost-effective manner or, if these products are developed, they will be successful in the market. Delay in product development schedules may also affect our revenues adversely. To mitigate this risk, continuous investments are being made in conducting research and development to enhance product technology and features and develop new products. Technology and functionality road map for products is prepared and reviewed by the senior management and implemented accordingly. Further high-level interaction with top class academic institutes is also being set up, to keep abreast with latest changes. Developing software products is expensive and the investment in product development often involves a long return on investment cycle. We have made and expect to continue to make significant investments in research and development and related product opportunities. During the year, your Company launched FinnOne Neo™, a product suite built to manage the lending requirements of banking and financial services industry.

Our business depends on our ability to attract and retain talent. Product centric model of the Company especially demands retention of key talent; people with domain knowledge and technical skills. High attrition which can happen due to many factors including compensation expectations, work and empowerment processes, leadership etc., can adversely impact product development cycles and ultimately, revenue and profitability. To mitigate this risk, we have a best-in-class recruitment system specific to the domain. We hire from a mix of university and industry talent worldwide and differentiate talented individuals by offering diverse customer

exposure in different geographies, opportunity to work on products rather than services, and competitive compensation. We also lay focus on learning and development, identifying achievers and rewarding them. Succession planning for key positions like that of CEO, Senior Management (i.e. one level below the CEO position) and Heads of Departments is also a critical aspect of risk management and the Management is working on formulating the same as part of global readiness for the Company as a global employer.

Our organization structure, processes and business models may not be scalable. Structures and processes of the Company business operations may not have adequate potential to grow the revenue base significantly faster than the cost base; and hence may not be adequate for growth. Business models ; how we sell, how we license, how we support, product development and life cycle management, go to market strategy, may also not be suitable for significant year on year growth. The Management is working towards mitigating this risk by instilling measures to develop and refresh leadership skills and competencies in employees, retain best suited talent, automate processes including installing enterprise software systems and innovating business models.

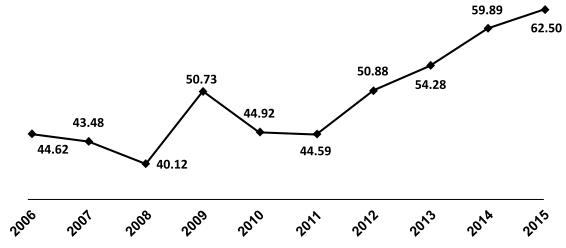
Company is constantly exposed to the risk of volatility in foreign exchange rates. Foreign exchange currency markets are volatile, and such fluctuations in foreign currency exchange rates could materially and adversely affect the Company's profit margins and results of operations. We conduct major portion of our business transactions in currencies other than the Indian Rupee. More than eighty percent of our revenue is denominated in foreign currency, predominantly the US Dollar. Seventy percent of our expenses are in the Indian Rupee and therefore the Company is exposed to continuing risk of foreign exchange fluctuation. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Movements in value of the Indian Rupee against the major currencies can cause significant variation in our revenue and profitability.

The exchange rate of the Rupee has been extremely volatile in the last few years as evidenced by the succeeding graph.

Source to be included

The volatility in the foreign currency markets may make it difficult

USD/INR Closing Rate



to hedge our foreign currency exposures effectively. Inadequacies in the hedging mechanisms to deal with exchange rate fluctuation could expose the Company to even larger losses than envisaged due to exchange rate fluctuations. To mitigate this risk, the Company follows a well-defined policy of hedging close to receivables through Forward Contracts which are designated as Highly Probable forecast transactions. The Company has a conservative approach and does not speculate in foreign currency markets. Forwards are held to maturity and regular reporting and monitoring systems are in place including quarterly updates to the Audit Committee. Clear guidelines for concluding derivative transactions have been laid down and arrangements have been institutionalized to facilitate periodic review and audit of the operation, impact and consequences of such transactions, including verifying compliance with extant laws and regulations.

The hedging strategies that we have implemented, or may in the future implement, to mitigate foreign currency exchange rate risks, may not reduce or completely offset our exposure to foreign exchange rate fluctuations. This may additionally also expose our business to unexpected market, operational and counterparty credit risks. We may incur losses from our use of derivative financial instruments that could have a material adverse effect on our business, results of operations and financial condition. At the year end, the Company had US$ 10.14 million of hedges compared to US$ 9.25 million at the beginning of the year.

Further, the policies of the Reserve Bank of India may change from time to time, also have a bearing on our operations and hence the revenues. Full or increased capital account convertibility, if introduced, could result in increased volatility in the fluctuations of exchange rates between the rupee and foreign currencies.

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

	As of March 31,	
	2015	**2014**
Aggregate amount of outstanding forward and options contracts	$ 10.14 million	$ 9.25 million
Gain/(loss) on outstanding forward and options contracts reflected in the Hedging Reserve in the Balance Sheet	₹ 0.69 crore	₹ 2.82 crore

Legal Compliances world-wide expose us to additional risks. The Company is an incorporated legal entity and is impacted by changes in various laws, rules and regulations like Companies Act, Accounting Standards, Labour laws, SEBI Regulations, etc. Further the Company is incorporated in India, and has subsidiaries overseas in Japan, Netherlands, Singapore, USA and Australia which cater to customers operating in various countries and a significant part of the revenue is derived from international sales. Nucleus operations world-wide may be affected by changes in political scenario, trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment. Deterioration of social, political, labour, or economic conditions in a specific country or region and difficulties in staffing and managing foreign operations may also adversely affect our operations or financial results. In order to mitigate these risks, various departments within the Company; taking care of compliances of applicable laws/rules etc., are manned by qualified personnel. A proactive team of legal experts is also positioned at the head-office of the Company. Expert external advice/opinion, is also taken, as per requirement, for ensuring compliance. At other places where we have operations, we engage consultants.

Delays in project executions may adversely affect our implementations and revenues. The Company faces risks associated with the execution of any project. Ability to deliver large projects with quality and within agreed timeliness is also a risk. The delivery model requires great skills in seamlessly integrating delivery, ensuring smooth communications between the customer, onsite teams as well as offsite teams. Any apprehensions of the customer have to be handled very carefully. There is also a risk of order cancellation, loss of market goodwill, financial liability and losses due to overruns on projects.

From a project governance perspective, this risk can be accurately

monitored by having a good project plan with well-defined work breakdown structure that will provide visibility into key activities associated with essential project deliverables. To mitigate this risk, we work on the basis of a well thought plan for:

- continuous monitoring of Projects
- ensuring quality control
- effective requirement mapping and sign off by customers
- Inducting capable talent and their continuous knowledge upgrade through trainings etc.

We face strong competition across all markets for our products and services. The markets that we cater to, are highly competitive both from the perspective of new as well as existing competitors. We also expect that the markets in which we compete will continue to attract new well-funded competitors and new technologies, including technology companies, start-ups and international providers of similar products and services to ours. Our competitors range in size from big companies to small, specialized single-product businesses. In addition, we also compete with numerous small indigenous companies in various geographic markets. Although we believe our product robustness is our competitive advantage, our competitors may be more effective in devoting technical, marketing, and financial resources to compete with us. In addition, competitors offer a full suite of services and tend to focus on providing end to end solutions. Due to the wide focus of these products, the functionalities offered in specific areas are limited vis-à-vis the products offered by your Company. Therefore, our products tend to complement other products being used by the customer.

These competitive pressures may result in decreased sales volumes, price reductions, and/or increased operating costs, such as for marketing and sales incentives, resulting in lower revenue, gross margins, and operating income. As we continue to create additional functionality and products, we compete with additional vendors.

We compete based on our ability to offer to our customers' competitive integrated solutions that provide the most current and desired product and services features. We have been continuously investing in process improvement. A broad referral base created through years, also helps us derive an edge over competition.

The Company lays constant focus on product differentiation as well as product diversification to mitigate this risk. Strong focus is laid on Innovation led differentiation, continuous value creation, trainings to sales and marketing personnel, setting up of branches/ subsidiaries in select regions, changes in pricing model, seamless transition experience and trusted partnerships with customers to compete effectively.

Non-utilization of surplus funds may affect growth. Over the years, internal cash accruals more than adequately covered the working capital requirements, capital expenditure and dividend payments. The Company has been consistently following a conservative investment policy maintaining a reasonably high level of cash and cash equivalents which enable the Company to not only eliminate short and medium term liquidity risks but also scale up operations at a short notice. Non-optimal utilization of the surplus funds may pose a risk. For ensuring continuity of business operations and to have liquidity in business, a mix of investments with some low earning assets has also to be maintained by the Company. Inadequate management of the investment mix of the Company could lead to either Shareholder Value destruction or a high exposure to the risk of liquidity crunch. At the same time, the management is also cautious of the need to look out for niche acquisitions for in-organic growth.

We may not be able to adequately protect our Intellectual Property (IP) rights. Your Company has an IP led business model and globally licenses IP in the form of products for the Banking and Financial Services Industry. Protecting our global intellectual property rights and combating unlicensed copying and use of software and other intellectual property is challenging. Reductions in the legal protection for software intellectual property rights could adversely affect revenue. Our inability to prevent violation or misuse of intellectual property could cause significant damage to our reputation and adversely affect our results of operations. We may at times be unable to protect our source code from copying if there is an unauthorized disclosure of source code; critical to our business. This could make it easier for third parties to compete with our products by copying functionality, which would also affect us unfavourably.

We continue to make significant expenditure related to the use of technology and intellectual property rights as part of our strategy to manage this risk. Our security architecture is in line with client processes and has been tailor-made specifically towards our business compliance requirements. Our data, applications, network and workflow are comprehensively secured. We have also implemented DLP (Data loss prevention) solution to safeguard /Protect our IPR. Customized policies have been made to control the data protection; this includes policies for different source codes, organizational process & assets etc. As a policy, the Company develops own IP at its own cost using own resources and is actively engaged in seeking maximum legal protection for the Intellectual Property through a combination of trademarks, confidentiality procedures and contractual provisions.

Increased exposure with specific customers may impact our profitability. This may result in an increase in the credit risk and make us highly vulnerable for customers negotiating positions at the time of contract renewal or work distribution among multiple vendors. The group's profitability and revenues would be affected in case of loss of business with these major customers, significant downsizing of projects or moving work-in-house by them. Our top five and top ten customers generated approximately 43 % and 57 %, respectively, of our revenues for FY 15. The loss of any of our large customers could have a material adverse effect on our business and profitability. At the same time, large customers help us scale up revenues quickly and repeat-business contributes to higher margins through lower marketing costs. We being in the product space, enjoy enduring long-term relationships with large customers. These advantages and risks have to be balanced and we believe the solution is to increase the number of large customers, as business with existing customers is the backbone of our platform for providing complete product and services solutions.

We aim to build long term strategic relationships with Customers in order to maximise the value provided to both parties. Through strong relationships, we are able to further develop products according to industry needs and requirements.

Our inability to maintain and devise effective internal control methods may affect us adversely. The accuracy of our financial reporting depends on how well we have installed internal Control mechanisms. While we may introduce the best of processes to check and prevent error, inherent limitations like that of human error etc. cannot be ruled out and hence internal control might not prevent or detect all misstatements or fraud. If we cannot maintain and execute adequate internal control systems to ensure reliability of organizational financial system, our business may be materially adversely affected.

Nucleus has defined roles, responsibilities and authorities for employees at all levels. The Company has a robust system of Internal Audit and has appointed reputed Internal Auditors to check on the validity and correctness of internal reporting, which in turn validates financial reporting. The Company also has in place adequate internal financial controls with reference to the financial statements. During the year, in order to further strengthen the internal financial controls, a renowned professional consultant firm was hired to conduct an assessment of the existent internal financial controls and advise on best practices for adoption. Companies Act 2013 and clause 49 of the amended Listing Agreement place additional responsibility on the Audit Committee for internal financial controls and risk management systems. Such measures not only aid in assigning responsibility at various levels but also ensure a sense of accountability in people.

Our prime focus on providing products and services only in the BFS domain to Banks and Financial Institutions exposes us to the risk of Industry concentration. For the foreseeable future, we expect to continue to derive our revenues from products and services we provide to the financial services industry. Given this concentration, we are exposed to the global economic conditions in the financial services industry. A slowdown in economy translates to reduction or a delay in technology spending decisions by banking & financial services firms, which could have adverse effect on our business and financial conditions. While acknowledging this risk, we continue to focus on this sector and are confident that our "Value" based solutions will find greater market success. Our focus now is on improving efficiency by maintaining the existing operations at a lower cost. The present situation emphasizes the need for a strong risk management strategy to sense and avert systemic failures.

Security vulnerabilities and business continuity risk pose a threat to successfully running our operations. Our inability to put in place a Business Continuity Plan (BCP) to ensure the maintenance or recovery of operations, including service delivery to the consumers, when confronted with adverse events such as a disruption or failure of our systems or operations in the event of a major earthquake, weather event, cyber-attack, terrorist attack, or other catastrophic event could cause delays in completing sales, providing services, or performing other mission-critical functions. Our corporate headquarters, a significant portion of our research and development activities, and certain other critical business operations are located in Noida, India which is adjacent to the national capital of India, Delhi. Here it may be worthwhile to mention that According to a seismic zoning map issued by the Bureau of Indian Standards and quoted in the National Disaster Management (NDM) report Delhi belongs to Zone IV, a severe intensity seismic zone.

Any catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations. To counter this risk, Nucleus Business Continuity Plan is being developed. We are also in the process of setting up Disaster Recovery Sites and improving our Business Continuity Model. The Company is continuously investing in security of its operations & processes and evaluating the risks on periodic bases. We are an ISO 27001: 2013 (ISMS) certified organization, which reflects our attitude to increase adherence to secure practices. On the security front, strict procedures are in place to control the level of access to Datacenters and other sensitive areas. Access to the premises is controlled through Biometric access control systems and proximity cards. The Company has invested significantly in a state of the art network infrastructure for managing its operations and for establishing high-speed redundant links to overseas destinations. Additionally, the Internet filtering tools prevent any type of non-business usage over Internet within office and outside office.

Adverse geo-political and market conditions may harm our business. Our business is influenced by a range of factors that are beyond our control. These include:

- General economic and business conditions;
- The overall demand for enterprise software;
- Customer budgetary constraints or shifts in spending priorities;
- General political developments

The banking software industry is highly competitive and continues to evolve and innovate at a rapid rate. The rate of potential product obsolescence and level of competition amongst the providers is significant. We respond to these economic conditions through our commitment to product innovation and new product strategies. Adverse geo-political and economic conditions leading to negative/ low GDP growth may affect demand for our products. Customers may curtail and/or postpone their budgets for investments in technology. Our global exposure enables us to leverage growth from both Developed and emerging economies and focusing on value based solutions which enable our customers to significantly reduce cost in a difficult environment.

There is always an inherent risk of Insider Trading that may happen in the shares of your public limited Company. With your Company shares listed on National Stock Exchange of India Ltd. and BSE Ltd., there is always an inherent risk of Insider Trading that may happen in the shares of the Company. Trading in Nucleus shares by the designated employees of the Company on the basis of price sensitive information or communication counseling or procuring any unpublished price sensitive information to or from any person may be termed as insider trading. Insider trading is a matter of concern for the Management of the Company and to mitigate this risk, Code for Prevention of Insider trading is implemented in the Company, and is reviewed by the Audit Committee time and again to ensure compliance and updation with the regulatory amendments. Secretarial audit includes a review of policies and processed governing any trading in the Company's shares by various stakeholders.

We have partnerships with third parties for product delivery; failure on their part to deliver, could affect our performance. In some cases, we partner with third party vendors, for both software and hardware, who provide embedded or aligned products to support the services and product offerings provided by us. In such instances, our ability to deliver complete solution to our customers depends on our and our partners' ability to meet the quality standards of our customers'. If we or our partners fail to deliver appropriately, our ability to complete the contract may be adversely affected, which may have a material and adverse impact on our revenue and profitability. Also, if we fail to develop new relationships and enhance existing relationships with channel partners, software suppliers, system integrators, and independent software vendors (ISVs) that contribute to the success of our products and services, our business, financial position, profit, and cash flows may be adversely impacted. To counter this risk we partner with only reputed firms and ensure proper contractual formalities before aligning with any such partner to reduce or limit the risk of their non/low performance. We may not successfully execute our growth strategy if we fail to manage effectively the change involved in implementing our strategic initiatives.

AUDITORS' REPORT

For the Consolidated Financial Statements for the year ended March 31, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NUCLEUS SOFTWARE EXPORTS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Nucleus Software Exports Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to "the Group"), comprising the Consolidated Balance Sheet as at 31 March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rupees 267,872,056 as at 31 March, 2015, total revenues of Rupees 655,560,247 and net cash flows amounting to Rupees 23,206,390 for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and the subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Holding Companies and the subsidiary companies incorporated in India as on 31 March, 2015 and taken on record by the Board of Directors of the Holding Company and the subsidiary companies incorporated in India, none of the directors of the Holding Company and the subsidiary companies incorporated in India, are disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. There were no pending litigations which would impact the consolidated financial position of the Group;

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies incorporated in India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 015125N)

Sd/-
SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
7 May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

i. In respect of the fixed assets of the Holding Company and the subsidiary companies incorporated in India :

(a) The respective entities have generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Holding Company and the subsidiary companies incorporated in India have a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the respective entities and the nature of their assets. Pursuant to the program, certain fixed assets were physically verified by the Management of respective entities during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

ii. The Holding Company and the subsidiary companies incorporated in India do not have any inventory. Accordingly, the provisions of Clause 3 (ii) of the Order are not applicable to the the Holding Company and the subsidiary companies incorporated in India.

iii. The Holding Company and the subsidiary companies incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system in the Holding Company and the subsidiary companies incorporated in India, commensurate with the size of the respective entities and the nature of their business with regard to purchase of fixed assets. Having regard to the explanation that services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the respective entities and the nature of their business with regard to sale of services. The operations of the respective entities did not give rise to purchase of inventory and sale of goods during the current year. During the course of our audit, we have not observed any major weakness in such internal control system.

v. According to the information and explanations given to us, the Holding Company and the subsidiary companies incorporated in India have not accepted any deposit during the year. The Holding Company and the subsidiary companies incorporated in India do not have any unclaimed deposits and accordingly, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 is not applicable to the the Holding Company and the subsidiary companies incorporated in India.

vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for the Holding Company and the subsidiary companies incorporated in India.

vii. According to the information and explanations given to us in respect of statutory dues of the Holding Company and the subsidiary companies incorporated in India:

(a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

We are informed that the operations of the aforesaid entities during the year did not give rise to any liability for Customs Duty and Excise Duty.

(b) There were no undisputed amounts payable in the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax and cess which have not been deposited as on 31 March, 2015 on account of disputes by the aforesaid entities.

(d) The Holding Company has been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder. There are no amounts which are due to be transferred by the subsidiary companies incorporated in India to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

viii. The Group does not have accumulated losses at the end of the financial year and the Group has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

ix. According to the information and explanations given to us and the records examined by us, the Holding Company and the subsidiary companies incorporated in India have niether taken any loans from financial institutions and banks nor have they issued any debentures. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Holding Company and the subsidiary companies incorporated in India.

x. According to the information and explanations given to us, the Holding Company and the subsidiary companies incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.

xi. Based on the examination of the books of account and related records and according to the information and explanations given to us, no term loans were obtained by the Holding Company and the subsidiary companies incorporated in India.

xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and the subsidiary companies incorporated in India and no material fraud on the Holding Company and the subsidiary companies incorporated in India have been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)
sd/-
SAMEER ROHATGI
Partner
(Membership No. 094039)

Noida,
7 May, 2015

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2015

(Amount in ₹)

	Notes Ref.	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share capital	2.1	323,852,240	323,852,240
b. Reserves and surplus	2.2	4,059,806,705	3,646,217,622
		4,383,658,945	**3,970,069,862**
2. NON-CURRENT LIABILITIES			
Long-term provisions	2.3	**47,424,938**	**115,990,177**
3. CURRENT LIABILITIES			
a. Trade payables	2.4	258,857,818	241,321,372
b. Other current liabilities	2.5	657,401,152	492,436,343
c. Short-term provisions	2.6	215,898,074	313,569,175
		1,132,157,044	**1,047,326,890**
		5,563,240,927	**5,133,386,929**
ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.7	492,846,411	479,736,934
- Intangible assets	2.7	88,765,657	126,713,081
- Capital work in progress		7,920,000	12,560,000
		589,532,068	619,010,015
b. Non-current investments	2.8	688,773,000	243,173,000
c. Deferred tax assets (net)	2.9	13,163,609	67,480,087
d. Long-term loans and advances	2.10	181,521,711	214,408,882
e. Other non-current assets	2.11	11,458,545	4,688,330
		1,484,448,933	**1,148,760,314**
2. CURRENT ASSETS			
a. Current investments	2.12	1,006,579,079	1,992,659,193
b. Trade receivables	2.13	846,060,443	417,165,994
c. Cash and cash equivalents	2.14	1,805,965,926	987,526,757
d. Short-term loans and advances	2.15	155,876,044	188,988,355
e. Other current assets	2.16	264,310,502	398,286,316
		4,078,791,994	**3,984,626,615**
		5,563,240,927	**5,133,386,929**
See accompanying notes forming part of the consolidated financial statements	1 & 2		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Sd/-
SAMEER ROHATGI
Partner

Place : Noida
Date : 07 May, 2015

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

Sd/-
JANKI BALLABH
Chairman

Sd/-
VISHNU R DUSAD
Managing Director & Chief Executive Officer

Sd/-
ASHISH NANDA
Global Head - Finance & Accounts

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

Place : Noida
Date : 07 May, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

(Amount in ₹)

		Notes Ref.	Year ended 31 March 2015	Year ended 31 March 2014
1.	**REVENUE FROM OPERATIONS**			
	Income from software products and services	2.17	3,531,395,631	3,462,220,869
2.	**OTHER INCOME**	2.18	333,086,147	245,534,274
3.	**TOTAL REVENUE (1+2)**		**3,864,481,778**	**3,707,755,143**
4.	**EXPENSES**			
	a. Changes in inventories of stock in trade		–	49,486,419
	b. Employee benefits expense	2.19	2,014,389,891	1,807,749,867
	c. Operating and other expenses	2.20	858,450,716	933,992,286
	d. Finance cost	2.21	5,446,164	5,148,012
	e. Depreciation and amortisation expense	2.7	119,668,160	79,356,200
	TOTAL EXPENSES		**2,997,954,931**	**2,875,732,784**
5.	**PROFIT BEFORE TAX (3-4)**		**866,526,847**	**832,022,359**
6.	**TAX EXPENSE**			
	a. Current tax expense		176,658,547	199,111,241
	b. MAT Credit Entitlement (including ₹ 7,170,597 for earlier years)		(10,970,597)	(496,214)
	c. Net tax credit relating to prior year		(5,949,861)	(9,854,710)
	d. Withholding taxes charged off		5,389,422	6,463,472
	Net current tax expense		165,127,511	195,223,789
	e. Deferred tax charge/ (credit) (net)	2.9	54,258,957	(6,589,114)
	NET TAX EXPENSE		**219,386,468**	**188,634,675**
7.	**PROFIT FOR THE YEAR (5-6)**		**647,140,379**	**643,387,684**
8.	**EARNINGS PER EQUITY SHARE**	2.25		
	Equity shares of ₹ 10 each			
	a. Basic		19.98	19.87
	b. Diluted		19.98	19.87
	Number of shares used in computing earnings per share			
	a. Basic		32,383,724	32,383,699
	b. Diluted		32,383,724	32,383,699
See accompanying notes forming part of the consolidated financial statements		1 & 2		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Sd/-
SAMEER ROHATGI
Partner

Place : Noida
Date : 07 May, 2015

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

Sd/-
JANKI BALLABH
Chairman

Sd/-
VISHNU R DUSAD
Managing Director & Chief Executive Officer

Sd/-
ASHISH NANDA
Global Head - Finance & Accounts

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

Place : Noida
Date : 07 May, 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

(Amount in ₹)

		Notes Ref.	Year ended 31 March 2015	Year ended 31 March 2014
A.	**Cash flow from operating activities**			
	Net profit before tax		86,65,26,847	83,20,22,359
	Adjustment for:			
	Depreciation and amortisation expense		119,668,160	79,356,200
	Exchange gain on translation of foreign currency accounts (net)		(16,734,383)	(13,942,869)
	Dividend received from non trade investments		(50,135,954)	(61,881,880)
	Dividend on long term trade investment		(125,000)	(62,500)
	Interest on fixed deposits		(118,066,594)	(75,134,711)
	Net Profit on sale of investments		(94,542,426)	(49,710,907)
	Adjustment to the carrying amount of investments		139,269	9,350,000
	Profit on sale of fixed assets (net)		(1,681,358)	(1,657,250)
	Provisions written back		(33,025,849)	(37,016,212)
	Provision for doubtful debts / advances		19,901,931	20,866,580
	Operating profit before working capital changes		**691,924,643**	**702,188,810**
	Adjustment for (increase) / decrease in operating assets			
	Trade receivable		(431,385,021)	272,779,626
	Short-term loans and advances		18,084,555	(71,538,787)
	Inventories		–	49,486,419
	Long-term loans and advances		3,039,069	(666,548)
	Other current assets		158,264,256	(98,933,230)
	Other non-current assets		(9,270,215)	(2,665,195)
	Adjustment for increase / (decrease) in operating liabilities		213,810,915	(47,486,803)
	Trade payables and other current liabilities		(38,625,755)	2,423,647
	Short-term provisions		(68,565,239)	2,372,469
	Long-term provisions		537,277,208	807,960,408
	Net Income taxes paid		(139,074,385)	(150,635,155)
	Net cash from / (used in) operating activities (A)		**398,202,823**	**657,325,253**
B.	**Cash flow from investing activities**			
	Purchase of fixed assets/capital work in progress		(90,627,330)	(189,135,261)
	Proceeds from sale of fixed assets		4,079,008	1,830,509
	Purchase of current investments		(3,341,336,738)	(4,386,964,462)
	Sale of current investments		4,421,820,009	3,991,422,959
	Purchase of long term investments in bonds & mutual funds		(445,600,000)	(250,000,000)
	Bank balance not considered as cash and cash equivalents - placed		(1,607,141,776)	(780,122,072)
	Bank balance not considered as cash and cash equivalents - matured		777,852,147	916,736,052
	Interest on fixed deposits and others (net)		91,317,988	70,254,976
	Income tax paid		(30,136,063)	(6,793,202)
	Dividend received from non trade investments		50,135,954	61,881,880
	Dividend on long term trade investment		125,000	62,500
	Net cash from / (used in) investing activities (B)		**(169,511,801)**	**(570,826,121)**
C.	**Cash flow from financing activities**			
	Dividend paid (including corporate dividend tax)		(227,324,027)	(97,697,968)
	Proceeds from employee stock option exercised		-	12,060
	Net cash from / (used in) in financing activities (C)		**(227,324,027)**	**(97,685,908)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**1,366,995**	**(11,186,776)**
	Opening cash and cash equivalents	2.14	207,404,685	203,128,428
	Exchange difference on translation of foreign currency bank accounts		(15,171,630)	15,463,033
	Closing cash and cash equivalents	2.14	**193,600,050**	**207,404,685**
See accompanying notes forming part of the consolidated financial statements		1 & 2		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Sd/-
SAMEER ROHATGI
Partner

Place : Noida
Date : 07 May, 2015

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

Sd/-
JANKI BALLABH
Chairman

Sd/-
VISHNU R DUSAD
Managing Director & Chief Executive Officer

Sd/-
ASHISH NANDA
Global Head - Finance & Accounts

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

Place : Noida
Date : 07 May, 2015

Notes forming part of the consolidated financial statements

Note 1:

(i) Company Overview

Nucleus Software Exports Limited ('Nucleus' or 'the Company' or "the Holding Company") was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October, 1994. The Company made an initial public offer in August 1995. As at 31 March, 2015, 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, Australia and India (the Company and its subsidiaries constitute "the Group").

The Group's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

(ii) Basis of preparation

The consolidated financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

(iii) Principles of consolidation

These consolidated financial statements relate to Nucleus Software Exports Limited, the holding company and its subsidiaries (hereinafter collectively referred as "the Group"), which are as follows:

Name of the Company	% Shareholding	Country of incorporation
Nucleus Software Solutions Pte. Ltd.	100	Singapore
Nucleus Software Inc.	100	United States of America
Nucleus Software Japan Kabushiki Kaisha	100	Japan
VirStra *i* – Technology Services Limited	100	India
VirStra *i* – Technology (Singapore) Pte. Ltd. (Subsidiary of VirStra *i* – Technology Services Limited) (wound up with effect from 19 February, 2014)	100	Singapore
Nucleus Software Netherlands B.V.	100	Netherlands
Nucleus Software Limited	100	India
Nucleus Software Australia Pty. Ltd. (incorporated on 3 February, 2014)	100	Australia

The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable.

The financial statements of all the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2015.

The financial statements of the parent company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating inter company balances/transactions and resulting unrealised profits in full. Unrealised losses resulting from inter company transactions have also been eliminated except to the extent that the recoverable value of related assets is lower than their cost to the Group. The amount shown in respect of reserves comprise the amount of relevant reserves as per the Consolidated Balance Sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

The consolidated financial statements are prepared, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

The consolidated financial statements are prepared using uniform accounting policies for the transaction and other events in similar circumstances, except as disclosed otherwise.

(iv) Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the year in which the results are known / materialise.

(v) Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale.

(vi) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

(vii) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(viii) Foreign exchange transactions and translation of financial statements of foreign subsidiaries

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Consolidated Statement of Profit and Loss. Monetary current assets and monetary current liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of Consolidated Balance Sheet. The resulting difference is recorded in the Consolidated Statement of Profit and Loss.

The Group uses foreign exchange forward contracts and options to hedge its exposure for movement in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts or options for trading or speculation purposes.

The Group follows Accounting Standard (AS) 30 – "Financial Instruments: Recognition and Measurement" to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

The financial statements of the foreign subsidiaries being integral operations are translated into Indian rupees as follows:

a) Income and expense items are translated at the weighted average exchange rates.

b) Monetary assets and liabilities denominated in foreign currencies as at the Consolidated Balance Sheet date are translated at the exchange rates on that date.

c) Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

d) All resulting exchange differences are recognised in the Consolidated Statement of Profit and Loss of the reporting period.

e) Contingent liabilities are translated at the closing rate.

The financial statements of the foreign subsidiaries being non-integral operations are translated into Indian rupees as follows:

a) Income and expense items are translated at the weighted average exchange rates.

b) Assets and liabilities, both monetary and non-monetary are translated at the closing rate.

c) All resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under reserves and surplus.

d) Contingent liabilities are translated at the closing rate.

(ix) Revenue recognition

Revenue from software development services comprises income from time and material and fixed price contracts.

Revenue from time and material contracts is recognised as the services are rendered.

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.

Revenue from sale of licenses, where no customisation is required, are recognised upon delivery of these licenses which constitute transfer of all risks and rewards.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Revenue from sale of goods is recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.

Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with terms of the contract.

(x) 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 the investments.

Interest income is accounted on accrual basis.

Dividend income is recognised when the right to receive the same is established.

Rental income comprising of rent and other related services from operating lease is recognised in the Consolidated

Statement of Profit and Loss on a straight line basis over the lease term.

(xi) Expenditure

The cost of software purchased for use in software development and services is charged to cost of revenues in the year of acquisition. Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(xii) Depreciation and amortisation

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

The management's estimates of the useful lives of the various fixed assets are as follows:

Asset category	Useful life (in years)
Tangible asset	
Building	30
Plant and machinery (including office equipment)	5
Computers- end user devices like laptops and desktops etc	3
Computers- servers and networking equipments etc	4
Vehicles	5
Furniture and fixtures	5-7
Temporary wooden structures (included in furniture and fixtures)	1

Asset category	Useful life (in years)
Intangible asset	
Software	3-5

The above useful lifes are lower than the useful lifes specified in Schedule II of the Companies Act, 2013.

With effect from 1 April, 2014, the Group has revised the useful life in respect of computers and data processing units (end use devices such as laptops, desktops etc) from 4 years to 3 years. (also see note 2.7 (v))

(xiii) Tangible assets and capital work in progress

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets are stated at the cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use. Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(xiv) 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.

(xv) Research and development

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised 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. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

(xvi) Investments

Investments are classified into long-term and current investments based on the intent of management at the time of acquisition. Long-term investments including investment in subsidiaries are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and the fair value.

(xvii) Employee stock option based compensation

The excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option plan is recognised as deferred stock compensation cost and is amortised on graded vesting basis over the vesting period of the options.

(xviii) Employee benefits

a. India

Employee benefits include provident fund, gratuity and compensated absences.

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. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the 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 recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Other employee benefits

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the Consolidated Statement of Profit and Loss.

b. Singapore

The Company's contribution to central provident fund is deposited with the appropriate authorities and charged to the Consolidated Statement of Profit and Loss. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

c. United States of America/ Netherlands/ Japan

The Company's social security contributions are charged to the Consolidated Statement of Profit and Loss.

(xix) 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.

(xx) Operating leases

Lease payments under operating lease are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

(xxi) Earnings per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earning 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.

(xxii) Taxation

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the entity has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Consolidated Balance Sheet date for their realisability.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if

it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

(xxiii) Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

(xxiv) Provision and Contingencies

The Group recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the Consolidated Balance Sheet date. These are reviewed at each Consolidated Balance Sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

Contingent assets are not recognised in the financial statements.

(xxv) Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Consolidated Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Consolidated Statement of Profit and Loss.

(xxvi) Derivative Contracts

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

(xxvii) Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(xxviii) Service tax /VAT input credit

Service tax/VAT input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/ utilising the credits.

(xxix) Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

2.1 SHARE CAPITAL *(Amount in ₹)*

Particulars	As at 31 March 2015	As at 31 March 2014
a. Authorized		
Equity shares		
40,000,000 (40,000,000) equity shares of ₹ 10 each	**400,000,000**	**400,000,000**
b. Issued, Subscribed and Paid-Up		
Issued		
32,386,524 (32,386,524) equity shares of ₹ 10 each	**323,865,240**	**323,865,240**
Subscribed and Paid-Up		
32,383,724 (32,383,724) equity shares of ₹ 10 each, fully paid up	323,837,240	323,837,240
Add: 2,800 (2,800) forfeited equity shares pending reissue (see note (iv) below)	15,000	15,000
	323,852,240	**323,852,240**

Refer notes (i) to (v) below :-

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

	Particulars	Opening balance	Allotted under Employee Stock Option Plans	Closing balance
a.	For the year ended 31 March, 2015			
-	Number of shares	32,383,724		32,383,724
-	Amount	323,837,240	–	323,837,240
b.	For the year ended 31 March, 2014			
-	Number of shares	32,383,634	90	32,383,724
-	Amount	323,836,340	900	323,837,240

(ii) Rights, preferances and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	27.79%	9,000,000	27.79%
Nucleus Software Engineers Private Limited	2,385,882	7.37%	2,385,882	7.37%
Madhu Dusad	3,066,248	9.47%	2,045,048	6.32%
Vishnu R Dusad	1,603,492	4.95%	1,603,492	4.95%
Fidelity Puritan Trust- Fidelity Low-Priced Stock Fund*	2,200,000	6.79%	2,100,000	6.48%
ICICI Prudential Mutual Fund*	666,143	2.06%	1,634,856	5.05%

* Shares of the Company are held by various Mutual Fund Schemes of Asset Management Companies ("AMC"). The Company has during the year consolidated the shares held under Mutual Fund Schemes under their legal entities structure and disclosed them together.

(iv) Details of forfeited shares

Particulars	As at 31 March 2015		As at 31 March, 2014	
	(Number)	(₹)	(Number)	(₹)
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 three ESOP schemes; ESOP scheme - 2005 (instituted in 2005), ESOP scheme - 2006 (instituted in 2006) and ESOP Scheme - 2015 (instituted in 2015). These schemes were duly approved by the Board of Directors and Shareholders. The 2005 scheme provides for 600,000 options, 2006 scheme provides for 1,000,000 options and 2015 scheme 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. These schemes are administered by the Compensation Committee comprising three members, the majority of whom are independent directors.

c. Details of options granted, forfeited and exercised during the year in the above mentioned scheme are as follows:

Particulars	Year ended 31 March 2015	Weighted Average	Year ended 31 March 2014	Weighted Average
	(Number)	(₹)	(Number)	(₹)
2005 Stock Option Scheme				
Options outstanding at the beginning of the year	–	–	1,320	144
Options granted	–	–	–	–
Options forfeited	–	–	(1,230)	144
Options exercised	–	–	(90)	144
Balance carried forward	–	–	–	–

There are no options granted, forfeited and exercised during the year under ESOP Scheme 2006 and ESOP Scheme 2015.

d. During the year ended 31 March, 2015, Nil (Year ended 31 March, 2014 : 1,230) were forfeited and the amount paid up as application money aggregating to ₹ Nil (Year ended 31 March, 2014 : ₹ 12,300) has been transferred to the Capital reserve. (Also see note 2.2(a))

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
2.2 RESERVES AND SURPLUS		
a. Capital reserve		
Opening balance	8,900,230	8,887,930
Add: Amount forfeited against employees stock option plan	–	12,300
Closing balance	**8,900,230**	**8,900,230**
b. Securities premium account		
Opening balance	21,901,489	21,889,429
Add : Premium on conversion of stock options issued to employees	–	12,060
Closing balance	**21,901,489**	**21,901,489**
c. Hedging reserve [see note 2.30]		
Opening balance	28,159,099	7,396,723
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	(21,213,152)	20,762,376
Closing balance	**6,945,947**	**28,159,099**
d. Foreign currency translation reserve		
Opening balance	107,013,615	89,645,236
Add: Addition during the year	(17,456,131)	17,368,379
Closing balance	**89,557,484**	**107,013,615**
e. General reserve		
Opening balance	888,775,899	833,688,140
Add: Transferred from surplus in statement of Profit and Loss	–	55,087,759
Closing balance	**888,775,899**	**888,775,899**
f. Surplus in Statement of Profit and Loss		
Opening balance	2,591,467,290	2,214,527,662
Add: Profit for the year	647,140,379	643,387,684
Less : Appropriations		
- Proposed final dividend on equity shares [see note (i) and (ii) below]	(161,918,620)	(97,151,172)
- Proposed special dividend on equity shares [see note (ii) below]	–	(97,151,172)
- Tax on dividend [see note 2.34]	(32,963,393)	(17,057,953)
- Transferred to general reserve	–	(55,087,759)
Closing balance	**3,043,725,656**	**2,591,467,290**
	4,059,806,705	**3,646,217,622**

Note :

(i) The Board of Directors of the holding company, recommended at Final Dividend of ₹ 5 per share (on equity share of par value of ₹ 10 each) at their Board meeting held on May 7, 2015. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting.

(ii) The Board of Directors of the holding comapny, at their meeting held on May 3, 2014 had declared a final dividend of ₹ 3 per equity share and a special dividend of ₹ 3 per equity share for the year ended on 31 March, 2014 which was approved by shareholders through poll in Annual General Meeting held on 8th July, 2014.

(Amount in ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
2.3 LONG-TERM PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	47,424,938	33,203,591
- Provision for gratuity (see note 2.29)	–	82,786,586
	47,424,938	**115,990,177**
2.4 TRADE PAYABLES		
Trade Payables		
- Micro and small enterprises (see note (i) below)	–	–
- Others	258,857,818	241,321,372
	258,857,818	**241,321,372**

Note:

(i) The holding company and subsidiary companies incorporated in India have 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.

2.5 OTHER CURRENT LIABILITIES

(Amount in ₹)

	Particulars	As at 31 March, 2015	As at 31 March, 2014
a.	Advance from customers	296,017,658	185,105,785
b.	Advance billing	18,579,342	35,689,438
c.	Deferred revenue	268,498,746	197,237,246
d.	Advance rent	–	546,198
e.	Security deposits received	–	3,220,346
f.	Unclaimed dividends	2,720,113	2,264,961
g.	Book overdraft	15,401,797	12,049,179
h.	Payable for purchase of fixed assets	1,960,540	–
i.	Other employee payables	–	5,000,000
j.	Provision for gratuity (see note 2.29)	2,758,233	–
k	Other payables - statutory liabilities	51,464,723	51,323,190
		657,401,152	**492,436,343**

2.6 SHORT-TERM PROVISIONS

a.	Provision for employee benefits		
	- Provision for compensated absences	13,384,298	25,167,311
	- Provision for gratuity (see note 2.29)	–	26,842,742
b.	Provision for proposed equity dividend	161,918,620	194,302,344
c.	Provision for tax on proposed dividend	32,963,393	33,021,683
d.	Provision for tax	7,631,763	34,235,095
		215,898,074	**313,569,175**

Note 2.7

Fixed Assets (At Cost)

(Amount in ₹)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April, 2014	Additions	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2015	As at 1 April 2014	Depreciation for the year	Deductions / adjustments (Note (i) & (ii))	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible assets										
Freehold land	3,360,720	–	–	3,360,720	–	–	–	–	3,360,720	3,360,720
	(3,360,720)	–	–	(3,360,720)	–	–	–	–	(3,360,720)	(3,360,720)
Leasehold land	187,842,361	–	–	187,842,361	16,073,758	2,004,277	–	18,078,035	169,764,326	171,768,603
	(187,842,361)	–	–	(187,842,361)	(14,072,319)	(2,001,439)	–	(16,073,758)	(171,768,603)	(173,770,042)
Leasehold improvements	7,148,689	3,232,582	231,040	10,150,231	7,148,689	1,022,604	104,322	8,066,971	2,083,260	–
	(7,583,420)	–	(434,731)	(7,148,689)	(7,583,420)	–	(434,731)	(7,148,689)	–	–
Buildings	280,913,490	4,085,669	–	284,999,159	70,875,550	9,410,806	–	80,286,356	204,712,803	210,037,940
	(281,676,738)	(41,250)	(804,498)	(280,913,490)	(61,621,329)	(9,254,221)	–	(70,875,550)	(210,037,940)	(220,055,409)
Plant and equipment	196,382,821	921,343	2,338,196	194,965,968	179,117,607	6,160,666	2,433,762	182,844,511	12,121,457	17,265,214
	(191,794,550)	(5,338,440)	(750,169)	(196,382,821)	(170,960,573)	(9,763,612)	(1,606,578)	(179,117,607)	(17,265,214)	(20,833,977)
Computer equipment	329,836,340	59,576,372	15,963,129	373,449,583	269,616,347	37,939,002	15,699,592	291,855,757	81,593,826	60,219,993
	(311,107,040)	(43,527,116)	(24,797,816)	(329,836,340)	(274,508,690)	(19,876,647)	(24,768,990)	(269,616,347)	(60,219,993)	(36,598,350)
Vehicles	19,428,065	9,539,057	4,536,435	24,430,687	5,104,762	4,508,032	2,535,760	7,077,034	17,353,653	14,323,303
	(14,427,706)	(13,721,527)	(8,721,168)	(19,428,065)	(11,548,094)	(1,852,422)	(8,295,754)	(5,104,762)	(14,323,303)	(2,879,612)
Furniture and fixtures	51,971,316	245,477	328,552	51,888,241	49,210,155	1,109,215	287,495	50,031,875	1,856,366	2,761,161
	(51,629,545)	(164,485)	177,286	(51,971,316)	(47,645,387)	(1,432,839)	131,929	(49,210,155)	(2,761,161)	(3,984,158)
	1,076,883,802	**77,600,500**	**23,397,352**	**1,131,086,950**	**597,146,868**	**62,154,602**	**21,060,931**	**638,240,539**	**492,846,411**	**479,736,934**
	(1,049,422,080)	**(62,792,818)**	**(35,331,096)**	**(1,076,883,802)**	**(587,939,812)**	**(44,181,180)**	**(34,974,124)**	**(597,146,868)**	**(479,736,934)**	**(461,482,268)**
Intangible assets										
Software	**292,847,842**	**19,627,371**	**134,251**	**312,340,962**	**166,134,761**	**57,513,558**	**73,014**	**223,575,305**	**88,765,657**	**126,713,081**
(See note iv)	**(185,834,620)**	**(116,276,719)**	**(9,263,497)**	**(292,847,842)**	**(140,406,951)**	**(35,175,020)**	**(9,447,210)**	**(166,134,761)**	**(126,713,081)**	**(45,427,669)**
Total	**1,369,731,644**	**97,227,871**	**23,531,603**	**1,443,427,912**	**763,281,628**	**119,668,160**	**21,133,945**	**861,815,844**	**581,612,068**	**606,450,015**
Previous year	(1,235,256,700)	(179,069,537)	(44,594,593)	(1,369,731,644)	(728,346,763)	(79,356,200)	(44,421,334)	(763,281,629)	(606,450,015)	

Notes :

(i) Includes the effect of translation in respect of assets held by foreign subsidiaries which are considered as non-integral to the operations of the company in terms of Accounting Standard - 11.

(ii) Some of the assets have been re-grouped during the year, based on the nature of assets.

(iii) Figures in bracket pertains to previous year ended 31 March, 2014/2013

(iv) During the year ended 31 March, 2014, one of the subsidiary had written off software with a gross block of ₹ 9,451,046 and accumulated depreciation of ₹ 9,451,046 since the same are not in use.

(v) Pursuant to the Companies Act, 2013, ("The Act"), being effective from April 1, 2014, the group has revised depreciation rates in respect of computers and data processing unit (end user devices such as desktop, laptops etc.) as per the useful life specified in Part "C" of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended March 31, 2015 is higher by ₹ 5,664,456.

(Amount in ₹)

	Particulars	As at 31 March 2015	As at 31 March 2014
2.8	**NON-CURRENT INVESTMENTS (at cost)**		
	- Non trade		
	Investment in equity instruments (Unquoted)		
	250,000 (250,000) equity shares of ₹ 10 (₹ 10) each, fully paid up, in Ujjivan Financial Services Private Limited	**2,500,000**	**2,500,000**
	Investments in Government securities (Unquoted)		
	National savings certificates	**23,000**	**23,000**
	Investment in bonds (Quoted)		
a.	Indian Railway Finance Corporation Limited - Tranche 1 Series IA (see note 2.31) (Net of adjustment to the carrying amount of investments amounting to ₹ 9,350,000)	90,650,000	90,650,000
b.	8.09% Power Finance Corporation Tax Free Bonds 2021	45,600,000	–
c.	7.51% Power Finance Corporation Tax Free Bonds 2021	50,000,000	–
d.	7.51% Power Finance Corporation Tax Free Bonds 2021	200,000,000	–
e.	Indian Infrastructure Finance Company Limited - Tranche 1 Series 1A	100,000,000	100,000,000
f.	Indian Railway Finance Corporation Limited - Tranche 1 Series IB	50,000,000	50,000,000
	Investment in mutual funds (quoted)		
a.	HDFC FMP 1128D March 2015(1) Direct Growth	50,000,000	–
b.	ICICI Prudential FMP Series 72 -368 Days Plan A Growth	50,000,000	–
c.	ICICI Prudential FMP Series 76-1108 Days Plan V-Direct-Growth	50,000,000	–
		686,250,000	**240,650,000**
	Aggregate amount of non current-investments	**688,773,000**	**243,173,000**
	Aggregate amount of quoted investments	686,250,000	240,650,000
	Aggregate market value of quoted investments	701,240,000	261,365,000
	Aggregate amount of unquoted investments	2,523,000	2,523,000

2.9 DEFERRED TAX ASSET (net)

(Amount in ₹)

	Particulars	As at 01 April 2014	(Credited)/* Charge during the year	As at 31 March , 2015
a.	**Deferred tax assets**			
	Provision for compensated absences, gratuity and other employee benefits	54,613,965	35,552,234	19,061,731
	Provision for doubtful debts / service income accrued but not due	24,699,844	(431,619)	25,131,463
		79,313,809	**35,120,615**	**44,193,194**
b.	**Deferred tax liabilities**			
	On difference between book balance and tax balance of fixed assets	**11,833,722**	**19,195,863**	**31,029,585**
c.	Effect of foreign currency translation on items constituting deferred tax asset for foreign subsidiary	–	(57,521)	–
d.	**Net deferred tax (liability) / asset**	**67,480,087**	**54,258,957**	**13,163,609**

* including prior period charge for ₹ 9,196,453

(Amount in ₹)

	Particulars	As at 31 March 2015	As at 31 March 2014
2.10	**LONG-TERM LOANS AND ADVANCES**		
	(Unsecured, considered good)		
a.	Security deposits	30,085,265	30,561,665
b.	Loans and advances to employees		
	- Staff loans	556,867	595,890
c.	Prepaid expenses	5,183,388	7,707,034
d.	Balances with government authorities		
	- Advance tax	114,076,423	143,388,299
	- MAT credit entitlement	31,619,768	32,155,994
		181,521,711	**214,408,882**
2.11	**OTHER NON CURRENT ASSETS**		
	(Unsecured, considered good)		
a	Long-term bank deposits (see note below)	1,825,000	4,175,000
b	Interest accrued but not due on bank deposits	584,700	513,330
c.	Unamortised premium on tax free bonds	9,048,845	-
		11,458,545	**4,688,330**

Note :-

Long-term bank deposits represents deposits under lien with bank and are restricted from being settled for more than 12 months from the Balance Sheet date.

2.12 Current investments - Non trade (At the lower of cost and fair value)

a. Investment in mutual funds

	Name	Units as at 31 March, 2015 (Numbers)	Value of units as at 31 March, 2015 (₹)	Units as at 31 March, 2014 (Numbers)	Value of units as at 31 March, 2014 (₹)
–	**Liquid Schemes of Mutual Funds (Quoted)**				
a.	Axis Liquid Fund- Direct Plan - Daily Dividend Reinvestment	125,906	125,944,642	193,497	193,519,815
b.	Birla Sunlife Cash Plus -Daily Dividend- Regular Plan	–	–	2,369	237,319
c.	Birla Sunlife Cash Plus Fund-Direct-Daily Dividend-Reinvestment Option	–	–	740,078	74,152,137
d.	HDFC Liquid Fund - Direct Plan-Daily Dividend-Reinvestment	–	–	9,320,303	95,050,316
e.	ICICI Prudential Liquid Fund-Direct Plan-Daily Dividend-Reinvestment Option	–	–	633,625	63,395,982
f.	IDFC Banking Debt Fund Regular Plan- Dividend	2,316,839	23,396,133	2,163,842	22,000,000
g.	IDFC Cash Fund Direct Plan- Daily Dividend Reinvestment	107,419	107,476,268	–	–
h.	JP Morgan India Liquid Fund- Daily Dividend-Direct Plan	–	–	3,585,782	35,894,039
i.	Kotak Floater Short Term-Direct Plan-Daily Dividend	101,572	102,751,856	75,724	76,604,051
j.	Kotak Liquid Scheme Plan A- Direct Plan-Daily Dividend-Reinvestment Option	175,002	213,993,857	17,150	17,349,318
k.	Reliance Liquid Fund-Treasury Plan-Direct Plan-Daily Dividend-Reinvestment	5,566	8,508,730	137,968	210,916,791
l.	SBI Liquid Fund- Direct Plan- Daily Dividend	–	–	8,033	8,059,292
m.	Templeton India Treasury Management Account Super Institutional Plan - Direct Plan- Daily Dividend	–	–	11,317	11,328,734
n.	UTI Money market Fund-Institutional Plan- Direct Plan-Daily Dividend-Reinvestment	–	–	42,399	42,542,194

	Name	Units as at 31 March, 2015 (Numbers)	Value of units as at 31 March, 2015 (₹)	Units as at 31 March, 2014 (Numbers)	Value of units as at 31 March, 2014 (₹)
–	**Fixed Maturity Plans/Interval Plans (Quoted)**				
a.	Birla SunLife Fixed Term Plan-Series IV-Growth-368 Days	–	–	5,000,000	50,000,000
b.	Birla SunLife Fixed Term Plan-Series JL-Growth-368 Days	–	–	3,000,000	30,000,000
c.	Birla SunLife Fixed Term Plan-Series IH-Growth-368 Days	–	–	2,000,000	20,000,000
d.	Birla SunLife Fixed Term Plan-Series JI-Growth-368 Days	–	–	2,000,000	20,000,000
e.	Birla SunLife Fixed Term Plan-Series JO-Growth-368 Days	–	–	5,000,000	50,000,000
f.	DSP BlackRock FMP-Series 93-12M-Dividend-Payout	–	–	3,041,587	30,415,869
g.	DSP BlackRock FMP-Series 129-12M-Growth Option	–	–	5,000,000	50,000,000
h.	DSP BlackRock FMP-Series 130-12M-Growth Option	–	–	5,000,000	50,000,000
i.	DSP BlackRock FMP-Series 126-12M-Growth Option	–	–	950,000	9,500,000
j.	DSP BlackRock FMP-Series 144-12M-Growth Option	–	–	5,000,000	50,000,000
k.	HDFC FMP 371D July 2013 (1) Series 26 – Growth Option	–	–	4,772,153	47,721,530
l.	HDFC FMP 370D October 2013(1)-Series 28- Growth Option	–	–	2,000,000	20,000,000
m.	HDFC FMP 371D December 2013(2)- Series 29 - Growth Option	–	–	2,500,000	25,000,000
n.	HDFC FMP 371D November 2013(2)- Series 28 – Growth Option	–	–	1,089,800	10,898,000
o.	HDFC FMP 372D October 2013(1) Series 28- Growth Option	–	–	3,797,996	37,979,960
p.	HDFC FMP 370D June 2014 (2) Series 31 – Growth Option	1,000,000	10,000,000	–	–
q.	HDFC FMP 371D June 2014 (1) Series 31 – Growth Option	3,000,000	30,000,000	–	–
r.	HDFC Banking and PSU Debt Fund-Direct Plan-Growth	9,078,941	100,000,000	–	–
s.	ICICI Prudential Interval Fund-Annual Interval Plan IV -Regular Plan - Growth	–	–	1,442,814	20,000,000
t.	ICICI Prudential FMP Series 69 -366 Days Plan G Growth	–	–	5,000,000	50,000,000
u.	ICICI Prudential FMP Series 68 -369 Days Plan I Growth	–	–	1,000,000	10,000,000
v.	ICICI Prudential FMP Series 72 -368 Days Plan A Growth	–	–	5,000,000	50,000,000
w.	ICICI Prudential FMP Series 72 -368 Days Plan K Growth	–	–	5,000,000	50,000,000
x.	ICICI Prudential FMP Series 74 -369 Days Plan T Growth	10,000,000	100,000,000	–	–
y.	Kotak FMP Series 102 Direct - Growth	–	–	5,000,000	50,000,000
z.	Kotak FMP Series 105 Direct - Growth	–	–	3,100,000	31,000,000
aa.	Kotak FMP Series 129 - Growth	–	–	5,000,000	50,000,000
ab.	Reliance Fixed Horizon Fund- XXVI- Series 31- Growth Option	5,000,000	50,000,000	–	–
ac.	SBI Debt Fund Series - 366 days 25 - Direct Plan-Growth	–	–	10,000,000	100,000,000
ad.	SBI Debt Fund Series-366 Days-45-Growth Option	–	–	2,168,329	21,683,290
ae.	SBI Debt Fund Series-366 Days-46-Growth Option	–	–	5,500,000	55,000,000
af.	SBI Debt Fund Series-366 Days-48-Growth Option	–	–	5,000,000	50,000,000
ag.	UTI Fixed Term Income Fund-Series XIX-VIII (368 Days) Growth	1,000,000	10,000,000	–	–
ah.	ICICI Prudential Liquid Fund-Super Institutional Plan-Daily Dividend	–	–	7,711	771,498
ai.	ICICI Prudential Institutional Liquid Plan-Direct Plan- Daily Dividend	1,192,108	119,278,122	898,532	89,901,914
aj.	Kotak Floater Short Term Fund-Daily Dividend-Reinvestment Option	–	–	1,221	1,235,433
ak.	Kotak Floater Short Term Fund-Direct Plan- Daily Dividend-Reinvestment Option	5,169	5,229,471	10,381	10,501,711
Aggregate amount of investment			**1,006,579,079**		**1,992,659,193**
Aggregate market value of quoted investment			**1,021,002,315**		**2,039,885,760**

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
2.13 TRADE RECEIVABLES		
(Unsecured)		
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Considered good	53,811,181	10,445,533
- Considered doubtful	24,278,779	12,708,871
	78,089,960	23,154,404
Less: Provision for doubtful trade receivables	(24,278,779)	(12,708,871)
	53,811,181	10,445,533
b. Other Trade receivables		
- Considered good	792,249,262	406,720,461
	846,060,443	**417,165,994**
2.14 CASH AND CASH EQUIVALENTS		
A. Cash and cash equivalents (As per AS 3 Cash Flow Statements)		
a. Cash on hand	36,655	167,110
b. Remittance in transit	7,126,608	–
c. Balances with scheduled banks:		
- in current accounts	7,741,122	6,767,404
- in EEFC accounts	68,663,402	27,026,537
d. Balance with non scheduled banks in current accounts:		
- Citibank, United Kingdom	630,589	827,432
- Citibank, U.A.E	1,526,105	824,925
- Citibank, Singapore	60,766,049	56,691,432
- Citibank, Korea	–	7,762,500
- Citibank, Philippines	1,116,136	96,421
- PNC Bank, USA	3,015,932	1,461,404
- Citibank,USA	7,693,112	49,268,491
- Bank of Tokyo Mitsubishi, Japan	808,829	3,179,200
- Shinsei Bank, Japan	24,748	26,535
- Citibank, Japan	17,047,315	31,378,967
- Citibank, Australia	312,358	–
- Citibank, Netherlands	2,391,090	2,726,327
e. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	14,700,000	19,200,000
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	**193,600,050**	**207,404,685**
B. Other bank balances		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	2,724,100	2,269,925
b. Balances with scheduled banks in deposit accounts with original maturity of more than 3 months :		
- Original maturity of more than 12 months	1,541,383,656	670,045,547
- Original maturity of less than 12 months	68,258,120	107,806,600
Total - Other bank balances (B)	**1,612,365,876**	**780,122,072**
Total Cash and cash equivalents (A+B)	**1,805,965,926**	**987,526,757**

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Details of balances as on balance sheet dates with scheduled banks in current accounts:-		
- HDFC Bank	3,151,358	4,594,204
- Citi Bank	3,077,148	1,130,808
- DBS Bank	–	61,497
- ICICI Bank	1,512,616	744,150
- State Bank of India	–	236,747
- Citi Bank *	61,865,360	25,305,052
- HDFC Bank *	6,798,042	1,721,483
- HDFC Bank **	2,724,100	2,269,925
	79,128,624	**36,063,866**
* EEFC account		
** Earmarked for unclaimed dividend		
Details of fixed deposit as on balance sheet dates with scheduled banks :-		
- HDFC Bank	220,500,000	10,000,000
- Citi Bank	14,700,000	19,200,000
- Kotak Mahindra Bank	99,800,000	–
- ING Vysya	50,000,000	–
- Bank of India	374,297,478	256,306,600
- State Bank of Travancore	189,200,000	89,400,000
- ICICI Bank	191,753,094	110,000,000
- Corporation Bank	255,149,904	202,204,156
- Punjab national Bank	225,000,000	108,457,298
	1,620,400,476	**795,568,054**
Detail of fixed deposit under lien:-		
- HDFC Bank	1,217,940	1,123,832
- Citi Bank	2,723,360	360,261
	3,941,300	**1,484,093**

2.15 SHORT-TERM LOANS AND ADVANCES
(Unsecured)

a.	Security deposit (considered good)	778,294	2,330,312
b.	Loans and advances to employees (considered good)		
	- Staff loans	3,120,695	1,730,614
	- Employee advances	7,590,983	6,670,464
c.	Prepaid expenses (considered good)	40,253,391	62,093,759
d.	Balances with government authorities (considered good)		
	- Advance fringe benefit tax [net of provision ₹ 24,915,859 (₹ 24,915,859)]	2,089,032	2,732,275
	- Service tax / VAT credit receivable	32,665,865	51,244,278
	- MAT credit entitlement	14,970,597	7,000,000
e.	Others		
	- Supplier advances		
	- Considered good	31,141,522	21,733,733
	- Considered doubtful	755,807	244,734
		31,897,329	21,978,467
	Less : Provision for doubtful advances	(755,807)	(244,734)
		31,141,522	21,733,733
	- Mark-to-market gain on forward contracts (see note 2.30) (considered good)	6,932,867	28,248,379
	- Application money for Mutual fund (considered good)	6,700,000	–
	- Expenses recoverable from customers (considered good)	9,632,798	5,204,541
		155,876,044	**188,988,355**

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
2.16 OTHER CURRENT ASSETS		
(Unsecured)		
a. Service income accrued but not due		
Unsecured		
- Considered good	201,762,379	285,112,134
- Considered doubtful	26,080,063	38,992,214
	227,842,442	324,104,348
Less : Provision for service income accrued but not due	(26,080,099)	(38,992,214)
	201,762,343	285,112,134
b. Interest accrued but not due on		
- Fixed deposits with banks	40,403,141	27,460,930
- Current, non trade investments	20,593,436	6,787,041
c. Insurance claim recoverable	–	78,926,211
d. Unamortised premium on tax free bonds	1,551,582	–
	264,310,502	**398,286,316**

(Amount in ₹)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
2.17 INCOME FROM SOFTWARE PRODUCTS AND SERVICES		
a. Software development services and products	3,531,395,631	3,404,878,143
b. Sale of goods	-	57,342,726
Total	**3,531,395,631**	**3,462,220,869**
2.18 OTHER INCOME		
a. Interest income on		
- Deposits with banks	88,661,557	65,117,435
- Current, non trade investments	29,405,037	10,017,276
- Income tax refund	6,136,578	4,496,028
b. Dividend income from		
- Current, non trade investments	50,135,954	61,881,880
- Non-current, non trade investment	125,000	62,500
c. Net gain on sale of investments		
- Current, non trade investments	94,542,426	49,710,907
d. Net Gain / (Loss) on foreign currency		
- Gain / (Loss) on exchange fluctuation	9,183,367	13,392,553
- Gain / (Loss) on ineffective hedges (see note 2.30)	(13,080)	89,280
- Gain / (Loss) on consolidation	7,564,097	(6,073,922)
e. Other non-operating income		
- Liabilities and provisions written back	33,025,849	37,016,212
- Net profit on sale of fixed assets/discarded assets	1,768,469	1,657,250
- Rental income	749,014	7,263,426
- Excess insurance claim received	9,062,556	–
- Miscellaneous income	2,739,323	903,449
	333,086,147	**245,534,274**

(Amount in ₹)

	Particulars	Year ended 31 March 2015	Year ended 31 March 2014
2.19	**EMPLOYEE BENEFIT EXPENSES**		
a.	Salaries and wages	1,854,384,718	1,665,815,265
b.	Contribution to provident and other funds	91,759,842	85,058,648
c.	Gratuity expense (see note 2.29)	28,026,315	26,196,096
d.	Staff welfare expenses	40,219,016	30,679,858
		2,014,389,891	**1,807,749,867**
	Employee benefit expenses include remuneration to Key Managerial Personnel :-		
a.	Salary	9,761,763	8,786,881
b.	Contribution to provident and other funds	360,000	360,000
		10,121,763	**9,146,881**

Notes:

The above remuneration does not include expense towards retirement benefits since the same are carried out for the respective entities as a whole.

2.20	**OPERATING AND OTHER EXPENSES**		
a.	Outsourced technical service expense	58,223,201	130,105,386
b.	Cost of software purchased for delivery to clients	37,893,366	94,983,814
c.	Power and fuel	46,806,667	44,899,650
d.	Rent (see note 2.22)	96,334,947	95,030,969
e.	Repair and maintenance		
	- Buildings	6,946,582	8,608,316
	- Others	25,208,784	21,853,056
f.	Insurance	11,257,360	8,597,995
g.	Rates and taxes	3,704,742	4,274,846
h.	Travel expenses		
	- Foreign	171,295,717	173,732,713
	- Domestic	28,799,573	25,275,345
i.	Advertisement, business development and promotion	29,070,876	11,479,124
j.	Legal and professional (see note 2.24)	95,151,042	82,415,244
k.	Directors remuneration (see note below)	10,461,800	8,380,000
l.	Conveyance	23,094,607	20,669,010
m.	Communication	27,472,280	25,069,178
n.	Training and recruitment	41,054,754	34,064,891
o.	Adjustment to the carrying amount of investments (see note 2.31)	139,269	9,350,000
p.	Conference, exhibition and seminar	20,140,389	17,800,511
q.	Information technology expenses	40,106,752	26,274,071
r.	Provision for doubtful debts/advances/other current assets	19,901,931	20,866,580
s.	Commission to channel partners	19,225,263	18,674,703
t.	Customer claim	–	1,523,375
u.	Expenditure on Corporate Social Responsibility (see note 2.35)	7,050,000	–
v.	Miscellaneous expenses	39,110,814	50,063,509
		858,450,716	**933,992,286**

Note :

Directors Remuneration includes :

Non Executive Directors

a	Commission	6,500,000	6,400,000
b.	Sitting fees	3,961,800	1,980,000
		10,461,800	**8,380,000**

(Amount in ₹)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
2.21 FINANCE COST		
Bank charges	**5,446,164**	**5,148,012**

2.22 OPERATING LEASE

Obligations on long-term, non-cancellable operating leases

The Group has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the year ended 31 March, 2015 is ₹ 96,334,947 (Year ended 31 March, 2014 : ₹ 95,030,969). The future minimum lease payments in respect of non-cancellable leases is as follows:

(Amount in ₹)

Particulars	As at 31 March 2015	As at 31 March 2014
Lease obligations payable		
a. Not later than 1 year	26,231,794	30,881,503
b. Later than 1 year but not later than 5 years	8,247,534	10,744,373
	34,479,328	**41,625,876**

2.23 COMMITMENTS

a. **Contingent liabilities**		
Claims against the Group not acknowledged as debts	**6,922,050**	**–**
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).	**3,149,016**	**22,725,415**

c. **Other Commitments**

As on 31 March, 2015, the holding company has outstanding bank guarantee and letter of credits of ₹ 23,744,551 (Previous year ₹ 13,617,899). These are secured to the extent of ₹ 15 crores against all present and future receivables of the holding Company.

(Amount in ₹)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
2.24 Auditors Remuneration (excluding tax) (Refer note below)		
a. As auditors	8,492,001	7,353,076
b. For taxation matters	280,000	400,000
c. For other services	1,472,286	1,055,000
d. Reimbursement of expenses	219,986	345,256
	10,464,273	**9,153,332**

Note :

Includes payment to other auditors ₹ 2,590,736 (Year ended 31 March, 2014 : ₹ 2,229,640).

2.25 Earnings per share

a. Profit after taxation available to equity shareholders (Rupees)	647,140,379	643,387,684
b. Weighted average number of equity shares used in calculating basic earnings per share	32,383,724	32,383,699
c. Effect of dilutive issue of shares	–	–
d. Weighted average number of equity shares used in calculating diluted earnings per share	32,383,724	32,383,699
e. Basic earnings per share (Rupees)	19.98	19.87
f. Diluted earnings per share (Rupees)	19.98	19.87

2.26 RELATED PARTY TRANSACTIONS

Key managerial personnel:

- Vishnu R Dusad (Managing Director)
- Kapil Gupta (Director, Subsidiary Company)
- Mark McCoy (Director, Subsidiary Company)

(Amount in ₹)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Transactions with related parties		
Managerial remuneration [including perquisite value of ₹ 716,830 (previous year ₹ 89,003)]		
- Vishnu R Dusad (Managing Director)	7,076,830	6,449,003
- Kapil Gupta (Director, Subsidiary Company)	2,569,981	2,607,660
- Mark McCoy (Director, Subsidiary Company)	1,191,783	179,221
	10,838,594	**9,235,884**

2.27 Research and development expenditure

Expenditure on research and development as per Accounting Standard 26

(i)	Revenue	190,208,441	164,556,919
		190,208,441	**164,556,919**

The Holding Company had been accorded initial recognition for the in-house R&D unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which is valid till 31 March, 2015. The Holding Company had thereafter applied to DSIR for the approval of weighted deduction under section 35(2AB) of the Income Tax Act, 1961, which has been received by the Holding Company in the year ended 31 March, 2014.

2.28 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 Group and is in conformity with Accounting Standard-17 on "Segment Reporting" specified as per Section 133 of the Companies Act, 2013 ("the 2013 Act") read with Rule 7 of Companies (Accounts) Rules, 2014. The segmentation is based on the Geographies (reportable primary segment) in which the Group operates and internal reporting systems. The secondary segmentation is based on the nature and type of services rendered.

b. Composition of reportable segments

The Group operates in seven main geographical segments: India, Far East, South east Asia, Europe, Middle East, Africa and Australia which individually contribute 10% or more of the Group's revenue and segment assets.

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 Group believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. Most of the fixed assets of the Group are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between segments and across geographies. 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.

The secondary segmentation is based on the nature and type of services rendered. Accordingly, Secondary Segmentation has been classified under Products and Software Projects and Services. Products revenue includes Income from sale of licenses and all other related customization, implementation, time and material contracts, fixed price contracts and annual technical service for these licenses. Software projects and services includes other time and material contracts and fixed price contracts, whereby no license sale is made by the Group.

Notes forming part of the consolidated financial statements

Information in respect of primary segment

The profit and loss for reportable primary segment is set out below:

a. For the year ended 31 March, 2015

(Amount in ₹)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	558,749,287	587,273,419	785,109,857	344,380,127	681,177,779	197,638,932	269,606,230	107,460,000	3,531,395,631
Expenses	394,371,690	319,286,112	577,820,943	181,728,035	258,046,930	71,405,004	55,671,950	90,383,550	1,948,714,214
Segment result	164,377,597	267,987,307	207,288,914	162,652,092	423,130,849	126,233,928	213,934,280	17,076,450	1,582,681,417
Unallocated corporate expenditure									1,049,240,717
Operating profit before tax									533,440,700
Other income									333,086,147
Profit before tax									866,526,847
Tax Expense									
Net current tax expense									165,127,511
Net deferred tax credit									54,258,957
									219,386,468
Profit for the year									**647,140,379**

b. For the year ended 31 March, 2014

(Amount in ₹)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	698,530,552	692,999,788	779,945,962	217,961,256	497,871,702	202,821,956	49,991,356	322,098,297	3,462,220,869
Expenses	451,914,340	290,340,452	671,512,922	119,483,909	196,226,338	87,238,356	13,668,671	134,670,427	1,965,055,415
Segment result	246,616,212	402,659,336	108,433,040	98,477,347	301,645,364	115,583,600	36,322,685	187,427,870	1,497,165,454
Unallocated corporate expenditure									910,677,369
Operating profit before tax									586,488,085
Other income									245,534,274
Profit before tax									832,022,359
Tax Expense									
Net current tax expense									195,223,789
Net deferred tax credit									(6,589,114)
									188,634,675
Profit for the year									**643,387,684**

Assets and liabilities of reportable primary segment are as follows:

a. As at 31 March, 2015

(Amount in ₹)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	343,257,806	97,962,648	300,586,196	121,206,325	207,406,808	109,389,750	83,198,774	35,031,170	1,298,039,477
Unallocated corporate assets									4,265,201,450
Total assets									**5,563,240,927**
Segment liabilities	171,788,388	37,269,064	205,430,353	65,978,473	212,486,800	111,889,981	18,859,919	25,460,287	849,163,265
Unallocated corporate liabilities									330,418,717
Total liabilities									**1,179,581,982**
Capital employed									**4,383,658,945**

b. As at 31 March, 2014

(Amount in ₹)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	176,865,380	100,171,939	373,697,399	44,418,533	148,323,638	29,099,194	4,056,407	176,545,304	1,053,177,794
Unallocated corporate assets									4,080,209,135
Total assets									**5,133,386,929**
Segment liabilities	118,917,266	36,741,890	184,879,802	51,032,697	141,624,377	67,473,423	28,120,390	137,516,019	766,305,864
Unallocated corporate liabilities									397,011,203
Total liabilities									**1,163,317,067**
Capital employed									**3,970,069,862**

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

a. For the year ended 31 March, 2015

(Amount in ₹)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	82,567,081	6,283,431	3,681,511	–	–	–	–	55,848	92,587,871
Total capital expenditure									**92,587,871**
Depreciation expenditure	113,966,703	2,790,261	2,182,176	–	–	–	–	729,020	119,668,160
Total depreciation									
Segment non-cash expense other than depreciation	5,510,313	2,711,901	1,425,594	162,350	2,172,405	8,058,637	–	–	20,041,200
Total non cash expenditure other than depreciation	**5,510,313**	**2,711,901**	**1,425,594**	**162,350**	**2,172,405**	**8,058,637**	**–**	**–**	**20,041,200**

b. For the year ended 31 March, 2014

(Amount in ₹)

Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Capital expenditure	190,010,157	–	1,526,447	–	–	–	–	92,933	191,629,537
Total capital expenditure									**191,629,537**
Depreciation expenditure	76,513,717	264,132	1,796,757	97,181	–	–	–	684,413	79,356,200
Total depreciation									**79,356,200**
Segment non-cash expense other than depreciation	12,089,139	32,480	15,564,337	–	2,867,303	(94,065)		(242,614)	30,216,580
Total non cash expenditure other than depreciation	**12,089,139**	**32,480**	**15,564,337**	**–**	**2,867,303**	**(94,065)**	**–**	**(242,614)**	**30,216,580**

Information in respect of secondary segment

Information for business segments

(Amount in ₹)

	Description	Products	Software projects and services	Total
a.	**For the year ended 31 March, 2015**			
	Revenue	2,556,245,330	975,150,301	3,531,395,631
	Carrying amount of segment assets	939,602,270	358,437,207	1,298,039,477
b.	**For the year ended 31 March, 2014**			
	Revenue	2,379,597,972	1,082,622,897	3,462,220,869
	Carrying amount of segment assets	723,853,225	329,324,569	1,053,177,794

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

2.29 Employee Benefit Obligations

Defined contribution plans

An amount of ₹ 91,709,670 for the year ended 31 March, 2015 (Year ended 31 March, 2014 ₹ 21,647,392), have been recognized as an expense in respect of Group's contribution for Provident Fund and other funds and ₹ 50,172 (Year ended 31 March, 2014 ₹ 43,412) 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 of the Holding Company and subsidiary companies incorporated in India 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 ₹ 1,000,000 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.

During the year, the Holding Company and subsidiary companies incorporated in India have 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, 2015 :

(Amount in ₹)

	Particulars	As at 31 March 2015	As at 31 March 2014
a.	**Change in defined benefit obligations (DBO)**		
	Obligation at beginning of the year	109,432,122	98,409,206
	Current service cost	16,315,630	15,844,166
	Interest cost	9,997,048	8,032,879
	Actuarial losses/(gains)	5,371,986	2,183,677
	Benefits paid	(10,217,019)	(15,037,806)
	Obligation at year end	**130,899,767**	**109,432,122**
b.	**Change in Plan Assets**		
	Plan assets at year beginning, at fair value	–	–
	Contributions by employer	134,718,320	15,037,806
	Actuarial (losses)/gains	3,723,990	–
	Benefits paid	(10,217,019)	(15,037,806)
	Plan assets at year end, at fair value	**128,225,291**	**–**

(Amount in ₹)

	Particulars	As at 31 March 2015	As at 31 March 2014
c.	**Net asset / (liability) recognised in the Balance Sheet**		
	Present value of defined benefit obligation	130,899,767	109,432,122
	Fair value of plan assets	128,225,291	–
	Funded status- Surplus/ (Deficit)	(2,674,476)	(109,432,122)
	Unrecognised past service costs	–	–
	Net liability recognised in the Balance Sheet	**(2,674,476)**	**(109,432,122)**
d.	Expected employer's contribution next year	21,000,000	26,842,742

e. Gratuity cost for the year:

(Amount in ₹)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Current service cost	16,315,630	15,844,166
Interest cost	9,997,048	8,032,879
Actuarial losses/(gains)	1,647,996	2,183,677
Net gratuity cost	**27,960,674**	**26,060,722**

d. Experience adjustment

(Amount in ₹)

Particulars	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2015
Defined benefit obligation	80,156,025	89,191,105	98,409,206	109,432,122	130,899,767
Plan assets	–	–	–	–	128,225,291
Surplus/(Deficit)	(80,156,025)	(89,191,105)	(98,409,206)	(109,432,122)	(2,674,476)
Experience adjustment on plan liabilities	(1,206,489)	(1,145,180)	(2,428,767)	3,223,503	(409,849)
Experience adjustment on plan assets	–	–	–	–	3,723,990

		Actuarial assumptions for gratuity and long-term compensated absences	
e.	**Economic assumptions :**	**As at 31 March 2015**	**As at 31 March 2014**
	Discount rate	7.90%	8.90%
	Salary escalation rate	8.00%	7% to 8%
	Expected return on plan assets	8.00%	0.00%

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.

f. Demographic assumptions

Retirement age	58 years	58 years
Mortality table	IALM Mortality (2006-08)	LIC (1994-96) duly modified

g.	Withdrawal rates	Ages - Withdrawal Rate (%)
		21-50 years - 20%
		51-54 years - 2%
		55-57 years - 1%

2.30 Forward contract and option in foreign currency

a.	Forward contract outstanding	Buy/Sell	As at 31 March 2015	As at 31 March 2014
	In USD	Sell	10,140,326	9,250,000
	Equivalent amount in Rupees	Sell	633,770,375	553,890,000

b. Short term loans and advances include net marked to market gain of ₹ 6,932,687 (Previous year ended 31 March, 2014 : ₹ 28,248,379) relating to forward contracts which are outstanding as at year end. The gain on such forward contact which are designated as effective, aggregating to ₹ 6,945,947 (Previous year ended 31 March 2014 : gain of ₹ 28,159,099) have been credited to Hedging Reserve. The loss on ineffective contracts aggregating to ₹ 13,080 (Previous year ended 31 March 2014 : Gain of ₹ 89,280) has been credited to Statement of Profit and Loss.

2.31 The Group has during the year ended 31 March, 2014 reclassified investment in bonds of Indian Railway Finance Corporation Limited - Trache 1 Series I as non-current investments which was originally held as current investment. Due to this change in classification and in accordance with Accounting Standard (AS) 13, the difference in the fair value of the investment as on the date of transfer and the cost at which these were recorded earlier aggregating to ₹ 9,350,000 has been recognised as an adjustment to the carrying value of the investment.

2.32 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS (Unaudited)

(Amount in ₹)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Software development services and products	3,531,395,631	3,462,220,869
Software development expenses	2,044,848,846	2,067,702,127
Gross Profit	**1,486,546,785**	**1,394,518,742**
Changes in inventories of stock-in-trade	–	49,486,419
Selling and marketing expenses	465,870,500	361,716,763
General and administration expenses	367,567,425	317,471,275
Operating profit before depreciation	**653,108,860**	**665,844,285**
Depreciation and amortisation expense	119,668,160	79,356,200
Operating profit after depreciation	**533,440,700**	**586,488,085**
Other income	333,086,147	245,534,274
Profit before tax	**866,526,847**	**832,022,359**
Tax expense:		
Net current tax expense	165,127,511	195,223,789
Net deferred tax credit	54,258,957	(6,589,114)
Profit for the year	**647,140,379**	**643,387,684**

Notes forming part of the consolidated financial statements

2.33 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit/ (loss)	
	As%ofconsolidated net assets	Amount in INR	As%ofconsolidated profit or loss	Amount in INR
Parent Company				
Nucleus Software Exports Limited	86.70%	3,800,601,553	73.87%	478,024,646
Indian Subsidiaries				
1. Virstra I Technology Services Limited	3.87%	169,462,959	-20.29%	(131,315,726)
2. Nucleus Software Limited	3.80%	166,473,597	-1.67%	(10,833,312)
Foreign Subsidiaries				
1. Nucleus Software Inc., USA	0.06%	2,799,544	-0.85%	(5,511,546)
2. Nucleus Software Australia Pty. Limited	0.00%	(24,771)	-2.70%	(17,481,914)
3. Nucleus Software Netherlands B.V.	0.05%	2,348,001	0.80%	5,186,136
4. Nucleus Software Japan Kabushiki Kaisha	0.85%	37,111,587	23.65%	153,016,407
5. Nucleus Software Solutions Pte. Ltd, Singapore	4.67%	204,886,475	27.21%	176,055,688

2.34 During the year ended 31 March, 2015 as per provision of Income-tax Act, 1961, the Company has taken credit of corporate dividend tax aggregating ₹ Nil (Year ended 31 March, 2014 : ₹ 15,963,730) on account of tax paid on dividend received from one of its subsidiaries.

2.35 During the year, the Corporate Social Responsibility (CSR) committee has been formed by the Holding Company to monitor CSR related activities. The Holding Company has contributed ₹ 7,050,000 out of the total contributable amount of ₹ 11,853,562 for the year ended 31 March, 2015 in accordance with section 135 read with schedule VII of the Companies Act, 2013 to various trusts and NGOs. The contributions have been made towards promoting education and sanitation. The management has not spent the remaining amount of ₹ 4,803,562.

2.36 Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

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

Sd/-	**Sd/-**
JANKI BALLABH	**VISHNU R DUSAD**
Chairman	*Managing Director & Chief Executive Officer*
Sd/-	**Sd/-**
ASHISH NANDA	**POONAM BHASIN**
Global Head - Finance & Accounts	*AVP (Secretarial) & Company Secretary*

Place : Noida
Date : 07 May, 2015

FORM AOC -1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries

Part A : Subsidiaries

1	Name of the subsidiary	NUCLEUS SOFTWARE AUSTRALIA PTY LTD wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	AUD = INR 47.50	
		AUD	INR
4	Share capital	100,000	4,750,000
5	Reserves & surplus	(20,806)	(988,285)
6	Total assets	183,693	8,725,418
7	Total Liabilities	104,499	4,963,703
8	Investments	–	–
9	Turnover	320,697	15,233,108
10	Profit/(Loss) before taxation	(16,000)	(760,000)
11	Provision for taxation	–	–
12	Profit/(Loss) after taxation	(16,000)	(760,000)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE NETHERLANDS B.V. wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Euro = INR 66.90	
		Euro	INR
4	Share capital	400,000	26,760,000
5	Reserves & surplus	(681,510)	(45,593,019)
6	Total assets	79,828	5,340,493
7	Total Liabilities	361,338	24,173,512
8	Investments	–	–
9	Turnover	98,385	6,581,957
10	Profit/(Loss) before taxation	(18,818)	(1,258,924)
11	Provision for taxation	–	–
12	Profit/(Loss) after taxation	(18,818)	(1,258,924)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE INC.	
		wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD = INR 62.50	
		USD	INR
4	Share capital	350,000	21,875,000
5	Reserves & surplus	820,729	51,295,563
6	Total assets	1,958,275	122,392,188
7	Total Liabilities	787,546	49,221,625
8	Investments	–	–
9	Turnover	1,214,781	75,923,813
10	Profit/(Loss) before taxation	386,538	24,158,625
11	Provision for taxation	174,437	10,902,313
12	Profit/(Loss) after taxation	212,101	13,256,313
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE SOLUTIONS PTE LTD	
		wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	SGD = INR 45.62	
		SGD	INR
4	Share capital	625,000	28,512,500
5	Reserves & surplus	3,948,915	180,149,502
6	Total assets	6,393,004	291,648,842
7	Total Liabilities	1,819,089	82,986,840
8	Investments	–	–
9	Turnover	15,696,165	716,059,047
10	Profit/(Loss) before taxation	(113,236)	(5,165,826)
11	Provision for taxation	(50,247)	(2,292,268)
12	Profit/(Loss) after taxation	(163,483)	(7,458,094)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE JAPAN KABUSHIKI KAISHA wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	JPY = INR 0.5208	
		JPY	INR
4	Share capital	10,000,000	5,208,000
5	Reserves & surplus	15,311,366	7,974,159
6	Total assets	146,604,165	76,351,449
7	Total Liabilities	121,292,799	63,169,290
8	Investments	–	–
9	Turnover	458,626,634	238,852,751
10	Profit/(Loss) before taxation	(30,042,389)	(15,646,076)
11	Provision for taxation	182,700	95,150
12	Profit/(Loss) after taxation	(30,225,089)	(15,741,226)
13	Proposed Dividend	–	–
14	% of shareholding	100%	100%

1	Name of the subsidiary	NUCLEUS SOFTWARE LIMITED wholly owned subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015	
			INR
3	Share capital		100,000,000
4	Reserves & surplus		(13,675,326)
5	Total assets		167,500,479
6	Total Liabilities		81,198,805
7	Investments		23,000
8	Turnover		10,679,864
9	Profit/(Loss) before taxation		(1,324,508)
10	Provision for taxation		12,508
11	Profit/(Loss) after taxation		(1,337,016)
12	Proposed Dividend		–
13	% of shareholding		100%

1	Name of the subsidiary	VIRSTRA I-TECHNOLOGY SERVICES LIMITED wholly owned subsidiary
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2014 to 31 March, 2015
		INR
3	Share capital	10,000,000
4	Reserves & surplus	173,833,799
5	Total assets	74,138,747
6	Total Liabilities	9,583,069
7	Investments	119,278,121
8	Turnover	180,219,743
9	Profit/(Loss) before taxation	57,998,400
10	Provision for taxation	16,685,985
11	Profit/(Loss) after taxation	41,312,415
12	Proposed Dividend	–
13	% of shareholding	100%

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

Sd/-	**Sd/-**
JANKI BALLABH	**VISHNU R DUSAD**
Chairman	*Managing Director & Chief Executive Officer*
Sd/-	**Sd/-**
ASHISH NANDA	**POONAM BHASIN**
Global Head - Finance & Accounts	*AVP (Secretarial) & Company Secretary*

Place : Noida
Date : 07 May, 2015

SHAREHOLDERS' REFERENCER

Shareholders' Referencer

A. Corporate

- Nucleus was incorporated in New Delhi in 1989 as Nucleus Software Exports Private Limited, as per the Indian Companies Act 1956. The Company became a Public Limited Company in 1994.
- The Company made an IPO in August 1995. 1,168,900 equity shares, face value ₹ 10/-each were issued to Indian public at a premium of ₹ 40/- per share and 331,500 equity shares, face value ₹ 10/-each, were issued to Non Resident Indians at a premium of ₹ 50/-per share.
- History of Bonus issues at Nucleus is as follows:

Allotment Date	Ratio	No. of Shares
September 24, 1994	60:1	876,000
December 27, 1994	57:100	576,270
October 22, 2001	1:2	2,637,050
August 10, 2004	1:1	8,045,406
August 8, 2007	1:1	16,182,312

- The Company's Registered Office is situated at 33-35, Thyagraj Market, New Delhi-110 003, India and Corporate office at A-39, Sector 62, Noida 201 301, India.

B. Preferential Issue

The Company had allotted 1,875,500 equity shares of ₹ 10/- each on preferential basis to the promoter/associates and permanent employees of the Company at a price of ₹ 103.15/- per share inclusive of share premium on June 22, 2001.

C. Share Related Data

- Shares of Nucleus are listed on The National Stock Exchange of India Limited and BSE Ltd.
- Scrip Code of Nucleus on NSE is NUCLEUS and on BSE is 531209. The Company's shares are traded in "Group B" category at the BSE Ltd.
- International Securities Identification Number (ISIN code-NSDL and CDSL) is INE096B01018.
- Face value of the Company's equity shares is ₹ 10.
- Shares of the Company are compulsorily traded in demat form.
- 99.56% of the Company's equity shares are in demat form.
- The Company had 16,589 shareholders as on March 31, 2015.
- The Company has not issued any GDRs/ADR.
- The Company had granted options to employees under ESOP (2005) and ESOP (2006) scheme. The options if exercised at the end of the vesting period shall be converted into equity shares. The Company launched ESOP (2015) scheme during the year. There are no options pending for exercise as on March 31, 2015.

D. Dividend Related Data

i. Dividend Policy

The Dividend Policy of the Company mandates a dividend payout in the range of 15%-30% of the profits available for distribution, subject to:

a) Provisions of The Companies Act, 2013 and other applicable laws, and

b) Cash flows of the Company

The Board of Directors reviews the Dividend Policy periodically.

ii. Dividend Recommended for FY 15

In accordance with the above Policy, the Board of Directors for the 15th consecutive year, have recommended a dividend this year of 50% (₹ 5.00 per equity share of ₹ 10 each) against 60% (₹ 6.00 per equity share of ₹ 10 each) in the previous year which included a special dividend of 30%, ₹ 3.00 per equity share of ₹ 10 each). Dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

iii. Dividend History

The Dividend declared and paid in the previous financial years is given below:

Financial Year	Dividend		
	Percentage (%)	Per Share (in Rs.₹)	Pay out (In Rs. ₹ crore)
2013-14	60%	6.00	19.44
2012-13	30%	3.00	9.72
2011-12	25%	2.50	8.10
2010-11	25%	2.50	8.10
2009-10	25%	2.50	8.10
2008-09	25%	2.50	8.09
2007-08*	30%	3.00	9.71
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05*	25%	2.50	4.02
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2001-02	20%	2.00	1.58
2000-01	20%	2.00	0.68

** The dividend payout in 2004-05 and 2007-08 was on the enhanced capital consequent to 1:1 bonus issue made during the respective years.*

The Board had not recommended any Dividend prior to financial year 2000-2001.

iv. Unclaimed Dividend

Section 124 of the Companies Act 2013 mandates that Companies transfer dividend that has been unclaimed for a period of 7 years from the "Unpaid Dividend Account "to the Investor Education and Protection Fund (IEPF)

Shareholders are cautioned that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

Unclaimed dividends for the financial years 2000-2001, 2001-2002, 2002-03, 2003-04, 2004-05 and 2005-06, 2006-07 have been transferred to the IEPF.

The dates for declaration of dividend for each financial year and due dates for transfer to IEPF is mentioned herein below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
2007-08 (Final)	July 8, 2008	July 7, 2015	August 6, 2015
2008-09 (Final)	July 8, 2009	July 7, 2016	August 6, 2016
2009-10 (Final)	June 24, 2010	June 23, 2017	July 22, 2017
2010-11 (Final)	July 08, 2011	July 07, 2018	August 6, 2018
2011-12 (Final)	July 11, 2012	July 10, 2019	August 9, 2019
2012-13 (Final)	July 10, 2013	July 9, 2020	August 8, 2020
2013-14 (Final)	July 10, 2014	July 9, 2021	August 9, 2021

Shareholders who have not encashed their dividend warrant(s) relating to one or more of the financial year (s) are requested to claim such dividend from Registrars of the Company at the following address:

Karvy Computer Share Pvt. Ltd.
Karvy Selenium Tower B, Plot number 31 & 32,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad – 500032, India
Tel: 040-23420815-18
Fax: 040-23420814
E-mail: mailmanager@karvy.com

E. Stock Market Data

i. BSE Ltd.

Monthly open, close, high and low quotations and volume of the Company's shares traded at BSE Ltd. during the year 2014-2015:

Date	Open	High	Low	Close	Traded Qty.
	(Share Price in ₹)				
Apr'14	218.00	250.90	217.80	224.95	601,069
May'14	225.10	232.25	178.00	190.65	356,906
June'14	192.00	221.55	187.00	208.40	514,014
July'14	208.25	232.00	193.00	206.60	552,465
Aug'14	209.00	234.90	171.50	216.05	702,287
Sep'14	219.25	273.80	219.00	234.65	1,892,497
Oct'14	236.60	240.00	202.30	219.05	581,831
Nov'14	220.80	236.00	206.00	208.80	394,119
Dec'14	207.20	222.00	177.50	184.10	380,942
Jan'15	184.25	213.00	180.00	182.65	391,019
Feb'15	184.55	195.90	173.00	180.90	270,656
Mar'15	182.60	210.40	160.20	171.20	460,770
Total Shares Traded					**709,8575**

ii. National Stock Exchange of India Ltd.

Monthly open, close, high and low quotations and volume of the Company's shares traded at National Stock Exchange of India Ltd. during the year 2014-2015

Date	Open	High	Low	Close	Traded Qty.
	(Share Price in ₹)				
Apr'14	219.55	251.75	217.05	224.15	2,287,088
May'14	226.00	232.50	177.90	190.45	2,405,556
June'14	191.00	222.40	187.30	208.20	2,119,149
July'14	208.20	232.10	193.50	206.15	2,272,565
Aug'14	204.00	235.00	170.15	216.35	2,758,998
Sep'14	220.00	273.95	218.60	233.85	6,978,838
Oct'14	234.00	240.00	205.00	219.35	2,043,732
Nov'14	221.95	235.70	202.95	209.60	1,542,366
Dec'14	210.40	222.40	175.70	184.45	1,169,526
Jan'15	185.20	212.90	178.25	181.80	1,666,382
Feb'15	181.80	196.00	172.00	180.85	939,348
Mar'15	183.00	209.20	160.05	169.10	1,681,692
Total Shares Traded					**27,865,240**

Note:

1. *The highest share price of the Nucleus scrip at BSE was ₹ 273.80 in September 2014 and the lowest share price was ₹ 171.50 in August 2014.*
2. *The highest share price of the Nucleus scrip at National Stock Exchange was ₹ 273.95 in September 2014 and the lowest share price was ₹ 171.50 in August 2014.*

iii. Quarterly high-low price history of the Company's share for the year 2014-15

(Share Price in ₹)

	BSE		NSE	
	High	Low	High	Low
During Quarter ended				
June 30, 2014	250.90	178.00	251.75	177.90
September 30, 2014	273.80	171.50	273.95	170.15
December 31, 2014	240.00	177.50	240.00	175.70
March 31, 2015	213.00	160.20	212.90	160.05

F. Financial Reporting to the Shareholders

i Quarterly/Annual Results

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

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

- The Company communicates quarterly/annual financial results via email to all its shareholders who have valid e-mails ids registered with their Depository Participants (DP).

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

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

G. Investors' Services

i. Details of request/complaints received during the year 2014-15:

Nature of complaints / requests	No. of complaints/requests		
	Received during the year	Resolved during the year	Pending at the year end
Non- Receipt of Dividend Warrant	2	2	Nil
Revalidation of Dividend warrants	28	28	Nil
Issue of duplicate share certificates	2	2	Nil
Non receipt of share certificate	Nil	Nil	Nil
Non-Receipt of Annual Report	Nil	Nil	Nil

The Company has attended to most of the investors' grievances/correspondence within a period of 7-10 days from the date of receipt of the same, during the year 2014-15.

ii. Registrars of Company

Share Transfers in physical form and other communication regarding share certificates, dividends, de-materialization of physical shares and change of address may be addressed to the Registrars of the Company at the address as given earlier in this Shareholders' Referencer.

iii. Share Transfer System

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

The Stakeholder Relationship Committee is authorised to approve transfer of shares, which are received in physical form, and the said Committee approves transfer of shares.

The Company obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges

iv. Dematerialization of Shares and Liquidity

The Company shares are tradebale compulsorily in the Electronic form. Through Karvy Computershare Pvt. Ltd., Registrar and Share Transfer agents, we have established a connectivity with both the depositiories i. e National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL)

All requests for dematerialisation of shares are processed and confirmation is given to the respective Depositories within 15 days.

The Company has De-materialised 3,22,42,604 shares (99.56% of the paid up share capital) as at March 31, 2015.

To enable us to serve our investors better , we request our shareholders whose shares are in physical mode to dematerliaze their shares and update their bank accounts with the respective depository participants.

v. Investor Service and Grievance Handling Mechanism

The largest Registrar in the country, Karvy Computershare Private Ltd., handles all share related transactions viz. transfer, transmission, transposition, nomination, dividend, change of name/address /signature, registration of mandate/Power of attorney, replacement/split consolidation of share certificates/demat/remat of share issue of duplicate certificates etc.

Report on shareholders' requests/grievances received and resolved is placed before the Stakeholder Relationship Committee.

Investors are requested to correspond directly with Karvy, on all share related matters. The Company has an established mechanism for investor service and grievance handling with Karvy and the Compliance Office of the Company.

vi. Designated e-mail Address for Investor Services

In terms of clause 47(f) of the Listing Agreement, the designated e-mail address for investor complaints is investorrelations@nucleussoftware.com.

vii. Reconciliation of Share Capital

A qualified practising Company Secretary carries out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

viii. Legal Proceedings

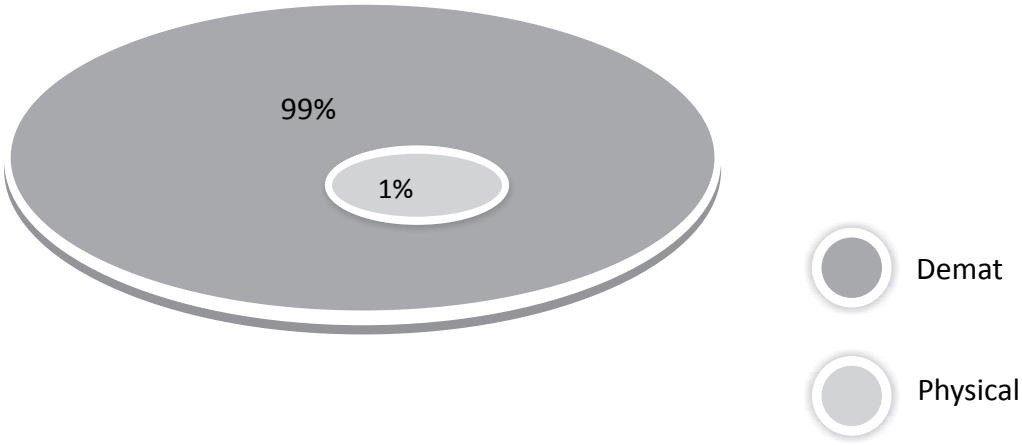
There is one legal proceeding pending against the Company in Court.

H. Shareholding Data

i. Distribution of Shareholding

No of Equity Shares Held		As on March 31, 2015				As on March 31, 2014			
		Share Holders		Shares		Share Holders		Shares	
From	To	(Nos.)	%	(Nos.)	%	(Nos.)	%	(Nos.)	%
1	100	10,046	60.55	441,344	1.36	9,634	64.19	404,676	1.25
101	200	2,161	13.03	376,634	1.16	1,842	12.28	321,019	0.99
201	500	2,128	12.83	765,507	2.36	1,688	11.25	609,799	1.88
501	1,000	1,163	7.01	879,907	2.72	970	6.46	731,073	2.26
1,001	5,000	875	5.27	1,913,972	5.91	677	4.51	1,478,031	4.56
5,001	10,000	105	0.63	753,364	2.33	94	0.63	660,368	2.04
10,001	and above	111	0.68	27,252,996	84.16	103	0.68	28,178,758	87.02
Total		**16,589**	**100.00**	**32,383,724**	**100.00**	**15,008**	**100.00**	**32,383,724**	**100.00**

Shares held in Physical and Dematerialised form as on March 31, 2015



ii. Categories of Shareholders

Category	As on March 31, 2015			As on March 31, 2014		
	Share Holders (Nos.)	Voting Strength (%)	Shares Held (Nos.)	Share Holders (Nos.)	Voting Strength (%)	Shares Held (Nos.)
Promoter and Promoter Group	11	60.62	19,631,866	11	57.47	18,610,666
Individuals	15,720	23.95	7,754,395	14,184	21.32	6,904,531
Bodies Corporate	444	2.39	773,810	458	2.56	830,028
NRIs	390	1.99	645,681	334	1.73	560,994
FII's	17	8.58	2,777,999	12	7.66	2,481,465
Mutual Funds	5	2.36	764,284	7	9.15	2,961,110
Banks and Financial Institutions	2	0.11	35,689	2	0.11	34,930
Total	**16,589**	**100**	**32,383,724**	**15,008**	**100.00**	**32,383,724**

iii. Shares under Lock-in

There are no shares under Lock in as on March 31, 2015.

iv. Share Transfers, Demat and Remat

The details of shares transferred in physical form, dematerialised and rematerialised during the year ended March 31, 2015 are given below:

No. of Shares	
Transferred in physical form	38
Dematerialised	224,356
Rematerialised	NIL

I. Directors, Senior Management and Employees of the Company

The Directors of the Company and executive officers including of Subsidiaries, their respective ages and their respective positions with the Company are as follows:

i. Management Structure

Name	Position	Age (In Yrs.)
Janki Ballabh	Chairman	72
Vishnu R Dusad	Managing Director & Chief Executive Officer	58
Prithvi Haldea	Independent Director	64
Elaine Mathias	Independent Director	61
Prof. Trilochan Sastry	Independent Director	55
R. P. Singh	Executive Director and President - Products	52
N. Subramaniam	Independent Director	54
Ashutosh Pandey	Executive Vice President	49
Avnish Datt	Executive Vice President	47
Pankaj Bhatt	Executive Vice President	52
Rahul Krishna	Executive Vice President	42
Ashish Nanda	Global Head – Finance & Accounts	41
Anthony Edward James Campbell Brown	Senior Vice President	47
Anurag Bhatia	Senior Vice President	49
Mohammad Shamim	Senior Vice President	52
Sudeep Verma	Senior Vice President	49
Anil Aggarwal	Vice President	49
Anurag Mantri	Vice President	46
Anurag Pandey	Vice President	41
Arup Das	Vice President	44
Ashutosh Arvind Kapuskar	Vice President	58
Ashwani Arora	Vice President	42
Barbara Crane	Vice President	40
Brajesh Khandelwal	Vice President	45
Daragh Patrick O'Byrne	Vice President	43
David John Turner	Vice President	50
Harish Bhat	Vice President	58
Haruka Homma	Vice President	46
Himanshu Pande	Vice President	37
Jitesh Malik	Vice President	45
K D Singh	Vice President	44
Lokesh Chandra Pathak	Vice President	40
Mark Spencer Looi	Vice President	44
Parag Bhise	Vice President	50
Percy Eric Thaver	Vice President	41
Ramesh Gopal	Vice President	47
R. Venkatraman	Vice President	44
Sanjeev Kulshreshtha	Vice President	51
Vijay Kumar Sharma	Vice President	50

ii. Employee Structure

a) Employee strength globally including employees of subsidiaries.

As at March 31,	2015		2014	
	No.	%	No.	%
Technical Staff	1,205	80	1,247	82
Non-Technical Staff including Business Development Group	307	20	273	18
Total	**1,512**	**100**	**1,520**	**100**
Gender classification of employees is:				
Male	1,147	76	1,130	74
Female	365	24	390	26
Total	**1,512**	**100**	**1,520**	**100**

b) The age profile of employees

As at March 31,	2015		2014	
	No.	%	No.	%
Between 20 and 25 years	372	25	414	27
Between 26 and 30 years	379	25	354	23
Between 31 and 40 years	618	41	632	42
Between 41 and 50 years	126	8	109	7
Between 51 years & above	17	1	11	1
Total	**1,512**	**100**	**1,520**	**100**

J. Financial Calendar for the year 2015-16

(Tentative and subject to change)

i.	**Financial Reporting**	
	First quarter ending June 30, 2015	between 20th to 31st of July 2015
	Second quarter ending September 30, 2015	between 20th to 31st of October 2015
	Third quarter ending December 31, 2015	between 20th to 31st of January 2016
	Year ending March 31, 2016	between 21st to 30th of April 2016
ii.	**Annual General Meeting**	
	Year ending March 31, 2015	July 8, 2015
	Year ending March 31, 2016	July, 2016
iii.	**Dividend**	
	Date of Book Closure for AGM and payment of Dividend	July 2, 2015 to July 8, 2015 (both days inclusive)
	Dividend Payment Date	Within 30 days from the date of declaration in Annual General Meeting
iv.	**The fiscal year of Nucleus is from April 1 to March 31.**	

K. Shareholder Satisfaction Survey

Your Company is in constant endeavor to offer better and prompt services to its shareholders and in an effort to achieve this objective, a Shareholder Satisfaction Survey is conducted, to assess the level of satisfaction among Nucleus shareholders and identify areas of strengths and weakness of Nucleus perceived by the shareholders.

A Shareholder Satisfaction Survey is conducted through a shareholder feedback form uploaded on investors section of the Company website, for online filing. It is our constant endeavor to provide efficient and prompt services to the shareholders. responses received through this survey it help us :

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

L. Frequently Asked Questions

i. Dividend

What is the ECS facility and how does it work?

Reserve Bank of India's Electronic Clearance Service (ECS) Facility provides investors an option to collect dividend/ interest directly through their bank accounts rather than receiving the same through post. Under this option, investor's bank account is directly credited and an advice thereof is issued by the Company after the transaction is effected. The concerned bank branch credits investor's account and indicate the credit entry as "ECS" in his/ her passbook / statement of account. If any investor maintains more than one bank account, payment can be received at any one of his / her accounts as per the preference of the investor. The investor does not have to open a new bank account for the purpose.

What are the benefits of ECS facility?

Some of the major benefits of ECS Facility are:

a. Shareholder need not make frequent visits to his bank for depositing the physical paper instruments.

b. Prompt credit to the bank account of the investor through electronic clearing at no extra cost.

c. Exposure to delays / loss in postal service avoided.

d. As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

e. Fraudulent encashment of warrants is avoided.

How to avail ECS facility?

Investors holding shares in physical form may send their ECS Mandate Form, duly filled in, to the Company's R&T Agent. ECS Mandate Form is enclosed for immediate use of investors. The Form may also be downloaded from the Company's website under the section "Investors". However, if shares are held in dematerialised form, ECS mandate has to be sent to the concerned Depository Participant (DP) directly, in the format prescribed by the DP.

Can ECS Facility be opted out by the investors?

ECS would be an additional mode of payment. Investors have the right to opt out from this mode of payment by giving an advance notice of four weeks either to the Company's R&T Agent or to the concerned DP, as the case may be.

What is payment of dividend through NEFT Facility and how does it operate?

NEFT denotes payment of dividend electronically through RBI clearing to selected bank branches, which have implemented Core Banking solutions (CBS). This extends to all over the country, and is not necessarily restricted to the 68 designated centres where payment can be handled through ECS. To facilitate payment through NEFT, the shareholder is required to ensure that the bank branch where his/her account is operated, is under CBS and also records the particulars of the new bank account with the DP with whom the demat account is maintained.

What should one do in case he does not receive dividend?

Shareholders may write to the Company's R&T Agent furnishing the particulars of the dividend not received and quoting the folio number/client ID particulars (in case of dematerialized shares). The R&T Agent shall check the records and issue duplicate dividend warrant if the dividend remains unpaid in the records of the Company after expiry of the validity period of the warrant. The Company would request the concerned shareholders to execute an indemnity before issuing the duplicate warrant. If the validity period of the lost dividend warrant has not expired, shareholders will have to wait till the expiry date since duplicate warrant cannot be issued during the validity of the original warrant. On expiry of the validity period, if the dividend warrant is still shown as unpaid in records of the Company, duplicate warrant will be issued. However, duplicate warrants will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed. No duplicate warrant will be issued in respect of dividends, which have remained unpaid / unclaimed for a period of seven years in the unpaid dividend account of the Company as they are required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government.

Why should one wait till the expiry of the validity period of the original warrant?

Since the dividend warrants are payable at par at several centers across the country, banks do not accept stop payment' instructions. Hence, shareholders have to wait till the expiry of the validity of the original warrant.

How to get dividend by direct electronic deposit to bank account?

While opening accounts with Depository Participants (DPs), shareholders are required to give details of their Bank Accounts, which will be used by the Company for

direct credit of the dividend to the respective accounts. However, members who wish to receive dividend in an Account other than the one specified while opening the Depository Account may notify their DPs about any change in Bank account details. Members are requested to furnish complete details of their bank accounts including MICR codes of their banks to their DPs.

ii. Dematerialization/ Rematerialisation

What is De-materialisation of shares?

Dematerialisation (Demat) is the process by which securities held in physical form evidencing the holding of securities by any person are cancelled and destroyed and the ownership thereof is entered into and retained in a fungible form on a depository by way of electronic balances. The two depositories presently functioning in India are National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Why dematerialise shares? What are the benefits of De-materialising the Share Certificate?

SEBI has notified various companies whose shares shall be traded in demat form only. By virtue of such notification, the shares of the Company are also subject to compulsory trading only in demat form on the stock exchange.

Benefits of Demat

- Elimination of bad deliveries.
- Elimination of all risks associated with physical certificates.
- No stamp duty on transfers.
- Faster settlement cycle.
- Immediate transfer/trading of securities.
- Faster disbursement of non-cash corporate benefits like rights, bonus etc.
- Lower brokerage is charged by many brokers for trading in dematerialised securities.
- Periodic status reports and information available on Internet.
- Ease related to change of address of investors.
- Elimination of problems related to transmission of demat shares.
- Ease in portfolio monitoring.

How to dematerialise shares?

The procedure for dematerialising the shares is as under:

- Open Beneficiary Account with a Depository Participant (DP) registered with SEBI.
- Submit Demat Request Form (DRF) as given by the DP, duly signed by all the holders with the names and signatures in the same order as appearing in the concerned certificate(s) and the Company's records.
- Obtain acknowledgment from the DP on handling over the share certificate (s) along with the DRF.
- Demat confirmations are required to be completed in 21 days as against 30 days (excluding time for dispatch) for physical transfer. Service standards prescribed by the Company for completing demat is three days from the date of receipt of requisite documents for the purpose.
- Receive a confirmation statement of holdings from the DP. Statement of holdings is sent by the DPs from time to time. Presently confirmation is given by DPs on an immediate basis through email or SMS facilities, thus enabling shareholders to further trade in the securities immediately.

What is the SMS alert facility?

NSDL and CDSL have launched SMS Alert facility for demat account holders whereby investors can receive alerts for debits (transfers) to their demat accounts and for credits in respect of corporate actions for IPO and offer for sale. Under this facility, investors can receive alerts, a day after such debits (transfers)/credits take place. These alerts are sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs). Alerts for debits are sent, if the debits (transfers) are up to five ISINs in a day. In case debits (transfers) are for more than five ISINs, alerts are sent with a message that debits for more than five ISINs have taken place and that the investor can check the details with the DP.

How does the Company pay dividend on shares De-materialised?

The dividend warrants in respect of all shares, whether held in electronic form or by way of share certificates, are sent by the company directly to the shareholders whose names are on the company's register of members or in the electronic form under the depository system on the designated date to be notified by the Company. While opening Accounts with Depository Participants (DPs), shareholders are required to give details of their bank Accounts, which will be used by the Company for direct credit of the dividend to the respective accounts.

Why cannot the Company take on record bank details in case of dematerialized shares?

As per the Depository Regulations, the Company is obliged to pay dividend on dematerialised shares as per the details furnished by the concerned DP. The Company cannot make any change in such records received from the Depository.

How are transactions effected through the Depository?

After you open an account with a DP, you can buy or sell shares in the electronic form without share certificate or transfer forms, provided the seller/buyer also holds shares in the electronic form.

You can sell the shares in the depository mode through any share broker. All you need to do is to provide him the details of your account with the DP, with a delivery instruction to debit your share account with the number of

shares sold by you. When you buy shares in the depository mode, you must, similarly, inform the broker about your depository account details so that the shares bought would be credited to your account with the DP.

What is rematerialisation of shares?

It is the process through which shares held in demat form are converted into physical form by issuance of share certificate(s).

What is the procedure for rematerialisation of shares?

- Shareholders should submit duly filled in Rematerialisation Request Form (RRF) to the concerned DP.
- DP intimates the relevant Depository of the request through the system.
- DP submits RRF to Company's R&TA.
- Depository confirms rematerialisation request to the Company's R&TA.
- The Company's R&TA updates accounts and prints certificate(s) and informs the Depository.
- Depository updates the Beneficiary Account of the shareholder by deleting the shares so rematerialised.
- Share certificate(s) is despatched to the shareholder.

Can one get his original share Certificate?

No, as the share certificates on De-materialisation are cancelled you will not receive the same share certificate on Re-materialisation. The shares represented by De-materialised share certificates are fungible and, therefore, certificate numbers and distinctive numbers become irrelevant.

iii. Transfer / duplicate Certificates etc.

How to get shares registered in favour of transferee(s)?

Transferee(s) need to send share certificate(s) alongwith share transfer deed in the prescribed Form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's R&T Agent. The statutory time limit for processing the transfer is one month.

Is Permanent Account Number for transfer of shares in physical form mandatory?

SEBI vide its Circular dated May 20, 2009 has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/ RTA for registration of such transfer of shares.

How can the change in order of names (i.e. transposition) be effected?

Share certificates alongwith a request letter duly signed by all the joint holders may be sent to the Company's R&T Agent for change in order of names, known as 'transposition'. Transposition can be done only for the entire holdings under a folio and therefore, requests for transposition of part holding cannot be accepted by the Company / R&T Agent.

What is the procedure for obtaining duplicate share certificate(s) in case of loss / misplacement of original share certificate(s)?

Shareholders who have lost / misplaced share certificate(s) should inform the Company's R&T Agent, immediately about loss of share certificate(s) quoting their folio number and details of share certificate(s), if available. The R&T Agent shall immediately mark a 'stop transfer' on the folio to prevent any further transfer of shares covered by the lost share certificate(s). It is recommended that the shareholders should lodge a FIR with the police regarding loss of share certificate(s). They should send their request for duplicate shares to the Company's R&T Agent. Documents required to be submitted alongwith the application include Indemnity Bond, Surety Form, copy of FIR, Memorandum of Association and Certified Copy of Board Resolution (in case of companies).

iv. Change of Name

What is the procedure for registering change of name of shareholders?

Shareholders may request the Company's R&T Agent for effecting change of name in the share certificate(s) and records of the Company. Original share certificate(s) alongwith the supporting documents like marriage certificate, court order etc. should be enclosed. The Company's R&T Agent, after verification, will effect the change of name and send the share certificate(s) in the new name of the shareholders. Shareholders holding shares in demat form, may request the concerned DP in the format prescribed by DP.

v. Change of Address

What is the procedure to get changes in address registered in the Company's records?

Shareholders holding shares in physical form, may send a request letter duly signed by all the holders giving the new address alongwith Pin Code. Shareholders are also requested to quote their folio number and furnish proof such as attested copies of Ration Card / PAN Card / Passport/ Latest Electricity or Telephone Bill / Lease Agreement etc. If shares are held in dematerialised form, information about change in address need.

Can there be multiple addresses for a single folio?

There can only be one registered address for one folio.

vi. Nomination Facility:

Statutory Provisions governing Nomination

Section 109A of the Companies Act, 1956 provides the facility of nomination to Shareholders. This facility is mainly useful for individuals holding shares in sole name. In the

case of joint holding of shares by individuals, nomination will be effective only in the event of the death of all joint holders.

Investors, especially those who are holding shares in single name, are advised to avail of the nomination facility by submitting the prescribed form 2B to the Company's R&TA. However, if shares are held in dematerialised form, nomination has to be registered with the concerned DP directly, as per the format prescribed by the DP.

Appointment of Nominee

Individual Shareholders holding the shares in single name or joint names can appoint a nominee. While an individual can be appointed as a nominee, a trust, society body corporate, partnership firm, Karta of HUF or a power of attorney holder will not be nominee(s). Minors can, however, be appointed as nominee. There can be only one nomination for one folio.

Revocation / Variation of a nomination once made

It is possible to revoke / vary a nomination once made. If nomination is made by joint holders, and one of the joint holder dies, the remaining joint holder(s) can make a fresh nomination by revoking the existing nomination.

Status of joint holders

Joint holders are not nominees; they are joint holder of the relevant shares having joint rights on the same. In the event of death any one of the joint holders, the surviving joint holder(s) of the shares is/ are the only person(s) recognized under law as holder(s) of the shares. Joint Shareholders may together appoint a nominee.

Rights of nominee

The nominee is entitled to all the rights of the deceased shareholder to the exclusion of all other persons. In case of joint holding, all the rights shall vest in the nominee only in the event of death of all the joint holders. The nominee is required to apply to the Company by reporting the death of the nominator and submitting the death certificate. The nominee has an option to decide to register himself as a shareholder or he could send an application to have the shares transferred to any other person to whom the nominator could have otherwise transferred the shares. If the nominee opts to transfer the shares to a third party, he should submit to the Company's R&TA, the transfer deed(s) duly stamped and executed accompanied by the relevant certificate(s) and other documentary proof(s).

If shares are held in dematerialized form, nomination has to be registered with the concerned DP directly as per the format prescribed.

Certain forms for the assistance of the shareholders are available on the investors page of the Company website www.nucleussoftware.com.

M. Additional Recommendations to the Shareholders /Investors

In order to minimize /avoid unnecessary risk while dealing with Securities and related matters, the following are Company's recommendations to share holders /investors:

- **Open Demat Account and Dematerialise Your share**

  Investors should convert their physical holding of securities into demat holdings. Holding securities in demat form help investors to get immediate transfer of securities. No stamp duty is payable on transfer of shares held in demat form and risk associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

- **Consolidate Multiple Folios**

  Investors should consolidate their shareholding held in multiple folios. This would facilitate one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

- **Register ECS Mandate and furnish correct bank account particulars with Company/ Depository Participant**

  Investor should provide an ECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the Depository Participant (DP) in case of shares held in demat form. This would facilitate in their receiving direct credits of dividends, refunds etc from companies and avoiding postal delays and loss in transit.

- **Keep holding details confidential**

  Folio number (Client ID and DP ID number in respect of dematerialised securities) should not be disclosed to unknown persons. Signed blank transfer deeds (delivery instruction slips in respect of dematerialised shares) should nor be given to unknown persons.

- **Deal with Registered Intermediaries**

  Investors should transact through a registered intermediary who is subject to regulatory discipline of SEBI, as it will be responsible for its activities, and in case intermediary does not act professionally, investors can take up the matters with SEBI.

- **Mode of Postage**

  Share certificates and high value dividend warrants / cheques/ demand drafts should not be sent by ordinary post. It is recommended that investors should send such instruments by registered post or courier.

- **Permanent Account Number (PAN)**

  It has become mandatory to quote PAN before entering into any transaction in the securities market. The Income Tax Department of India has highlighted the importance of PAN on its website incometaxindia.gov.in wherein lot of queries with respect to PAN has been replied in the FAQ section.

- **Register e-mail address**

  To contribute towards greener environment and to receive all documents, notices including Annual Reports and all other communications of the Company, investors are required to register their e-mail addresses with Karvy , if shares are held in physical mode or with DP , if the holding is in electronic mode.

N. Miscellaneous

- **Insider Trading**

  The Securities and Exchange Board of India vide its Notification dated January 15,2015 has notified The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 . These Regulations have come into effect from May 15,2015. Under these Regulations , the requirement of initial disclosures are applicable to promoter, key managerial personnel and Director of a Company and requirements of continual disclosures are applicable to promoter, employee and Director of a Company.

- **Takeover Regulations**

  SEBI (substantial Acquisition of Shares and Takeover) Regulation 2011 cast obligation on the investor (acquirer) to make disclosure w.r.t aquistion and disposal of shares. The relevant provisions as considered in the Regulation 29(1), (2) and (3) are given below:

  Disclosure of acquisition

  Any acquirer who acquires shares (including convertible securities) or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, should disclose their aggregate shareholding and voting rights in such target company, to target company and Stock Exchanges within 2 working days to the receipt of intimation of the allotment / acquisition, as the case may be.

  Disclosure, in case of change in holding

  Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, should disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made; and such change exceeds two per cent of total shareholding or voting rights in such target company, to target company and Stock Exchanges within 2 working days of such change

- **E-Voting**

  The Companies Act 2013 and Clause 35B of the Listing Agreement requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders resolutions, to be passed at General meetings

N. You can contact the following Nucleus personnel for any information: -

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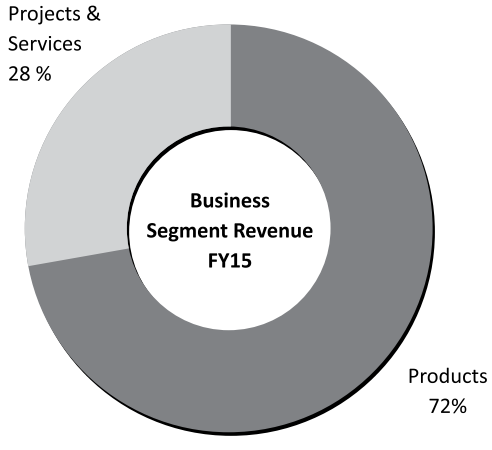
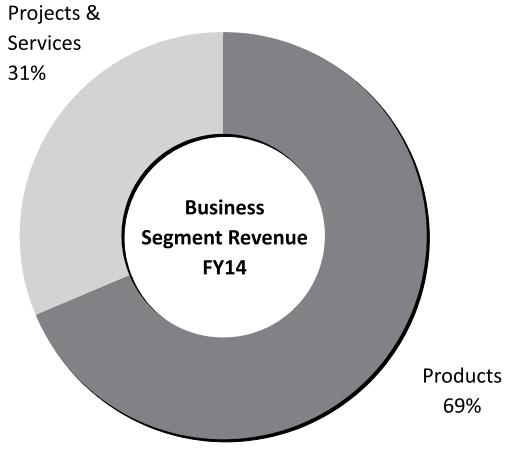
SEGMENT INFORMATION AND RATIO ANALYSIS

Consolidated Segment Information of Nucleus Software Group

(₹ in crore)

REVENUE BY	For the Year Ended March 31,			
	2015	% of Revenue	2014	% of Revenue
GEOGRAPHICAL SEGMENTS				
India	55.88	15.82	69.85	20.18
Far East	58.73	16.63	69.30	20.02
South East Asia	78.51	22.23	77.99	22.53
Europe/ U.K.	34.43	9.75	21.80	6.30
Americas	4.16	1.18	25.51	7.37
Middle East	68.12	19.29	49.79	14.38
Africa	19.76	5.60	20.28	5.85
Australia	26.96	7.63	5.00	1.44
Rest of the world	6.59	1.87	6.70	1.94
TOTAL	**353.14**	**100.00**	**346.22**	**100.00**
CURRENCY SEGMENT				
Indian Rupee	55.88	15.82	69.85	20.18
US $	168.58	47.74	172.89	49.94
Japanese Yen	24.24	6.86	28.54	8.24
Singapore $	36.07	10.21	40.31	11.64
Malaysian Ringgit	4.66	1.32	5.36	1.55
Euro	9.60	2.72	9.15	2.64
South Korean Won	0.49	0.14	2.43	0.70
British Pound	1.68	0.48	1.20	0.35
Swiss Franc	0.16	0.05	0.15	0.04
Australian $	26.96	7.63	5.00	1.44
AED	22.62	6.41	2.42	0.70
ZAR	2.20	0.62	8.92	2.58
TOTAL	**353.14**	**100.00**	**346.22**	**100.00**
BUSINESS SEGMENT				
Products	**255.62**	**72.38**	**237.96**	**68.73**
Own	250.91	71.05	221.39	63.94
Traded	4.71	1.33	16.57	4.79
Projects & Services	**97.52**	**27.62**	**108.26**	**31.27**
TOTAL	**353.14**	**100.00**	**346.22**	**100.00**





Ratio Analysis

Consolidated Performance

For the Year Ended March 31,	2015	2014	2013	2012	2011
Ratios - Financial Performance					
Export Revenue/ Revenue (%)	84.18	79.82	81.85	81.88	84.89
Domestic Revenue/ Revenue (%)	15.82	20.18	18.15	18.12	15.11
Total Operating Expenses/ Revenue (%)	81.51	80.77	84.38	87.40	88.73
Operating Profit/ Revenue (%)	18.49	19.23	15.63	12.60	11.27
Depreciation/ Revenue (%)	3.39	2.29	2.07	2.64	3.43
Other Income/ Revenue (%)	8.96	6.88	5.94	5.98	3.48
Tax/ Revenue (%)	6.21	5.45	5.07	4.59	1.30
Effective Tax Rate - Tax/ PBT (%)	25.32	22.67	24.79	26.83	11.79
PAT from Ordinary Activities/ Revenue(%)	9.36	11.71	9.44	6.55	6.26
PAT from Ordinary Activities/Net Worth(%)	7.54	10.21	7.92	5.88	5.88
Ratios- Return					
ROCE (PBIT/ Average Capital Employed) (%)	20.75	22.28	18.09	16.05	10.68
ROANW (PAT/Average Net Worth) (%)	15.49	17.23	13.60	11.74	9.42
Ratios - Balance Sheet					
Debt-Equity Ratio	–	–	–	–	–
Debtors Turnover (Days)	87	44	87	114	63
Asset Turnover Ratio	0.81	0.87	0.84	0.90	0.94
Current Ratio	3.60	3.80	3.89	3.91	4.27
Cash and Equivalents/Shareholders' funds (%)	64.16	75.07	76.21	62.44	65.07
Cash and Equivalents/ Revenue (%)	79.64	86.08	90.80	69.50	69.32
Depreciation/Average Gross Block(%)	8.51	6.09	5.02	6.49	8.32
Technology Investment/ Revenue (%)	2.24	4.62	2.36	1.19	0.58
Ratios - Growth (YoY)					
Growth in Total Revenue (%)	2.00	17.86	4.08	4.35	(7.30)
Growth in Export Revenue (%)	7.56	14.95	4.03	0.65	(9.95)
Operating Expenses Growth (%)	2.93	12.82	0.47	2.79	0.96
Operating Profit Growth (%)	(1.91)	45.05	29.11	16.63	(43.64)
PAT Growth (%)	0.58	42.44	27.82	34.17	(31.41)
EPS Growth (%)	0.55	42.45	27.86	34.19	(31.45)
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (₹)	10.21	12.52	8.56	5.71	5.23
Earning Per Share (Including Other Income) (₹)	19.98	19.87	13.95	10.91	8.13
Cash Earning Per Share from Ordinary Activities (₹)	13.91	14.96	10.44	8.00	8.10
Cash Earning Per Share (Including Other Income)(₹)	23.68	22.32	15.83	13.21	11.00
Book Value Per Share (₹)	135.37	122.60	108.08	97.00	88.92
Price/Earning (Annualized)	8.46	10.97	5.20	5.67	10.52
Price/ Cash Earning (Annualized)	7.14	9.76	4.58	4.68	7.78
Price/Book Value	1.25	1.78	0.67	0.64	0.96
Dividend Per Share (DPS)₹	5.00	6.00	3.00	2.50	2.50
Dividend (%)	50	60	30	25	25
Dividend Payout (In ₹ crore)	16.19	19.43	9.72	8.10	8.10

Notes:

1. *While calculating the consolidated figures of group, inter group transactions have been ignored.*
2. *Previous year figures have been regrouped/ reclassified wherever necessary.*
3. *Cash and Equivalents includes cash and bank balances and current investments.*

Glossary

ADR	American Depository Receipt
ADM	Application Development & Maintenance
BFS	Banking & Financial Services
BSE	Bombay Stock Exchange Ltd.
BPO	Business Process Outsourcing
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
DP	Depository Participant
DRF	Demat Requisition Form
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ESOP	Employee Stock Option Plan
EU	European Union
FAQ	Frequently Asked Questions
GDP	Gross Domestic Product
GDR	Global Depository Receipt
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IPO	Initial Public Offer
IT	Information technology
ITES	Information Technology Enabled Services
IP	Intellectual Property
MCA	Ministry of Corporate Affairs
MDA	Management Discussion and Analysis
MD	Managing Director
NASSCOM	National Association of Software and Services Companies
NSE	National Stock Exchange of India Ltd.
NGO	Non Governmental Organisation
PDF	Portable Document Format
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
SEBI	Securities & Exchange Board of India
SEZ	Special Economic Zone
STPI	Software Technology Parks of India

Global Offices:

Amsterdam | Chennai | Dubai | Jaipur | Jakarta | London | Manila |Mumbai | New Delhi | New Jersey | Noida | Singapore | Sydney| Tokyo

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