

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance

Effective Corporate Governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The pillars of successful Corporate Governance are accountability, fairness, transparency, assurance, leadership and stakeholder management. All six are critical in successfully running an entity and forming solid professional relationships among its stakeholders which include board of directors, managers, employees, customers, regulators and most importantly, shareholders.

SEBI, in its Board meeting on 28 March 2018, considered the Kotak Committee (the Committee) report on Corporate Governance and accepted several recommendations of the Committee which are aimed at all four aspects of Corporate Governance – fairness, transparency, responsibility and accountability.

Company's Philosophy on Corporate Governance

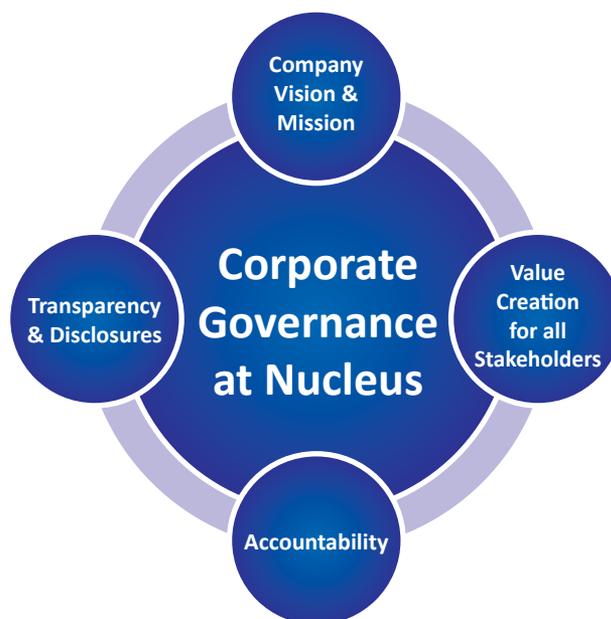
Nucleus has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Our commitment to adoption of best practices of Corporate Governance makes us compliant with the Companies Act 2013 as well as with the provisions of Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The flow of content in this Report is as follows:

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



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

A. Board of Directors

The Company's Board of Directors plays a key role in providing direction in terms of strategy, target setting and performance evaluation of the top management. 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 policy, in fact, has been to have more number of Independent Directors to ensure 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.

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b) Size and Composition of the Board

An ideal Board should ensure an appropriate balance of power, independence and authority. The key to good Corporate Governance is the optimum combination of the executive and non-executive Directors on the Board. As of March 31, 2019, the Board at Nucleus consists of Eight members; Six Board members are Non-Executive, out of six, five are Independent Non-Executive, one is Non-Executive and two are Executive 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, 2019:

Name of Director	Position	Age in years
Mr. S.M Acharya (DIN 00545141)	Non-Executive, Chairman, Independent Director	70
Mr. Vishnu R Dusad (DIN 00008412)	Managing Director, Promoter, Executive Director	62
Ms. Ritika Dusad (DIN: 07022867)	Non-Executive Director	29
Mr. Prithvi Haldea (DIN 00001220)	Non-Executive, Independent Director	68
Mrs. Elaine Mathias (DIN 06976868)	Non-Executive, Independent Director	65
Prof. Trilochan Sastry (DIN 02762510)	Non-Executive, Independent Director	59
Mr. R. P. Singh (DIN 00008350)	Executive Director	56
Mr. N Subramaniam* (DIN 00166621)	Non-Executive, Independent Director	58

Table 1

* Mr. N Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.

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

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

Mr. S. M. Acharya is a retired IAS officer of the Karnataka cadre. He has held various senior positions in both State and Central Governments in his long and distinguished career and retired as Secretary to the Government of India in the Ministry of Defence in 2009. Mr. S.M. Acharya went to school in Bangalore and Gwalior and graduated from the universities of Madras and Hong Kong obtaining Bachelor of Arts degrees. He also possesses a Masters Degree in Economics from the Victoria University of

Manchester, UK. Having taught at a school for a year and a half, Mr. Acharya enrolled in an intensive course in Chinese language at the University of Delhi, and then sat for the civil service examinations in 1973. He served in the Indian Administrative Service for 35 years based in Karnataka for 20 years and in Delhi for 13 years and 2 years as a probationer in Mussoorie. During the course of these years he has had a variety of experiences that have helped him to gain an insight into the affairs of human beings. After retirement he had been retained by a leading education Trust to act the Chief Executive to help run their engineering and general sciences institutions. He also served as an Independent Director on the Board of the Bharat Electronics Ltd.

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

Mr. Vishnu R. Dusad, Managing Director

Mr. Vishnu R. Dusad is one of the key 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 Indian Institute of Technology, Delhi, and has also done Masters in Systems and Management. As an entrepreneur, he 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 over 30 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 the 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 has been a visiting faculty at several institutions and has addressed hundreds of conferences.

Mr. Haldea is presently a Member of the Government's Standing Council of Experts for the Financial Sector. He is also a member of several committees including SEBI Primary Market Advisory Committee, SEBI Committee for Reviewing Disclosures, and Advisory Committee on Individual Insolvency and Bankruptcy, Insolvency and Bankruptcy Board of India. Mr. Haldea is a member of the

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Jury for ASSOCHAM's awards for Corporate Governance and for Corporate Social Responsibility. He is also a member of the Editorial Board of ICSI and Financial Services Committee of ICSI. He is a Public Interest Director on the board of Multi Commodity Exchange of India. Additionally, he is an Advisor to the Association of Investment Bankers of India, Gaja Capital, BGJC & Associates, and Association of Independent Directors of India.

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 Institute of Chartered Accountants of India and Central Government Nominee on the Governing Council of Institute of Company Secretaries of India. He was also a member of Ministry of Finance Task Force on Financial Redress Agency, Quality Review Board-ICAI, FSDC Committee on Commission/ Incentive Structure of the Distributors of Financial Products, 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, ICSI Standing Committee for Development of a Model for Assessing Corporate Governance, Chairman of the ASSOCHAM's National Council for Capital Markets, 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, Listing Advisory Committee of NSE, Index Committee, Listing Committee and Delisting Committee of BSE and Delisting Committee of DSE. He was also a member of CII's National Task Force on Financial Markets and NASSCOM's Corporate Governance & Ethics Committee. Mr. Haldea was also the Chairman of PHDCCI Capital Markets Committee and ASSOCHAM Capital Markets Committee. He was also on the board of UTI Mutual Fund as an Independent Director for nearly 6 years till end 2011.

In a recent effort, Mr. Haldea has rewritten gratis for SEBI the ICDR Regulations, in an orderly manner, and in simple English.

As an investor protection activist and proponent of corporate governance, Mr. Haldea regularly raises issues with regulators and in the media. In the pursuit of this objective, he has also launched several unique websites which include www.watchoutinvestors.com, aggregating information on economic defaulters which now lists over 4,25,000 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.msmemotor.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 in 11 languages. He also produced simply-written Investor Guides for the Ministry of Corporate Affairs.

Mr. Haldea has also extended his skills of information management to other organizations, by creating www.bsepsu.com, a website dedicated to disinvestments, a new website www.divest.nic.in for the Department of Disinvestment, the PE/VC Directory for the Indian Venture Capital Association, and nseinfobase.com, a searchable database of information on listed companies.

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

Mr. 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 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). At BEL she was in charge of various portfolios in Corporate Finance like Accounts, Taxation, Treasury, Budgeting and Pricing and introduced continuous improvements in systems and procedures in all these areas.

Besides her Finance role, she played a very active part in all Human Relations activities including negotiations with the Unions and framing of Personnel Policies within the Government Guidelines. She has proficiency in development of various financial systems, risk management, regulatory compliances, strategy implementation, talent management, best practices of Corporate Governance.

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

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

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

Professor Trilochan Sastry, Independent Director

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

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Delhi, an MBA from IIM, Ahmedabad, and a Ph.D. from MIT, USA, Professor Sastry has taught for several years at IIM, Ahmedabad after which he moved to IIM, Bangalore. A recipient of national award for research and teaching, Professor Sastry has taught in many prestigious Universities in India, Japan, Hong Kong and United States and has published several academic papers in Indian and International journals. He had earlier served on the Board of NABARD and also on the Board of IIM Bangalore for 5 years. He is currently a Director on the Board of India farm Foods Pvt. Ltd.

Mr. Trilochan Sastry joined the Board of Directors of Nucleus Software Exports Ltd. in July 2013. He is also on the Board of Nucleus Software Limited.

Mr. R. P. Singh, Executive Director

Mr. Ravi Pratap Singh started his career with Nucleus Software in 1986 and has been part of the team since then. Currently, Mr. Ravi Pratap Singh (RP), is the Chief Executive Officer at Nucleus Software.

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 calibre himself, he continues to succumb to his passion for inspiring and enabling young minds to innovate. In his role as the Global Head of Delivery, RP introduced many measurement models and spearheaded quality initiatives. His innovative yet practical approach to solving "real" business problems makes him a repository of knowledge.

He is also on the Board of Virstra – i Technology Services Limited, Nucleus Software Limited, Nucleus Software Japan Kabushiki Kaisha and Nucleus Software Netherland B. V.

Mr. R. P. Singh was appointed as CEO of the Company w.e.f April 1, 2018

Mr. N. Subramaniam, Independent Director

Mr. N. Subramaniam is a post graduate from IIM Ahmadabad 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, Ganesha Ecosphere Limited and NS Equity Advisors Private Limited. In the past, he has been the Chairman of Venture Capital Association of India, Infracore 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, Omkar Clean Energy Services Private Limited and L & T Financial Services 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.

Ms. Ritika Dusad, Non-Executive Director

Ms. Ritika Dusad is presently pursuing a PhD in physics from the prestigious Cornell University, USA. She is interested in physics of magnets and spintronics- which is said to be spearheading the next generation memory devices for our computers. Ms. Ritika joined the Board in July 2016.

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.

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

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

Certificate from Company Secretary in practice

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

d) Selection of Independent Directors

Nomination and Remuneration/Compensation 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

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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 Companies Act, 2013 and the Listing Regulations define an "Independent Director" as a person who is not a promoter or employee or one of the key managerial personnel of the Company or its subsidiaries. They also state that the person should not have a material pecuniary relationship or transactions with the Company or its subsidiaries, during the two immediate preceding financial years or during the current financial year, apart from receiving remuneration as Independent Director.

We abide by these definitions of an Independent Director.

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/she meets the criteria of independence as provided under law. The Company has received declarations from all the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015. Based on the declaration received from Independent Directors the Board of Directors of the Company have confirmed that the independent Directors fulfill the conditions specified in the regulations and are independent of the management.

e) Familiarization programmes for Board members

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

- a) Provide them with every opportunity to familiarize themselves with the Company, Nucleus's Board practices and processes, its management and its operations and above all the Industry perspective & issues;
- b) To familiarize them with regards to their rights, duties and functions;
- c) To ensure that all Directors are cognizant and appreciate the legal and ethical framework in which they must conduct themselves;

- d) To ensure that all Directors attain a level of understanding of the business and industry in which Nucleus functions;
- e) To energize on the level and degree of each Director's contribution to the Board;
- f) To ensure that all Directors make informed decisions in their deliberation of matters concerning the Company; and
- g) To foster a spirit of independence in all Directors in order to ensure that they contribute meaningfully and impartially.

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 members of senior management are invited to present updates on their respective business units at the each quarterly board meeting. Key aspects that are covered in these sessions include:

1. Business unit progress report
2. Industry /market and technology trends
3. Competition
4. Future strategy

Additional meetings are planned with Board members for seeking their expertise on challenges being faced in ongoing strategic initiatives or for launch of any new project.

The requirement for these programmes increases manifold for a newly appointed Director. The newly appointed Director is given a formal induction and orientation with respect to the Company's Vision, Mission, objectives, Organization structure and key values including Code of Ethics, Corporate Governance, Major Risks and Risk Management Strategy.

The details on 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

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decision making power with a single individual. For greater efficiency, there is also a clear demarcation of the role and responsibilities of the Chairman and the CEO.

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

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

Roles and Responsibilities of the Nucleus Board Chairman are to:

- Ensure that the Board establishes and regularly reviews the Company's policies, strategies and plans.
- Provide consistent strategic input and scrutiny.
- Chair the meetings of the Board and of the General Meetings.
- Ensure sufficient Board and Committee time for discussion of complex or contentious issues, with additional informal meetings for prior discussion, if necessary.
- Plan the composition of the Board and Board committees, Induct new directors as required and plan for Board members' succession.

Role and Responsibilities of the Nucleus CEO are to:

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

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. Ms. Ritika Dusad Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

Mr. R. P. Singh was appointed as an Executive Director w.e.f. July 26, 2014 for a period of 5 years. His present term will expire on July 25, 2019. The Board members at their meeting held on April 23, 2019, on the recommendation of

Nomination and Remuneration/Compensation committee have approved the re-appointment of Mr. R P Singh as Executive Director for another term of five years, subject to approval of shareholders in the forthcoming Annual General meeting.

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) Key Board qualifications, expertise and attributes

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

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company, all of which are currently available with the members of the Board:

Financial	Experience in financial management, capital allocation and financial reporting processes
Global Business	Understanding of diverse business environments, business dynamics across various geographical markets, industry verticals and a perspective on global market opportunities.
Strategy and Planning	Strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Technology	Knowledge of new technological trends, disruptive innovations and guidance on new business models
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
Sales and marketing	Experience in developing strategies to grow sales and market share, enter into new geographies and enhance enterprise reputation.

J) Mechanism for Evaluating Board members

Pursuant to the provisions of the Companies Act, 2013 and Regulations 25 of the SEBI (LODR) Regulations, there is a formal Policy for Board Performance Evaluation which suggests process for evaluation of the performance of both the Board and individual Directors and the Committees. The purpose of the Policy is:

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

The Board, along with the Nomination and Remuneration/Compensation Committee, laid down the criteria for evaluation of the performance of all Directors, which then became a part of the Board Effectiveness Survey. The Securities and Exchange Board of India ("SEBI") released a guidance note on January 5, 2017 on the evaluation of the Board of Directors of a Listed Company ("Guidance Note"). This note is based on an analysis of the global practices in various jurisdictions like regulatory requirements, best practices, internal versus external evaluation, disclosure requirements etc.

The Nomination and Remuneration/Compensation committee in view of the Guidance Note, revised the criteria for evaluation of the performance of the Chairman, the Board, Board committees and executive/non-executive/Independent Directors. The Chairman of the Committee circulated the evaluation forms to all the Directors, including Executive Directors. These filled-in forms had been received back by the Chairman and the responses were tabulated and analysed.

The questionnaires of the Survey were designed on a scale of 1 to 5, and in a comprehensive manner to be able to effectively capture the performance of each of the Directors, of the Board as a whole and several Committees of the Board. Each Board member was requested to evaluate the other Directors on a large number of parameters, including the effectiveness of the Board dynamics and skills to encourage

discussions and decisions and flow of information to address issues relating to the Company's performance and future strategies, as also improving relationships with all stakeholders of the Company. Specifically for Independent Directors, the key performance indicators based on which they were evaluated, besides their attendance in the Board/Committee meetings, included monitoring of the Company's Corporate Governance practices, improving policies and processes across all functions, and contribution to strategic planning. Further, the evaluation process was based on the affirmations received from Independent Directors that they meet the independence criteria as required under the Companies Act 2013 and listing regulations. The evaluation of the Board and the Directors for fiscal 2019 has been completed.

k) Compensation of the Board of Directors

The Nomination and Remuneration/Compensation Committee determines and recommends to the Board the compensation payable to the Directors.

Non-Executive, Independent Directors are paid an amount not exceeding one percent of the net profits of the Company for the year, in accordance with Section 197 of the Companies Act, 2013, and as approved by the shareholders vide a special resolution for a period of five years, at the Annual General Meeting held on July 8, 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. The annual compensation of the Executive Directors is approved by the Committee and placed before the shareholders at the shareholders' meeting.

All Board level compensation is disclosed separately in the financial statements.

Compensation Paid /Payable to the Directors for the period April 2018 to March 2019

								(Amount in ₹)
Name of Director	Position	Salary	Company's Contribution to Provident and other funds	Perquisites/ Allowances	Commission	Sitting Fees	Total Compensation	
Mr. S. M. Acharya	Chairman, Non-Executive, Independent Director	–	–	–	1,416,667	7,20,000	2,136,667	
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	6,205,606	360,000	28,800	–	–	6,594,406	
Mr. Prithvi Haldea	Non-Executive, Independent Director	–	–	–	1,416,667	880,000	2,296,667	
Mrs. Elaine Mathias	Non-Executive, Independent Director	–	–	–	1,416,667	800,000	2,216,667	
Prof. Trilochan Sastry	Non-Executive, Independent Director	–	–	–	1,416,667	720,000	2,136,667	
Mr. R. P. Singh	Executive and Whole Time Director, CEO	25,834,591	1,077,517	39,600	–	–	26,951,708	
Mr. N. Subramaniam	Non-Executive, Independent Director	–	–	–	1,416,666	560,000	1,976,666	
Ms. Ritika Dusad	Non-Executive, Director	–	–	–	1,416,666	80,000	1,496,666	
Total		32,040,197	1,437,517	68,400	8,500,000	3,760,000	45,806,114	

Table 2

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We confirm that none of the Non-Executive Directors received remuneration amounting to 50% of the total remuneration paid to Non-Executive Directors during the year ended March 31, 2019.

The service contract of the Executive Directors is as below:

1. Mr. Vishnu R Dusad, Managing Director - for a period of 5 years that will expire on December 31, 2021 and
2. Mr. R. P. Singh, Whole Time Director - for a period of 5 years that will expire on July 25, 2019.

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, 2019. The notice period for a Director is as mutually agreed between the Executive Director and the Board.

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

Details of Equity Shares held by Non- Executive Directors as on March 31, 2019

Name of Director	Position	No. of Equity Shares
Mr. S M Acharya	Chairman, Non-Executive and Independent Director	–
Ms. Ritika Dusad	Non-Executive Director	1,000,000
Mr. Prithvi Haldea	Non-Executive, Independent Director	–
Mrs. Elaine Mathias	Non-Executive, Independent Director	–
Prof. Trilochan Sastry	Non-Executive, Independent Director	–
Mr. N. Subramaniam*	Non-Executive, Independent Director	–

*Mr. N. Subramaniam, whose current term expired on March 31, 2019, has conveyed his desire not to seek re-appointment as Independent Director of the Company for the second term. Accordingly Mr. N. Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.

Table 3

I) Memberships of other Boards

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

The number of other Directorships and Chairmanship/ Memberships of Committees held by each of the Director as on March 31, 2019 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. S M Acharya	Chairman, Independent Director	None	-	-	-	-	1
Mr. Vishnu R Dusad	Managing Director (MD), Promoter Executive Director	None	3	8	1	1	1
Mr. R. P. Singh	Whole-Time Director & CEO	None	2	2	-	-	-
Ms. Ritika Dusad	Non-Executive Director	Daughter of Managing Director	-	1	-	-	-
Mr. Prithvi Haldea	Independent & Non Executive Director	None	3	3	3	1	3
Mrs. Elaine Mathias	Independent & Non Executive Director	None	-	-	-	-	1
Prof. Trilochan Sastry	Independent & Non Executive Director	None	1	1	-	-	3
Mr. N. Subramaniam	Independent & Non Executive Director	None	3	5	-	1	2

Table 4

Report on Corporate Governance

In accordance with Regulation 26 of SEBI (LODR) Regulations, 2015 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.

m) Board Meetings

(i) Information supplied to the Board

The Board has complete access to all information available with the Company. Information is provided to the Board members on a continuous basis for their review, inputs and approval. All information stipulated under Regulation 17 of SEBI (LODR) Regulations, 2015 is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings. There is a structured manner in which the agenda items are prepared and distributed for the Board meetings. During the Board meetings, the senior management is invited to present the plans and achievements relating to their respective areas of responsibility.

(ii) The information placed before the Board includes:

- o Annual operating plans and budgets, with updates, if any.
- o Capital budgets and updates, if any.
- o Quarterly results of the Company and its operating divisions or business segments.
- o Minutes of meetings of Audit Committee and other Committees of the Board.
- o 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.
- o Materially important show cause, demand, prosecution notices and penalty notices, if any.
- o Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- o Any material default in financial obligations to and by the Company or substantial non-payment for products sold by the Company.
- o 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.

- o Details of any joint venture or collaboration agreement.
- o Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- o Any significant development concerning human resources/ industrial relations.
- o Sale of material nature, of investments and assets, which are not in the normal course of business.
- o Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- o Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- o Quarterly details of investments by the Company in liquid mutual funds, bank deposits and bonds, and returns thereon.
- o Quarterly update on HR related activities.
- o Quarterly update on wholly-owned subsidiaries.
- o Quarterly update on large orders.
- o Report on order book position
- o 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.

(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.

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(vi) Scheduling of Board Meetings and Attendance during FY 2018-19.

- A minimum of four Board Meetings are required to be held each year. Moreover, the gap between two Board Meetings should not exceed 120 days. During FY 2018-19, 8 Board meetings were held by your Company and the maximum gap between two Board meetings during the year was 100 days.
- The dates on which the Board meetings were held during FY 2018-19, and the attendance record of the members in these meetings is provided in a table.

Board Meeting Dates								
Name of Directors	03 May 2018	02 July 2018	17 July 2018	26 October 2018	13 December 2018	28 January 2019	01 March 2019	14 March 2019
Mr. S M Acharya	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu R Dusad	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Ritika Dusad	x	x	x	✓	✓	x	x	x
Mr. Prithvi Haldea	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Elaine Mathias	✓	✓	✓	✓	✓	✓	✓	✓
Prof Trilochan Sastry	✓	✓	✓	✓	✓	✓	x	✓
Mr. R. P. Singh	✓	✓	✓	✓	✓	✓	✓	✓
Mr. N. Subramaniam*	✓	✓	✓	✓	x	✓	x	✓

Table 5

* Mr. N Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.

- 4 statutory Board meetings are scheduled in advance for the entire year to be held after the end of each financial quarter. Additional Board meetings are convened by giving appropriate notice. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board meeting.
- Committees of the Board meet whenever required.
- The Board meetings are usually held at the Company's corporate office at A 39, Sector 62, Noida 201307.
- Information as mentioned in Schedule II Part A of the SEBI (LODR) Regulations 2015, has been placed before the Board for its consideration
- 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. At the Board meetings, Directors can provide their inputs and suggestions on various strategic and operational matters.

The draft minutes are circulated to all Board members within 48 hours of the meeting for their comments.

- 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.

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(ix) Action Taken Report

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

N) Discussion with Independent Directors

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

In this meeting of Independent Directors, performance of non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

The members also discussed quality, quantity and timeliness of flow of information between the company management and the Board in great detail, and expressed their satisfaction that the Board as a whole and each member individually receives all pertinent/sought for

information from the Company in an adequate manner and in time. The members also discussed adequacy of Internal Controls in the meeting.

Committees of the Board of Directors

Committees are a means of improving Board effectiveness in areas where more focused, specialized and extensive discussions are required. Some of the Board functions are performed through specially constituted Board Committees consisting of Executive and Non-Executive / Independent Directors, which then report to the Board. The Board's Committees include Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration / Compensation Committee, 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

The Board as on March 31, 2019 had four committees . The Composition of the Board Committees is as follows:

	Audit Committee	Nomination & Remuneration / Compensation Committee	Stakeholder Relationship Committee	Corporate Social Responsibility Committee
Mr. S M Acharya	√			√
Mr. Vishnu R Dusad			√	√
Mr. Prithvi Haldea	√	√	√	√
Mrs. Elaine Mathias	√	√		
Prof. Trilochan Sastry	√	√	√	√
Mr. N. Subramaniam*	√			

* Mr. N Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019.

a) Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI (LODR) Regulations 2015, read with section 177 of the Companies Act 2013. 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:

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

With reference to the financial statements

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

With reference to Auditors

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

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

With reference to related party transactions

- Approval or any subsequent modification of transactions of the company with Related Parties,
The term "related party transactions" shall have the same meaning as provided in SEBI (LODR) Regulations, 2015 and also the provisions of Companies Act, 2013 read with relevant rules thereto.

Other references

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

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the asset size of the subsidiary, whichever is lower including existing loans / advances / investments

Following information is required to be mandatory reviewed by Audit Committee

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

Additional responsibility of the Chairman of the Audit committee

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

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 2018-19

Mr. N. Subramaniam was Chairman of the Audit Committee. The Company Secretary of the Company is the Secretary of the Committee.

The Audit Committee met 9 times during the year. As per the statutory requirement, the maximum gap

between two Audit Committee Meetings did not exceed the mandatory 120 days. (The maximum gap between two meetings was 100 days).

The Composition of the Audit Committee as on March 31, 2019 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	9	7
Mr. S.M Acharya	Non-Executive, Independent Director	9	9
Mr. Prithvi Haldea	Non-Executive, Independent Director	9	9
Mrs. Elaine Mathias	Non-Executive, Independent Director	9	9
Prof. Trilochan Sastry	Non-Executive, Independent Director	9	7

Table 6

* Mr. N. Subramaniam, whose current term expired on March 31, 2019, had conveyed his desire not to seek re-appointment as an Independent Director of the Company for the second term. Accordingly Mr. N. Subramaniam ceased to be Director of the Company w.e.f. April 1, 2019

The Chairman of the Audit Committee was present at the previous year Annual General Meeting held on July 02, 2018 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, prior to the Audit Committee's meeting to review the quarterly results. The main objective of such meetings is to allow the Statutory Auditor and the Internal Auditor to express any areas of concern with respect to any matter at the same time also raise issues of any disagreement with the Management.

b) Nomination and Remuneration / Compensation Committee

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

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

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

This Committee is responsible for:

- Recommending desirable changes in the Board composition, size and diversity, committees structures and processes, and other aspects of the Board's functioning
- Formulating criteria for determining qualifications, positive attributes and independence of an Independent Director
- Conducting search and recommending new Board members in light of resignation of some current member/s or in case of a planned expansion of the Board
- Identifying persons who are qualified to become Directors and who may be appointed as senior management in accordance with the criteria laid down, and recommend to the Board for their appointment
- Recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other senior employees, and while formulating such policy, to ensure that:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the desired persons
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals
 - d) recommend to the board, all remuneration, in whatever form, payable to senior management and Key Managerial Personnel
- 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
- Reviewing and Formulate Employee Stock Option Plan (ESOP)
 - ✓ Determine terms and conditions of ESOP plan , eligibility criteria, grant of options, vesting and exercise of options and such other adjustments in case of Corporate actions
 - ✓ Review the design of and approve the Company's other benefit plans (including retirement, medical and other employee benefit and perquisite plans)
 - ✓ Perform such functions as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('ESOP Regulations') and its amendments, if any
- Carrying out any other function as is mandated by the Board from time to time and / or is enforced by any statutory notification, amendment or modification, as may be applicable.

(ii) Composition of the Nomination and Remuneration/Compensation Committee and Meetings Held during FY 2018-19

Mr. Prithvi Haldea is the Chairman of the Nomination and Remuneration Committee. As of March 31, 2019, the Committee consisted of three members, all the members are Independent Directors. The composition of the Committee is in compliance with the applicable laws. The Company Secretary of the Company is the Secretary of the Committee.

The Composition of the Nomination and Remuneration/Compensation Committee as on March 31, 2019 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, Non Executive, Independent Director	2	2
Mrs. Elaine Mathias	Non Executive, Independent Director	2	2
Prof. Trilochan Sastry	Non Executive, Independent Director	2	1

Table 7

The Chairman of the Nomination and Remuneration/Compensation Committee attended the previous year Annual General Meeting held on July 02, 2018.

(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:

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- The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission to its Managing Director (an Executive Director).
- The Nomination and Remuneration/ Compensation Committee decides the commission payable to the 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/ Compensation Committee reviews and finalizes the remuneration of the Key Executives/KMP on an annual basis, or earlier if deemed necessary.
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company
- Resolving the grievances of the security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

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

c) Stakeholder Relationship Committee

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

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

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

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

(ii) Composition of the Stakeholder Relationship Committee and Meetings Held during FY 2018-19

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 and also the Compliance officer of the Company. The Board has also appointed the Company Secretary as the Nodal Officer to ensure compliance with the IEPF Rules.

The Composition of the Stakeholder Relationship Committee as on March 31, 2019 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, Non Executive, Independent Director	2	2
Mr. Vishnu R Dusad	Managing Director, Promoter, Executive Director	2	2
Prof. Trilochan Sastry	Non Executive, Independent Director	2	2

Table 8

The Chairman of the Stakeholder Relationship Committee attended the previous year Annual General Meeting held on July 02, 2018.

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(ii) Details of investor complaints/requests received and resolved during FY 2018-19 are as follows:

Sl No.	Nature Of Complaints/ Requests	Received	Resolved	Pending at the Year End
1	Non Receipt of Annual Report	3	3	0
2	Non Receipt of Dividend Warrant	22	22	0
3	Duplicate/ Revalidation of Dividend Warrant	6	6	0
4	Non Receipt of Securities	1	1	0
5	Issue of Duplicate Share Certificate	4	4	0
6	Non Receipt of Securities After Transfer	0	0	0
7	SEBI/Stock exchanges/Legal	0	0	0
Total		36	36	0

Table 9

d) Corporate Social Responsibility (CSR) Committee

As per the Companies Act, 2013, all companies having net worth of Rs.500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of Rs.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:

- To formulate and recommend to the Board, a CSR policy for undertaking permissible CSR activities.
- 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.
- To recommend the amount of expenditure to be incurred on CSR activities.
- 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
- To provide oversight of Social Responsibility

- To monitor and review the operation and effectiveness of Company's Corporate Social Responsibility policies and programs
- To update Board at each regularly scheduled meeting and make relevant recommendations in relation to matters arising for consideration by the Committee
- To appoint and seek outside advice from professionals, consultants or advisors as deemed appropriate to assist the Committee in discharging its functions efficiently
- To make any amendments or modifications in CSR Policy as required by law or otherwise
- 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, 2019 and details of attendance of the members in the meetings are as follows:

Prof. Trilochan Sastry is the 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 Composition of the Corporate Social Responsibility Committee as on March 31, 2019 and details of attendance of the members in the meetings are as follows:

Director	Position	No. of Meetings Held	
		Held	Attended
Prof. Trilochan Sastry	Committee Chairman, Non Executive, Independent Director	1	1
Mr. Vishnu R Dusat	Managing Director, Promoter, Executive Director	1	1
Mr. S M Acharya	Non Executive, Independent Director	1	1
Mr. Prithvi Halde	Non Executive, Independent Director	1	1

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

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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, Buyback, Merger etc. and official press releases of the Company are also updated on the Company’s website regularly.
- Interested persons, who register on the Company’s website, receive alerts and updates on financial events, financial results, press releases and annual and quarterly reports.

(iv) Interaction with Institutional investors, analysts etc.

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

(v) Annual Report

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

(vi) Dedicated Email id for shareholders

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

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

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

(viii) NSE Electronic Application Processing System (NEAPS)

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

(ix) BSE Corporate Compliance & Listing Centre (the ‘Listing Centre’)

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

Report on Corporate Governance

Governance report, media releases, among others are also filed electronically by the Company on the Listing Centre.

(x) SEBI Complaints Redress System (SCORES)

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

b) Corporate Identity Number (CIN)

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

c) Shareholder Education

Shareholders of the Company are provided with timely

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 17-18, July 2 2018, 11.30 a.m.	PHD Chamber of Commerce & industry, PHD House	Adoption of Annual Accounts for the year ended March 31, 2018. Declaration of Dividend on equity shares. Re-appointment of Mr. R.P, Singh as Director, who retires by rotation at this meeting and being eligible offers himself for re-appointment. Appointment of BSR & Associates, LLP, Chartered Accountants as the statutory auditors.	
FY 16-17, July 8 2017, 11.30 a.m.	Sri Sathya Sai International Centre	Adoption of Annual Accounts for the year ended March 31, 2017. Declaration of Dividend on equity shares. Re-appointment of Mr. Vishnu R Dusad, as Director, who retires by rotation at this meeting and being eligible offers himself for re-appointment. Appointment of BSR & Associates, LLP, Chartered Accountants as the statutory auditors.	

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:

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

Report on Corporate Governance

Financial Year, Date, Time	Venue	Ordinary Resolution	Special Resolution
FY 15-16, July 8 2016, 11.30 a.m.	Sri Sathya Sai International Centre	Adoption of Annual Accounts for the year ended March 31, 2016. Confirmation of payment of Interim Dividend Appointment of BSR & Associates, LLP, Chartered Accountants as the statutory auditors in place of retiring auditor. Re-appointment of Mr. R. P. Singh as Whole Time Director, who retires by rotation at this meeting and being eligible offers himself for re-appointment. Appointment of Mr. S. M. Acharya as an Independent Director	Re-appointment of Mr. Vishnu R Dusad as Managing Director and designate him as Chief Executive Officer and Managing director of the Company.

Table 13

(ii) Detail of Attendance at the AGM held for FY 2017-18

AGM Date: July 2, 2018	Mr. Vishnu R Dusad	Mr. R.P Singh	Mr. Prithvi Haldea	Prof. Trilochan Sastry	Mr. N. Subramaniam	Ms. Elaine Mathias	Mr. S M Acharya	Ms. Ritika Dusad
	√	√	√	√	√	√	√	x

No Extraordinary general meeting was held by the Company during the financial year ended March 31, 2019.

e) Postal Ballot

During the year, the company did not carry out any postal ballot

Remote e-voting and voting at the Annual General Meeting (AGM)

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for remote e- voting facility. The Company has engaged Karvy Fintech Pvt. Ltd. to provide e-voting facility to all the members. Members whose names appear on the register of members as on July 1, 2019 shall be eligible to participate in the e-voting.

The facility for voting through ballot will also be made available at the AGM and the members who have not already cast their vote by remote e-voting can exercise their votes at the AGM.

d. Disclosures

(a) Disclosure on materially significant related party transactions:

The Company has not entered into any material transaction with any of its related parties. . Detailed

information on related party transactions is enclosed in Annexure A to the Directors' Report.

(b) Compliances by the Company of Capital Market Guidelines

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

(c) Whistle Blower Policy

Nucleus is committed to conduct its business in accordance with the applicable laws, rules and regulations, and with highest standards of business ethics. Nucleus does not tolerate any malpractice, impropriety, abuse or wrongdoing. The Company has a well-established whistle blower policy 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.

Report on Corporate Governance

In accordance with the Companies Act 2013 and Rules made there under and SEBI (LODR) Regulations, 2015, the Board adopted a revised Whistle Blower Policy. The Whistle Blower Policy was amended and adopted by the Board, in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations 2018, enabling employees to report any violations under the Insider Trading Regulations and leak of Unpublished Price Sensitive Information.

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

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

(d) Policy against Sexual Harassment

Nucleus values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse. Nucleus prohibits any employee of the Company from making any unwelcome and unsolicited sexually determined 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. The details of the complaints received, disposed and pending during the financial year is as below:

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

(e) Code of Conduct

The Company has in place a Code of Conduct which helps to maintain high standards of ethics for the

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

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

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

(f) Prevention of Insider Trading

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

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

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

(h) Adherence to Accounting Standards

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

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

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

(j) Management Discussion and Analysis

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

(k) Subsidiary Companies

The Company has Nine subsidiaries across the globe.

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The Company does not have any material non-listed Indian subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on its website i.e www.nucleussoftware.com.

The following table provides a list of all these subsidiaries as on March 31, 2019.

Date of Incorporation/ acquisition	Subsidiaries	Location	Percentage of Shareholding
February 25, 1994	Nucleus Software Solutions Pte. Ltd.	Singapore	100%
August 5, 1997	Nucleus Software Inc.	US	100%
November 2, 2001	Nucleus Software Japan Kabushiki Kaisha	Japan	100%
May 6, 2004	VirStra i-Technology Services Limited	India	100%
February 2, 2006	Nucleus Software Netherlands B.V.	Netherlands	100%
April 21, 2008	Nucleus Software Ltd.	India	100%
February 3, 2014	Nucleus Software Australia Pty Limited	Australia	100%
Feb 10, 2015	Nucleus Software South Africa Pty. Ltd.	South Africa	100%
March 17, 2016 (Date of Acquisition)	Avon Mobility Solutions Pvt. Ltd.	India	100%

Table 14

(I) Unlisted Indian Subsidiary Companies

The Company has three Indian subsidiaries; Nucleus Software Ltd., Virstra i- Technology Services Ltd. and AVON Mobility Solutions Private Limited. All 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., Nucleus Software Ltd. and AVON Mobility Solutions Private Limited.
- (iv) The minutes of the Board meetings of VirStra i- Technology Services Ltd. Nucleus Software Ltd. and AVON Mobility Solutions Private Limited are placed at the Board meetings of the Company.

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

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

- (k) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2016-17, 2017-18 and 2018-19 respectively: Nil

E. General Shareholder Information

• Date of incorporation	9 th January, 1989
• Registered Office	33-35, Thyagraj Nagar Market, New Delhi-110 003 India
• Corporate Office	A-39, Sector 62 Noida, 201307 India
• Date and time of Annual General Meeting	July 8, 2019, 4.00 p.m.
• Venue of Annual General Meeting	PHD Chamber of Commerce & industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, , New Delhi-110016
• Date of Book Closure for AGM	July 2, 2019 to July 8, 2019 (both days inclusive)

Financial Calendar for the financial year 2019-20 (tentative and subject to change)

Financial reporting for :	Tentative dates
First Quarter ending June 30, 2019	between July 15-31, 2019
Second Quarter ending September 30, 2019	between October 15-31, 2019
Third Quarter ending December 31, 2019	between January 15-31, 2020

Report on Corporate Governance

Financial reporting for :	Tentative dates	• International Securities Identification Number	INE096B01018
Year ending March 31, 2020	between April 20- 30, 2020	• Registrars of Company & Share Transfer Agents	Karvy Fintech Pvt. Limited, 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
Annual General Meeting for the year ending March 31, 2020	July 2020	• Dividend Payment Date	The final dividend, if declared, shall be paid/ credited on or before August 7, 2019
• Listing on Stock Exchanges	Scrip Symbol/Code		
National Stock Exchange of India Limited (NSE) w.e.f. December 19, 2002 #Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai-400051	NUCLEUS		
BSE Ltd. (BSE) w.e.f. November 6, 1995 Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001	531209		

The annual listing fees for 2019-20 have been paid to both the Stock Exchanges.

a) Market Price Data on NSE & BSE for the financial year 2018-19

Month	NSE					BSE				
	Open	High (Rs.)	Low (Rs.)	Close	Total Volume	Open	High (Rs.)	Low (Rs.)	Close	Total Volume
Apr-18	403.35	506.00	403.35	487.10	1,113,593	406.55	505.00	405.00	487.85	153,941
May-18	491.70	500.00	370.00	385.50	683,928	494.00	510.00	371.10	385.20	1,39,610
Jun-18	384.70	398.70	335.10	368.10	490,510	385.85	387.85	330.60	366.75	64,358
Jul-18	368.00	410.30	337.65	345.55	1,011,405	365.00	410.90	337.10	345.70	143,177
Aug-18	347.95	465.00	345.90	456.80	1,750,166	346.50	466.00	346.05	454.50	228,014
Sep-18	459.80	462.00	354.75	365.30	1,141,744	456.60	462.00	350.20	362.90	140,800
Oct-18	375.00	405.05	343.05	388.10	4,78,907	369.05	396.30	344.00	386.60	62,173
Nov-18	386.50	399.60	355.15	378.00	4,90,104	389.00	398.60	357.80	377.95	47,689
Dec-18	381.40	386.45	364.40	378.30	2,36,413	377.70	385.50	364.00	378.05	17,841
Jan-19	376.40	385.00	341.05	355.30	1,74,557	377.30	385.05	343.55	354.70	11,283
Feb-19	347.00	362.20	315.40	338.35	3,32,854	354.50	365.00	316.10	340.00	17,858
Mar-19	341.75	368.15	322.40	339.90	311,396	343.45	369.20	325.00	338.90	32,736
Total Shares traded during the year					8,215,577					1,059,480

Table15

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

b) Share Transfer System

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

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

c) Reconciliation of share capital

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

Report on Corporate Governance

up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

d) Dematerialization of Shares

The Equity shares of the Company are under compulsory dematerialization (“Demat”) category and can be traded only in electronic form. The Company has dematerialized 28,974,605 shares (99.77 % of the paid up share capital) as at March 31, 2019.

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

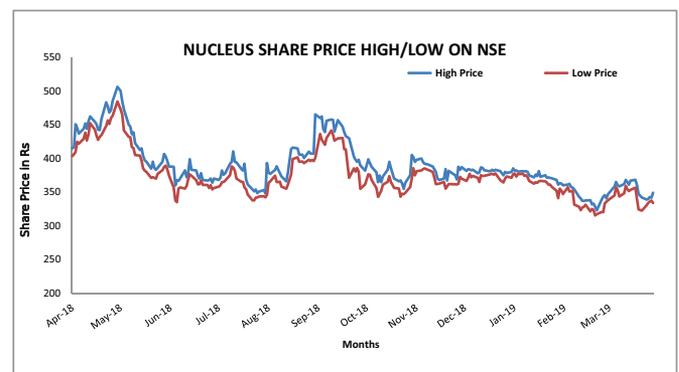
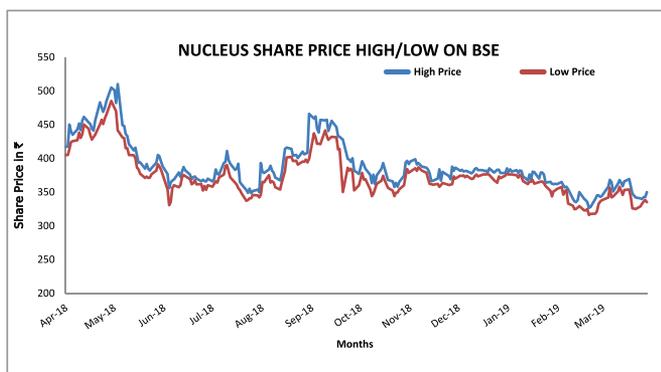
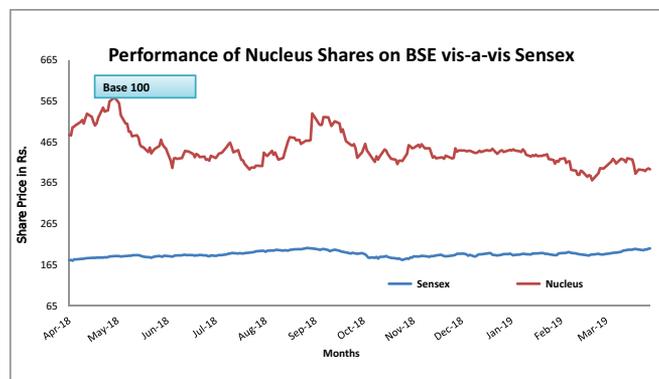
- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to his Depository Participant (DP)
- DP processes the DRF and generates a unique number viz. DRN.
- DP forwards the DRF and share certificates to the Company’s Registrar & Shares Transfer Agent.

- 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.

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



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

The 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.

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f) Shareholding Pattern of the Company as at March 31, 2019

Category	As on March 31, 2019		
	Share Holders	Share Holding	Share Holding (%)
Promoter and Promoter Group	11	19,627,866	67.59
Public Share Holding			
Mutual Funds	1	369,241	1.27
Financial Institutions /Banks	3	184,024	0.63
Foreign Institutional Investors	47	2,217,285	7.64
Individuals/HUF	15,527	5,333,135	18.37
Bodies Corporate	232	588,028	2.02
Overseas Corporate Bodies / Non Resident Indians/ Clearing Members/ Trusts/ IEPF/Director or Director's Relatives / NBFC	625	721,145	2.48
Total	16,446	29,040,724	100.00

Table 16

g) Distribution of Shareholding

Equity Shares Held		As on March 31, 2019				As on March 31, 2018			
		Share Holders		Shares		Share Holders		Shares	
From	To	(No.)	(%)	(No.)	(%)	(No.)	(%)	(No.)	(%)
1	100	10,859	66.03	432,819	1.49	9,821	66.11	378,952	1.30
101	200	1,786	10.86	309,610	1.07	1,599	10.76	267,052	0.92
201	500	1,895	11.52	680,253	2.34	1,666	11.21	572,878	1.97
501	1,000	990	6.02	761,190	2.62	901	6.06	668,293	2.30
1,001	5,000	736	4.50	1,573,749	5.42	694	4.67	1,499,997	5.17
5,001	10,000	85	0.51	581,148	2.00	76	0.52	508,099	1.75
10,001	and above	95	0.56	24,701,955	85.06	99	0.67	25,145,453	86.59
TOTAL		16,446	100.00	29,040,724	100.00	14,856	100.00	29,040,724	100.00

h) Depository Receipts / Global Depository Receipts / Warrants

As on March 31, 2019, 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 2018-19.

i) Employee Stock Option Plans (ESOP)

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

The Company has got shareholders' approval vide postal ballot in Jan 2015, in respect of ESOP 2015 and grant of Stock Options to the eligible employees/ Directors of the Company and that of its Subsidiary Company(ies) as decided by the Nomination and Remuneration/ Compensation Committee from time to time. No Options have been granted under ESOP (2015) during the year.

j) Investor Education and Protection Fund ("IEPF")

As per Section 124(5) and 124(6) of the Act read with the IEPF Rules as amended, any dividend which remains unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the IEPF fund.

Also all shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the members whose Dividends are lying unpaid / unclaimed against their name and also those members whose dividends are lying unpaid/unclaimed for seven consecutive years or more.

Members are requested to claim the same on or before the respective dates as mentioned in the reminder letters. In case the dividends are not claimed by the said date, necessary steps will be initiated by the Company to transfer such dividend and/or shares without further notice. No claim shall lie against the Company in respect of the shares so transferred to IEPF Demat Account. In the event of transfer of shares and the unclaimed

Report on Corporate Governance

dividends to IEPF, members are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5.

Unclaimed dividends for the financial years, 2001-2002, 2002-03, 2003-04, 2004-05 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 have been transferred to the IEPF.

k) Equity shares in the suspense account:

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Particulars	Number of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2018	Nil	Nil
Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	35	2,706
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	Nil	Nil

The voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the shares

l) Details of total fees paid to Statutory Auditors

B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

Particulars	Amount (in ₹ lacs)
Audit fee	97
Other Services	9
Out of pocket expenses	Nil

m) Locations

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

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.

Virstra *i-* Technology Services Limited, wholly owned subsidiary operates a Development Centre at Pune (Maharashtra).

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

AVON Mobility Solutions Pvt. Ltd., wholly owned subsidiary is based in Chennai and has very good experience in logistics domain and expertise in developing mobile applications.

PARENT COMPANY

Nucleus Software Exports Ltd.

Registered Office

33-35, Thyagraj Nagar Market
New Delhi-110 003
India

Corporate Office

A-39 Sector 62
Noida-201 307
India

SUBSIDIARIES

Nucleus Software Solutions Pte. Ltd.

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

Nucleus Software Japan Kabushiki Kaisha

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

Nucleus Software Inc.

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

Nucleus Software Netherlands B.V.

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

VirStra *i-* Technology Services Limited

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

Report on Corporate Governance

Nucleus Software Ltd.

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

Nucleus Software Australia Pty. Ltd.

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

Nucleus Software South Africa Pty. Ltd.

28, Fort Street, BIRNAM,
Gautang - 2196, Johnhasburg
South Africa

AVON Mobility Solutions Pvt. Ltd.

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

BRANCH OFFICES IN INDIA

A. Mumbai

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

B. Chennai

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

Branch Offices in Overseas Locations

A. London (UK)

Nucleus Software Exports Ltd.
4.01 288 Bishops Gate, London
EC2M4QP, **UK**

B. Dubai (U.A.E)

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

C. USA

Nucleus Software Exports Ltd.
505, Thornall Street, Suite 401
Edison, NJ 08837 -2260, **USA**

n) Investor Correspondence may be addressed to:

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

o) Other General Shareholder Information

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

p) Auditors' Certificate on Corporate Governance

As required by Schedule V of the SEBI (LODR) Regulations 2015, the Auditors' certificate on Corporate Governance is annexed to Director's Report as Annexure C.

q) CEO/CFO Certification

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

r) Secretarial Audit

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

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

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

s) Compliance with the Code of Conduct

All Directors and Senior Management personnel of the Company have affirmed compliance with the code for the financial year ended March 31, 2019. A declaration to this effect signed by the Managing Director has been published as **Annexure C** to this report on Corporate Governance.

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

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

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

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated

Report on Corporate Governance

November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, Please refer to Management Discussion and Analysis Report for the same.

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

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

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

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

The Company has complied with all mandatory requirements of Schedule II of SEBI (LODR) Regulations 2015. The Company has adopted following non-mandatory requirements as prescribed under:

a. Shareholder Rights

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

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

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

b. Modified opinion(s) in audit report

The Company is in the regime of unmodified audit opinion.

c. Separate posts of Chairman and CEO

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

d. Reporting of Internal Auditor

The Internal auditor reports directly to the Audit Committee.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,

The Members of

Nucleus Software Exports Limited

33-35, Thyagraj Nagar Market

New Delhi- 110003

- That Nucleus Software Exports Limited (CIN: L74899DL1989PLC034594) is having registered office at 33-35, Thyagraj Nagar Market, New Delhi- 110003 (hereinafter referred as "the Company"). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
- We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Company, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- As on 31st March, 2019, the Board of Directors of the Company comprises of the following directors:

Sr. No.	Name of Director	Director Identification Number (DIN)
1.	Siddhartha Mahavir Acharya	00545141
2.	Vishnu Rampratap Dusad	00008412
3.	Ravi Pratap Singh	00008350
4.	Ritika Dusad	07022867
5.	Prithvi Pal Singh Haldea	00001220
6.	Elaine Mathias	06976868
7.	Sadhu Trilochan Sastry	02762510
8.	Narayanan Subramaniam	00166621

Based on verification and examination of the disclosures/ register under section 184/ 189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN based search on MCA Portal (www.mca.gov.in), we certify as under:

- None of the above named Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority for the Financial Year ending 31st March, 2019.
- Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- This certificate is based on the information and records available up to date of this certificate and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For **Sanjay Grover & Associates**

Company Secretaries

Firm Registration No.: P2001DE052900

Sd/-

Sanjay Grover

Managing Partner

CP No.:3850

New Delhi
April 23, 2019

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

We, R.P. Singh, Chief Executive Officer (CEO) and Ashish Nanda, Chief Financial Officer (CFO), of Nucleus Software Exports Limited (“the Company”), to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements for the Quarter & Financial Year ended March 31, 2019 along with its schedules and notes on accounts, as well as the cash flow statements;
2. These statements do not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, misleading with respect to the statements made;
3. These financial statements, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and applicable laws and regulations;
4. Based on our knowledge and information, no transactions entered into by the Company during the period, are fraudulent, illegal or violative of the Company’s code of conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee of the Company’s Board of Directors, deficiencies in the design or operation of internal controls and steps proposed to be taken to rectify these deficiencies.
6. We have disclosed, based on our most recent evaluation, to the Company’s Auditors and the Audit Committee of the Company’s Board of Directors:
 - a. Significant changes in internal control over financial reporting during the period, if any;
 - b. There are no significant changes in accounting policies during the period; and
 - c. There are no instances of fraud of which we have become aware and the involvement, therein, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

Noida
April 23, 2019

Sd/-
R P Singh
CEO

Sd/-
Ashish Nanda
CFO