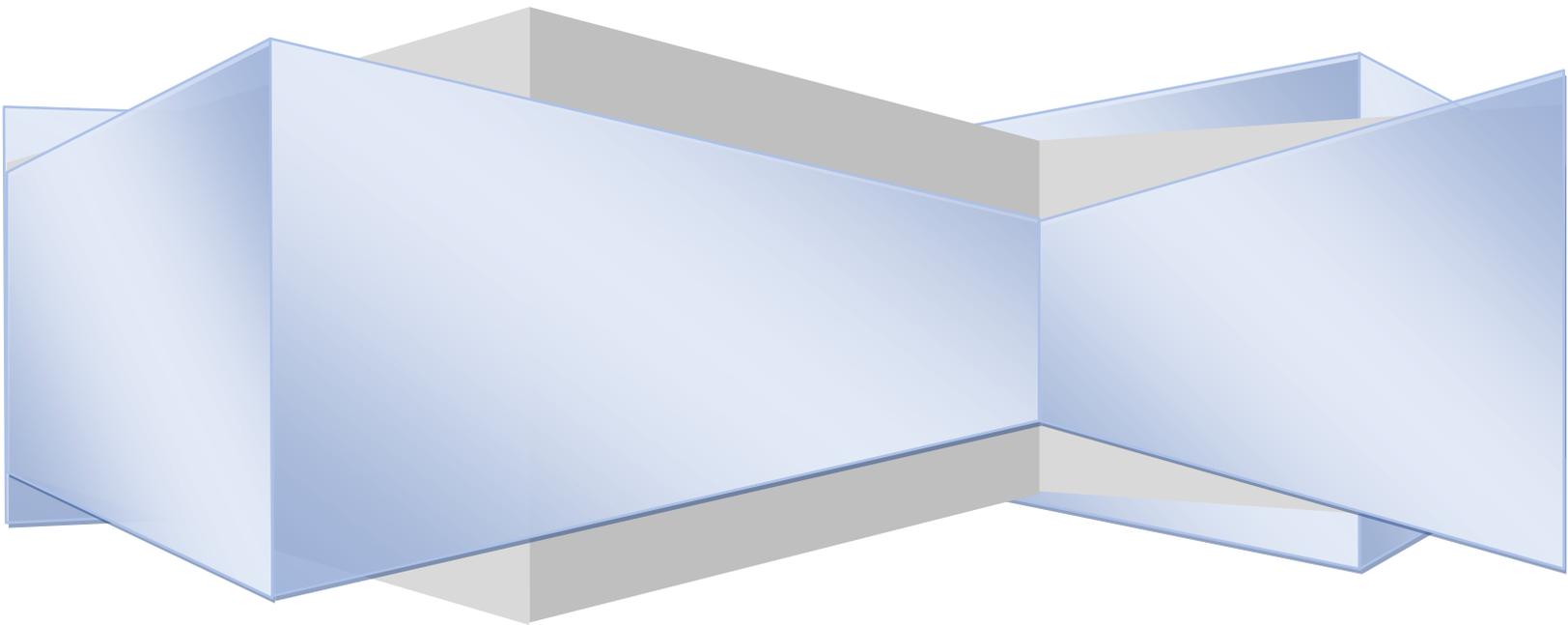


**NUCLEUS  
SOFTWARE**

# Quarterly Report

June 30, 2017



## FINANCIAL HIGHLIGHTS

Rs. in Crore except per share data

Particulars	Consolidated Performance For the Quarter ended		
	June 30, 2017	March 31, 2017	June 30, 2016
Revenue from Operations	94.32	93.69	89.95
Operating Profit (EBITDA)	10.19	14.29	9.93
Profit after Tax (PAT)	11.51	20.40	12.45
EBITDA Margin	11%	15%	11%
PAT Margin	12%	22%	14%
EPS	3.56	6.30	3.84

At the end of the Period	As at		
	June 30, 2017	March 31, 2017	June 30, 2016
Share Capital	32.39	32.39	32.39
Reserves and Surplus	509.34	502.57	435.91
Net Worth	541.68	534.91	468.30
Total Assets	683.12	665.60	604.10
Net Fixed Assets	44.00	45.11	50.61
Current Assets	406.19	380.36	381.86
Cash and Cash Equivalents	283.91	277.70	262.74
Working Capital	271.90	256.34	251.31
Market Capitalisation	1,032.88	797.29	730.58
No. of Shares (Face Value of Rs.10.00)	32,383,724	32,383,724	32,383,724

**Notes:**

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs. 318.95 at June 30, 2017, Rs. 246.20 at March 31, 2017, Rs. 225.60 at June 30, 2016
- 2.) While calculating the figures of group, intergroup transactions have been ignored.
- 3.) Previous year figures have been regrouped/ reclassified wherever necessary.

USD million except per share data

Particulars	Consolidated Performance		
	For the Quarter ended		
	June 30, 2017	March 31, 2017	June 30, 2016
Revenue from Operations	14.43	13.87	13.39
Operating Profit (EBITDA)	1.56	2.12	1.48
Profit after Tax (PAT)	1.76	3.02	1.85
EBITDA Margin	11%	15%	11%
PAT Margin	12%	22%	14%
EPS	0.54	0.93	0.57
US \$/ INR Exchange Rate*	65.37	67.54	67.18
At the end of the Period	As at		
	June 30, 2017	March 31, 2017	June 30, 2016
Share Capital	5.02	4.99	4.80
Reserves and Surplus	78.87	77.50	64.55
Net Worth	83.88	82.48	69.35
Total Assets	105.78	102.64	89.46
Net Fixed Assets	6.81	6.96	7.50
Current Assets	62.90	58.65	56.55
Cash and Cash Equivalents	43.96	42.82	38.91
Working Capital	42.10	39.53	37.21
Market Capitalisation	159.94	122.94	108.19
US \$/ INR Exchange Rate#	64.58	64.85	67.53

**Note:**

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs. 318.95 at June 30, 2017, Rs. 246.20 at March 31, 2017, Rs. 225.60 at June 30, 2016
- 2.) While Calculating the figures of group, intergroup transactions have been ignored.
- 3.) Previous year figures have been regrouped/ reclassified wherever necessary.
- 4.) \* The Revenue and expenditure items have been translated at an average US \$ / INR rate, mentioned here for the respective years.
- 5.) # The Balance Sheet items have been translated at year end US \$ / INR rate, mentioned here for the respective years.

## LETTER TO THE SHAREHOLDERS

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Dear Shareholder,

I take this opportunity to present to you a brief report on the performance of your Company for the first quarter ended of the financial year 2017-18.

First the financial performance, consolidated revenue for the quarter was Rs. 94.3 crore against Rs. 90.0 crore in the corresponding quarter of the previous year. The consolidated EBITDA was Rs. 10.2 crore in comparison to Rs. 9.9 crore in the corresponding quarter of the previous year. Consolidated net profit was Rs. 11.5 crore in comparison to Rs. 12.4 crore in the corresponding quarter of the previous year. EPS for the quarter was Rs. 3.56 against Rs. 3.84 in the corresponding quarter of the previous year.

The Product business revenue was Rs. 73.2 crore against Rs. 69.2 crore in the corresponding quarter of the previous year. The Company continues to focus and invest on development of niche Banking Products.

The Company continues to enjoy a high level of liquidity. Cash and cash equivalents, including investments in debt schemes of mutual funds, fixed deposits with banks and tax free bonds are at Rs. 503.7 crore as on 30th June, 2017, as against Rs. 394.5 crore on 30th June, 2016. We had a hedging position of US\$ 4.65 million, June 30, 2017 at an average rate of Rs. 67.45.

During the quarter, we have added 1 new customer and won 3 new product orders, 21 product module implementations were completed worldwide. We were selected by Essel Home Loans Ltd., the new housing finance subsidiary of Essel Finance for implementing FinnOne Neo, the award winning loan life cycle management solution in cloud. Manappuram Home Finance Pvt. Limited went successfully live with FinnOne Neo Cloud to digitize and automate their lending businesses in order to serve their customers better. We released the latest version of Lending Mobility Solution, mCollect, which now offers support for Unified Payments Interface (UPI) based loan payment collections

The Manpower numbers are at 1,716 as on June 30, 2017.

Building on the momentum that we generated with the launch of our cloud and analytics solutions last year, we have continued to expand our customer base. Digital continues to be at the centre of our approach to drive innovation in lending and transaction banking space, while enabling organizations to cater to the personalized requirements of their end customers. Our new solutions have been well received by our customers who continue to appreciate our focus on new age technologies, project excellence and domain expertise.

Vishnu R Dusad

Managing Director & Chief Executive Officer

Date: July 20, 2017

# FINANCIAL STATEMENTS OF NUCLEUS SOFTWARE EXPORTS LTD.

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## AUDITORS' REPORT

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### TO THE BOARD OF DIRECTORS OF NUCLEUS SOFTWARE EXPORTS LIMITED

We have audited the quarterly Standalone Financial Results of Nucleus Software Exports Limited for the quarter ended 30 June 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

These quarterly standalone financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial results based on our audit of such interim standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) for interim financial reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly standalone financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and
- (ii) gives a true and fair view of the financial performance including other comprehensive income and other financial information for the quarter ended 30 June 2017.

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

Rakesh Dewan  
Partner  
Membership number: 092212

Place: New Delhi  
Date: 20 July 2017

## BALANCE SHEET

### NUCLEUS SOFTWARE EXPORTS LIMITED BALANCE SHEET AS AT 30 JUNE 2017

Particulars	Note	As at 30 June, 2017 (Rupees)	As at 31 March, 2017 (Rupees)	As at 1 April, 2016 (Rupees)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2.1	274,239,330	279,750,398	308,122,854
Capital work in progress		-	3,190,290	11,004,412
Intangible assets	2.1	17,334,131	18,239,734	46,082,968
Financial assets				
Investments	2.2	2,112,766,307	2,228,773,775	1,496,356,183
Trade receivables	2.3	56,597,098	56,457,779	79,247,746
Loans	2.4	2,061,811	1,333,911	68,770,336
Others	2.5	65,800,514	35,018,319	127,576,913
Deferred tax assets (net)	2.6	102,477,047	97,487,015	57,460,279
Income tax asset	2.7	110,639,481	98,944,832	93,612,383
Other non-current assets	2.8	3,880,552	5,104,047	2,931,428
		<b>2,745,796,271</b>	<b>2,824,300,100</b>	<b>2,291,165,502</b>
<b>Current assets</b>				
Financial assets				
Investments	2.9	2,420,472,593	2,243,676,374	1,187,372,617
Trade receivables	2.10	555,054,215	534,040,445	781,119,460
Cash and cash equivalents	2.11	155,071,223	109,361,226	40,019,162
Other bank balances	2.12	298,535,639	225,395,439	979,249,951
Loans	2.13	3,600,530	3,280,647	10,364,413
Others	2.14	42,826,895	17,944,213	47,407,159
Other current assets	2.15	159,504,095	118,979,400	144,792,644
		<b>3,635,065,190</b>	<b>3,252,677,744</b>	<b>3,190,325,406</b>
<b>Total assets</b>		<b>6,380,861,461</b>	<b>6,076,977,844</b>	<b>5,481,490,908</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	2.16	323,852,240	323,852,240	323,852,240
Other equity	2.17	4,773,140,112	4,583,718,118	4,000,900,667
		<b>5,096,992,352</b>	<b>4,907,570,358</b>	<b>4,324,752,907</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Other financial liabilities	2.18	4,938,902	4,207,256	-
Provisions	2.19	48,188,260	44,906,170	38,152,090
Other non-current liabilities	2.20	-	-	31,993,885
		<b>53,127,162</b>	<b>49,113,426</b>	<b>70,145,975</b>

**Current liabilities**

Financial liabilities				
Trade payables	2.21	338,773,323	289,308,712	284,524,270
Other financial liabilities	2.22	5,602,554	4,171,344	5,676,044
Provisions	2.23	16,572,856	15,444,083	13,881,550
Income tax liabilities	2.24	625,000	2,192,450	14,446,733
Other current liabilities	2.25	869,168,214	809,177,471	768,063,429
		<b>1,230,741,947</b>	<b>1,120,294,060</b>	<b>1,086,592,026</b>
<b>Total equity and liabilities</b>		<b>6,380,861,461</b>	<b>6,076,977,844</b>	<b>5,481,490,908</b>

See accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

**For B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

**For and on behalf of the Board of Directors****RAKESH DEWAN**

Partner

Membership number : 092212

**JANKI BALLABH**

Chairman

**VISHNU R DUSAD**

Managing Director  
&  
Chief Executive  
Officer

**ASHISH NANDA**

Chief Financial Officer

**POONAM BHASIN**

AVP (Secretarial) &  
Company Secretary

Place : Gurgaon

Date : July 20, 2017

Place : New Delhi

Date : July 20, 2017

## PROFIT & LOSS

### NUCLEUS SOFTWARE EXPORTS LIMITED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 JUNE, 2017

	Notes Ref.	Quarter ended	
		30 June 2017 (Rupees)	30 June 2016 (Rupees)
<b>1. REVENUE FROM OPERATIONS</b>			
Income from software product and services	2.26	757,710,250	710,993,193
<b>2. OTHER INCOME</b>	2.27	212,365,394	71,081,040
<b>3. TOTAL INCOME (1+2)</b>		<b>970,075,644</b>	<b>782,074,233</b>
<b>4. EXPENSES</b>			
a. Employee benefit expenses	2.28	489,837,806	448,164,571
b. Operating and other expenses	2.29	204,420,560	203,003,356
c. Finance cost	2.30	765,463	885,995
d. Depreciation and amortisation expense	2.1	16,053,396	26,737,801
<b>TOTAL EXPENSES</b>		<b>711,077,225</b>	<b>678,791,723</b>
<b>5. PROFIT BEFORE TAX (3-4)</b>		<b>258,998,419</b>	<b>103,282,510</b>
<b>6. INCOME TAX EXPENSE</b>			
a. Net current tax expense		33,100,000	17,110,980
b. Deferred tax (credit) /charge	2.6	609,971	(7,829,403)
<b>NET TAX EXPENSE</b>		<b>33,709,971</b>	<b>9,281,577</b>
<b>7. PROFIT FOR THE PERIOD (5-6)</b>		<b>225,288,448</b>	<b>94,000,933</b>
<b>8. OTHER COMPREHENSIVE INCOME</b>			
(A) (i) Items that will not be reclassified to profit or loss			
a) Remeasurements of the defined benefit plans		(1,611,200)	(1,618,002)
b) Equity instruments through other comprehensive income		(28,587,500)	48,650,000
(ii) Deferred tax relating to Items that will not be reclassified to profit or loss		-	(4,875,000)
(B) (i) Items that will be reclassified subsequently to profit or loss			
a) Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)		(5,667,754)	85,752
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(35,866,454)</b>	<b>51,992,750</b>
<b>9. TOTAL COMPREHENSIVE INCOME (7+8)</b>		<b>189,421,994</b>	<b>145,993,683</b>
<b>10. EARNINGS PER EQUITY SHARE</b>			
Equity shares of Rupees 10 each			
a. Basic		6.96	2.90
b. Diluted		6.96	2.90
Number of shares used in computing earnings per share			
a. Basic		32,383,724	32,383,724

b. Diluted

32,383,724

32,383,724

See accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

**For B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

**For and on behalf of the Board of Directors**

**RAKESH DEWAN**

Partner

Membership number : 092212

**JANKI BALLABH**

Chairman

**VISHNU R DUSAD**

Managing Director &

Chief Executive

Officer

**ASHISH NANDA**

Chief Financial

Officer

**POONAM BHASIN**

AVP (Secretarial) &

Company Secretary

Place : Gurgaon

Date : July 20, 2017

Place : New Delhi

Date : July 20, 2017

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**CASH FLOW STATEMENT**

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NUCLEUS SOFTWARE EXPORTS LIMITED  
CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2017

	For the period ended 30 June, 2017 (Rupees)	For the period ended 30 June, 2016 (Rupees)
<b>A. Cash flow from operating activities</b>		
Net profit before tax	258,998,419	103,282,510
<b>Adjustment for:</b>		
Depreciation and amortisation expense	16,053,396	26,737,801
Exchange gain / loss on translation of foreign currency accounts (net)	(5,900,063)	2,171,372
Dividend received from current, non trade investments	(25,629,243)	(18,217,918)
Dividend received from non-current, non trade investment	(5,350,081)	-
Dividend received from subsidiary companies	(138,900,750)	-
Interest on fixed deposits and others	(39,943,066)	(52,654,261)
MTM gain or (loss) on mutual funds	(743,277)	(816,325)
Net gain on sale of investments	-	824
Profit on sale of fixed assets (net)	(60,166)	(2,573,116)
Provisions written back	-	(3,457,196)
Provision for doubtful debts / advances	(1,431,686)	1,164,829
Operating profit before working capital changes	<b>57,093,483</b>	<b>55,638,520</b>
<b>Adjustment for (increase) / decrease in operating assets</b>		
Trade receivable	(5,410,837)	67,257,094
Loans	(727,900)	47,645,408
Other assets	(74,875,041)	(27,827,274)
<b>Adjustment for increase / (decrease) in operating liabilities</b>		
Trade payables	45,829,532	18,368,653
Provisions	4,410,863	2,064,295
Other liabilities	59,111,189	98,625,780
	85,431,289	261,772,476
Income taxes paid (net)	(51,962,099)	(38,766,525)
<b>Net cash from / (used in) operating activities (A)</b>	<b>33,469,190</b>	<b>223,005,951</b>
<b>B. Cash flow from investing activities</b>		
Expenditure on property, plant and equipment net of sale proceeds, including changes in capital creditors	(4,872,554)	(7,014,857)
Payments to acquire mutual funds, tax free bonds and preference shares	(537,564,158)	(789,172,888)
Proceeds on sale of mutual funds, tax free bonds and preference shares	480,395,696	478,307,675
Investment in subsidiary	(1,500,000)	(17,500,000)
Bank balance not considered as cash and cash equivalents - placed	(97,582,056)	-
Bank balance not considered as cash and cash equivalents - matured	-	101,573,200
Interest on fixed deposits and others received	4,115,001	16,029,519
Dividend received from non trade investments	25,629,243	18,217,918
Dividend on long term trade investment	5,350,081	-
Dividend from subsidiary company	138,900,750	-
<b>Net cash from / (used in) investing activities (B)</b>	<b>12,872,003</b>	<b>(199,559,433)</b>
<b>C. Cash flow from financing activities</b>		
<b>Net cash from / (used in) in financing activities (C)</b>	-	-
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>46,341,193</b>	<b>23,446,518</b>
Opening cash and cash equivalents	109,361,226	40,019,162
Exchange difference on translation of foreign currency bank accounts	(631,196)	863,976

Closing cash and cash equivalents

**155,071,223**      **64,329,656**

Supplementary information

Restricted cash

4,681,263

3,871,398

**Notes:**

i. Figures in brackets indicate cash outflow.

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

**RAKESH DEWAN**

Partner

Membership number : 092212

Place : Gurgaon

Date : July 20, 2017

For and on behalf of the Board of Directors

**JANKI BALLABH**

Chairman

**ASHISH NANDA**

Chief Financial  
Officer

Place : New Delhi

Date : July 20, 2017

**VISHNU R DUSAD**

Managing Director &  
Chief Executive Officer

**POONAM BHASIN**

AVP (Secretarial) &  
Company Secretary

**Note 1:****1.1 Company Overview**

Nucleus Software Exports Limited ('Nucleus' or 'the Company') was incorporated on 9 January, 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October, 1994. The Company made an initial public offer in August 1995. As at 30 June, 2017, the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange. The Company has wholly owned subsidiaries in Singapore, USA, Japan, Netherlands, South Africa, Australia and India. The Company's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

The Financial statements were approved for issue by the Board of Directors on July 20, 2017.

**1.2. Significant accounting policies****i. Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act under historical cost convention, except for certain financial instruments which are measured at fair values.

The financial statements up to and for the year ended 30 June 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act.

The financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no. 2.38 and 2.39.

**ii. Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an going basis. Revisions to accounting estimates are recognised prospectively.

**Critical estimates and judgements**

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable
- Estimated useful life of fixed asset
- Estimation of defined benefit obligation
- Impairment of trade receivable
- Estimates of expected contract costs to be incurred to complete contracts

**iii. Revenue Recognition**

Revenue from software development services comprises income from time and material and fixed price contracts.

Revenue from time and material contracts is recognised as the services are rendered.

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates.

Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Revenue from sale of goods is recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.

Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with terms of the contract.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in IndAS18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

#### **iv. Other income**

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

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

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

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit- impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### **v. Property, Plant and equipment**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets are stated at the cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use. Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

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

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

The management's estimates of the useful lives of the various fixed assets are as follows:

Asset category	Useful life (in years)
<b>Tangible asset</b>	
Building	30
Plant and machinery (including office equipment)	5
Computers- end user devices such laptops, desktops etc.	3
Computers- servers and networking equipment	4
Vehicles	5
Furniture and fixtures	5
Temporary wooden structures (included in furniture and fixtures)	1

## vi. Intangible assets

### a) Recognition and measurement

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

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

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

## vii. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## **viii. Financial instruments**

### **a) Recognition and initial measurement**

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

Transaction costs that are directly attributable to the issue of financial assets and financial liabilities, that are not fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at a settlement date.

### **b) Classification and subsequent measurement**

#### **i) Financial assets are carried at amortised cost.**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **ii) Financial assets are carried at fair value through other comprehensive income.**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

#### **iii) Financial assets are carried at fair value through profit or loss.**

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

#### **iv) Investment in subsidiaries**

Investment in subsidiaries is carried at cost.

#### **v) Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

### **c) Derivative financial instruments**

The company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

i) **Financial assets or financial liabilities, at fair value through profit or loss.**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit or loss in the statement of Profit and Loss, when incurred. Subsequent to the initial recognition, these derivatives are measured at fair value through profit or loss is included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

ii) **Cash flow hedges**

The Company designates certain foreign exchange forward and options contract as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transaction.

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

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

d) **Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial assets and the transfer qualifies for derecognition under Ind AS 109. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

ix. **Impairment**

a) **Financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

**b) Non-financial assets**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the

Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**x. Provisions (other than for employee benefits)**

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

*Post Sales client support and warranties*

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

**xi. Foreign Currency**

**a) Functional and Presentation currency**

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

**b) Foreign currency transactions**

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Statement of Profit and Loss. They are deferred in equity if they relate to qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign branches are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions.

**xii. Earnings per share**

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

### xiii. Taxation

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

#### a) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### b) *Deferred tax*

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

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

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

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

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

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

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

xiv. **Employee benefits**

***Defined contribution plans***

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

***Defined benefit plans***

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

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

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

***Short-term employee benefits***

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

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

***Long-term employee benefits***

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

**Employee stock option based compensation**

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

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

**xv. Cash Flow Statement**

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

**xvi. Operating leases**

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

**xvii. Research and development**

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

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Amount in Rupees)

Balance as of 1 April 2017	Changes in equity share capital during the period	Balance as on 30 June 2017
323,852,240	-	323,852,240

Balance as of 1 April 2016	Changes in equity share capital during the year	Balance as on 31 March 2017
323,852,240	-	323,852,240

(Amount in Rupees)

	Reserves and Surplus				Items of OCI			Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	Remeasurements of the defined benefit plans	
Balance as of 1 April 2017	8,900,230	21,901,489	822,708,220	3,618,963,919	13,628,172	103,475,000	(5,858,912)	4,583,718,118
Profit for the period	-	-	-	225,288,448	-	-	-	225,288,448
Effective gain/(loss) on hedging instruments	-	-	-	-	(5,667,754)	-	-	(5,667,754)
Equity Instruments through Other Comprehensive Income (net of tax)	-	-	-	-	-	(28,587,500)	-	(28,587,500)
Remeasurements of the defined benefit plans	-	-	-	-	-	-	(1,611,200)	(1,611,200)
Balance as of 30 June 2017	8,900,230	21,901,489	822,708,220	3,844,252,367	7,960,418	74,887,500	(7,470,112)	4,773,140,112

(Amount in Rupees)

	Reserves and Surplus				Items of OCI			Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	Remeasurements of the defined benefit plans	
Balance as of 1 April 2016	8,900,230	21,901,489	822,708,220	3,101,129,128	2,386,600	43,875,000	-	4,000,900,667
Profit for the year	-	-	-	517,834,791	-	-	-	517,834,791
Effective gain on hedging instruments	-	-	-	-	11,241,572	-	-	11,241,572

Equity Instruments through Other Comprehensive Income (net of tax)	-	-	-	-	-	59,600,000	-	59,600,000
Remeasurements of the defined benefit plans	-	-	-	-	-	-	(5,858,912)	(5,858,912)
<b>Balance as of 31 March 2017</b>	<b>8,900,230</b>	<b>21,901,489</b>	<b>822,708,220</b>	<b>3,618,963,919</b>	<b>13,628,172</b>	<b>103,475,000</b>	<b>(5,858,912)</b>	<b>4,583,718,118</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

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

For and on behalf of the Board of Directors

**JANKI BALLABH**  
Chairman

**VISHNU R DUSAD**  
Managing Director &  
Chief Executive Officer

**RAKESH DEWAN**  
Partner

**ASHISH NANDA**  
Chief Financial Officer

**POONAM BHASIN**  
AVP (Secretarial) &  
Company Secretary

Membership number : 092212

Place : Gurgaon  
Date : July 20, 2017

Place : New Delhi  
Date : July 20, 2017

**2.1 Property, plant and equipment**

(Amount in Rupees)

PARTICULARS	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION			NET CARRYING AMOUNT		
	As at 1 April, 2017	Additions	Deductions / adjustments	As at 30 June, 2017	As at 1 April, 2017	Depreciation for the period	As at 30 June, 2017	As at 30 June, 2017	As at 31 March, 2017
<b>Tangible assets</b>									
Freehold land	3,360,720 (3,360,720)	-	-	3,360,720 (3,360,720)	-	-	-	3,360,720 (3,360,720)	3,360,720 (3,360,720)
Leasehold land	56,003,990 (56,003,990)	-	-	56,003,990 (56,003,990)	752,243	188,062	940,305 (752,243)	55,063,685 (55,251,747)	55,251,747 (56,003,990)
Buildings	160,198,083 (158,002,792)	-	-	160,198,083 (160,198,083)	8,654,517	2,194,711	10,849,228 (8,654,517)	149,348,855 (151,543,566)	151,543,566 (158,002,792)
Plant and equipment	16,250,568 (8,886,303)	(2,195,291)	-	16,250,568 (15,363,709)	11,626,969	603,889	12,230,858 (10,740,110)	4,019,710 (4,623,599)	4,623,599 (8,886,303)
Office equipment	6,208,913 (2,872,984)	(7,364,265)	(13,763)	7,219,967 (1,782,341)	1,265,650	396,810	1,662,460 (4,426,572)	5,557,507 (4,943,263)	4,943,263 (2,872,984)
Computer equipment	81,083,715 (65,915,358)	(3,349,692)	(13,763)	85,740,847 (14,313,528)	37,101,784	7,627,954	44,729,738 (66,770,187)	41,011,109 (43,981,931)	43,981,931 (65,915,358)
Vehicles	21,182,456 (12,670,557)	1,963,761	1,063,275	22,082,942 (19,458,813)	5,329,444	1,420,445	6,359,775 (3,605,801)	15,723,167 (15,853,012)	15,853,012 (12,670,557)
Furniture and fixtures	409,519 (410,150)	(9,591,536)	-	409,519 (409,519)	216,959	37,983	254,942 (216,959)	154,577 (192,560)	192,560 (410,150)
	<b>344,697,964</b> (308,122,854)	<b>7,631,947</b> (37,689,924)	<b>1,063,275</b> (1,128,577)	<b>351,266,636</b> (270,890,703)	<b>64,947,566</b>	<b>12,469,854</b> (64,947,566)	<b>77,027,306</b> 8,859,695	<b>274,239,330</b> (279,750,398)	<b>279,750,398</b> (308,122,854)
<b>Intangible assets</b>									
Software	55,944,797 (46,082,968)	2,677,939 (9,899,035)	- (37,206)	58,622,736 (55,944,797)	37,705,063	3,583,542 (37,705,063)	41,288,605 (37,705,063)	17,334,131 (18,239,734)	18,239,734 (46,082,968)
<b>Total</b>	<b>400,642,761</b> (354,205,822)	<b>10,309,886</b> (47,588,959)	<b>1,063,275</b> (1,165,783)	<b>409,889,372</b> (326,835,500)	<b>102,652,629</b>	<b>16,053,396</b> (102,652,629)	<b>118,315,911</b> (28,845,368)	<b>291,573,461</b> (297,990,132)	<b>297,990,132</b> (354,205,822)

**Note:**

(i) Figures in bracket pertain to previous year ended 31 March 2017/2016.

2.2 A. **NON-CURRENT INVESTMENTS**

Particulars	As at 30 June 2017	As at 31 March 2017	As at 1 April 2016
<b>Investments in equity shares of subsidiaries (unquoted)</b>	<b>(Rupees)</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
<i>Equity shares at cost</i>			
a. 625,000 (625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore	16,319,950	16,319,950	16,319,950
b. 1,000,000 (1,000,000) equity shares of US Dollar 0.35 each, fully paid up, in Nucleus Software Inc., USA	16,293,150	16,293,150	16,293,150
Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	(16,293,150)	(16,293,150)	(16,293,150)
c. 200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha	4,092,262	4,092,262	4,092,262
d. 1,000,000 (1,000,000) equity shares of Rs 10 each, fully paid up, in VirStra i-Technology Services Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	10,000,000	10,000,000	10,000,000
e. 7,500 (7,500) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands	48,903,000	48,903,000	48,903,000
Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands	(48,903,000)	(48,903,000)	(48,903,000)
f. 10,000,000 (10,000,000) equity shares of Rs. 10 each, fully paid up, in Nucleus Software Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	119,440,188	119,440,188	119,440,188
g. 100,000 (100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	5,501,028	5,501,028	5,501,028
h. 10 (10) equity shares of ZAR 61,200 each fully paid up, in Nucleus Software South Africa (Pty.) Limited, South Africa	3,182,500	3,182,500	3,182,500
i. 10,666 (10,666) equity shares of Rs 10 each, fully paid up in Avon Mobility Solutions Private Limited (see note 2.45)	19,200,720	19,200,720	19,200,720
	<b>177,736,648</b>	<b>177,736,648</b>	<b>177,736,648</b>
<b>Investment in equity instruments (Quoted)</b>			
<i>Equity shares at FVOCI</i>			
250,000 (250,000) equity shares of Rs. 10 each, fully paid up, in Ujjivan Financial Services Limited	<b>77,387,500</b>	<b>105,975,000</b>	<b>51,250,000</b>
<b>Investments in preference shares of subsidiaries (unquoted)</b>			
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>			
2,350,000 (Nil) 11% Preference shares of Rs. 10 each fully paid up in Avon Mobility Solutions Private Limited.	<b>25,000,000</b>	<b>23,500,000</b>	-
<b>Investment in Preference Shares (quoted)</b>			
a. 8.15% L&T Preference Shares- 2020	142,415,433	139,628,535	99,068,431
b. 16.46% IL&FS - Preference Shares 2022	51,109,247	50,100,000	50,100,000
c. 17.38% IL&FS - Preference Shares 2021	11,075,068	10,858,630	-
d. 8.33% Tata Capital Ltd Preference Shares 2022	11,901,620	11,669,907	-
e. 9% L&T Finance Holdings Limited -Preference Shares 2018	104,080,751	102,147,533	-
f. 7.50% Tata Capital Preference Shares 2020	152,804,795	150,000,000	-
g. 8.33% Tata Capital Preference Shares 2021	51,484,790	50,469,636	-

**Investment in bonds (quoted)***Bonds securities at Amortised cost*

a.	7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	97,348,708	95,234,950	93,945,738
b.	8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	50,868,096	53,957,164	53,946,352
c.	8.09% Power Finance Corporation Tax Free Bonds 2021	49,084,830	48,227,118	48,470,957
d.	7.51% Power Finance Corporation Tax Free Bonds 2021	52,926,494	52,003,666	52,060,712
e.	8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	217,495,227	213,782,910	214,874,661
f.	8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	105,069,342	103,072,329	103,063,934
g.	7.11% Power Finance Corporation Tax Free Bonds 2025	5,391,020	5,300,012	5,299,559
h.	7.21% India Infrastructure Finance Company Limited Tax Free Bonds 2022	52,509,217	51,622,847	51,676,769
i.	7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	31,640,479	31,112,658	31,131,603
j.	8.20% Power Finance Corporation Tax Free Bonds 2022	6,603,152	6,495,103	6,532,460
k.	7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	4,764,011	4,681,791	4,621,006
l.	7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	12,314,847	12,092,238	12,091,770
m.	7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	14,419,742	14,161,543	14,161,139
n.	8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	11,144,266	10,944,943	10,992,069
o.	7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	16,271,257	15,987,171	15,487,492
p.	7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	13,312,089	13,076,275	12,840,348
q.	7.21% Power Finance Corporation (PFC) Tax Free Bonds 2022	52,409,794	51,519,633	50,391,206
r.	7.35% Indian Railway Finance Corporation Tax Free Bonds 2031	12,370,184	12,154,741	11,778,249
s.	7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	20,443,548	20,076,320	20,072,199

**Investment in debentures (quoted)***Debentures securities at Amortised cost*

a.	IIFL Wealth Finance Limited 500((Nil) Unsecured redeemable, non-convertible debentures of Rs 100,000 each fully paid up	52,389,041	51,391,781	-
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**Investment in mutual funds (quoted)***Fixed maturity plan at Amortised cost*

a.	HDFC FMP 1128D March 2015(1) Direct Growth series 33	-	58,818,681	54,273,832
b.	ICICI Prudential FMP Series 76-1108 Days Plan V-Direct-Growth	-	58,716,491	54,201,782
c.	HDFC FMP 370D September 2014 (2) Series 31 – Growth Option	-	-	11,514,972
d.	ICICI Prudential FMP Series 74 -369 Days Plan T Direct Plan Cumulative	-	-	115,597,398
e.	Reliance Fixed Horizon Fund- XXVI- Series 31- Growth Plan	-	-	57,642,950
f.	HDFC FMP 1169D February 2017 (1) - Series 37	51,417,108	50,539,851	-

g.	HDFC FMP 1150D February 2017 (1)	30,762,251	30,224,539	-
h.	UTI Fixed Term Income Fund-Series XIX-VIII Direct Growth Plan	-	-	11,531,947

### Investment in mutual funds (Unquoted)

Mutual funds at Fair value through profit or loss (FVTPL)

a.	Birla Sun Life ST Opp Direct	110,129,771	108,373,790	-
b.	Reliance Corp Bond-Direct-QDR	118,204,484	116,242,158	-
c.	Axis ST Direct- Weekly Dividend	63,604,057	62,803,679	-
d.	UTI ST Income-IP-Monthly Dividend	30,594,961	30,152,238	-
e.	HDFC Medium Term Opp-Direct	24,282,479	23,921,266	-
		1,832,642,159	1,921,562,127	1,267,369,535

### Aggregate amount of non-current investments

		<b>2,112,766,307</b>	<b>2,228,773,775</b>	<b>1,496,356,183</b>
Aggregate book value of quoted investments		1,563,213,908	1,686,043,996	1,318,619,538
Aggregate market value of quoted investments		1,561,978,655	1,691,581,532	1,266,657,731
Aggregate value of unquoted investments		549,552,399	542,729,780	228,986,648
Aggregate amount of impairment in value of investments		16,293,150	16,293,150	16,293,150

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

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

	Fair value as at	Dividend income recognised during	Fair value as at	Fair value as at
	30 June, 2017	Quarter ended 30 June 2017	31 March 2017	1 April 2016

Investment in Ujjivan Financial Services Limited	77,387,500	-	105,975,000	51,250,000
--------------------------------------------------	------------	---	-------------	------------

No strategic investments were disposed off during 16-17 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Particulars	As at 30 June 2017	As at 31 March 2017	As at 1 April 2016
	(Rupees)	(Rupees)	(Rupees)

### 2.3 NON - CURRENT TRADE RECEIVABLES

(Unsecured)

#### TRADE RECEIVABLES

(Unsecured)

- Considered good	56,597,098	56,457,779	79,247,746
	<b>56,597,098</b>	<b>56,457,779</b>	<b>79,247,746</b>

### 2.4 LONG-TERM LOANS

(Unsecured considered good unless otherwise stated)

a.	Loans and advances to employees			
	- Staff Loans	2,061,811	1,333,911	1,941,652
b.	Loan to subsidiary (considered doubtful)	73,177,409	73,177,409	66,828,684

	75,239,220	74,511,320	68,770,336
Less: Provision for doubtful loan to subsidiary	(73,177,409)	(73,177,409)	-
	<b>2,061,811</b>	<b>1,333,911</b>	<b>68,770,336</b>

## 2.5 OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

Security deposits	14,064,457	13,505,169	12,983,245
Long-term bank deposits	51,736,057	21,513,150	114,593,668
	<b>65,800,514</b>	<b>35,018,319</b>	<b>127,576,913</b>

Note:

[Long term bank deposits include deposits held with bank for maturity more than 12 months from balance sheet date Rs 1,137,023 (31 March 2017 Rs 1,120,902 and 1 April 2016 Rs 2,698,799) under lien with banks and are restricted from being settled for more than 12 months from the balance sheet date.]

## 2.6 DEFERRED TAX ASSETS (NET)

### A. Amounts recognised in profit or loss

Particulars	Quarter ended 30 June 2017 (Rupees)	Quarter ended 30 June 2016 (Rupees)
Current tax	33,100,000	17,110,980
Deferred tax	609,971	(7,829,403)
<b>Net tax expense</b>	<b>33,709,971</b>	<b>9,281,577</b>

### B. Reconciliation of effective tax rate

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

Particulars	Percentage	For the period ended 30 June, 2017	Percentage	For the period ended 30 June, 2016
<b>Profit before tax</b>		<b>258,998,419</b>		<b>103,282,510</b>
Domestic tax rate	34.61%	89,634,172	34.61%	35,744,011
Tax exempt income	(13.16%)	(34,081,197)	(11.16%)	(11,531,362)
Tax effect due to non-taxable income for Indian tax purpose	(0.15%)	(393,325)	(6.34%)	(6,549,925)
Tax disallowances	0.17%	431,495	0.79%	816,745
R & D Tax incentives	(5.39%)	(13,959,294)	(15.98%)	(16,508,872)
Lower tax for LTCG on FMP	(0.66%)	(1,716,921)	0.0%	-
Lower tax for dividend from foreign company	(2.40%)	(6,204,959)	-	-
Withholding taxes charged off	-	-	7.1%	7,310,980
<b>Effective tax</b>	<b>13.02%</b>	<b>33,709,971</b>	<b>8.99%</b>	<b>9,281,577</b>

### C. Movement in temporary differences

Particulars	Balance as at 1 April 2017	Recognised [(Credited)/ Charge] in profit or loss during the quarter	Recognised [(Credited)/ Charge] in OCI during the quarter	Balance as at 30 June 2017	Balance as at 1 April 2016
<b>(i) Deferred tax assets</b>					
Provisions- compensated absences, gratuity and other employee benefits	29,750,053	4,165,531	-	33,915,584	22,537,334
Provision for doubtful trade receivables / Loans and service income accrued but not due	45,950,510	177,477	-	46,127,988	21,809,996
Forward contracts	4,777,775	(861,777)	-	3,915,998	-
Deferred Tax adjustment on transitional entries	(261,240)	(3,016,753)	-	(3,277,993)	971,586
MAT credit entitlement	32,020,871	5,599,999	-	37,620,870	38,129,377
	<b>112,237,969</b>	<b>6,064,477</b>	<b>-</b>	<b>118,302,447</b>	<b>83,448,293</b>
<b>(ii) Deferred tax liabilities</b>					
Property, plant and equipment	14,750,954	1,074,446		15,825,400	25,988,014
<b>(iii) Net deferred tax asset</b>	<b>97,487,015</b>	<b>4,990,031</b>	<b>-</b>	<b>102,477,047</b>	<b>57,460,279</b>

Particulars	As at 30 June 2017	As at 31 March 2017	As at 1 April 2016
	(Rupees)	(Rupees)	(Rupees)
<b>2.7 INCOME TAX ASSETS (NET)</b>			
Balances with government authorities			
- Advance tax	110,639,481	98,944,832	93,612,383
	<b>110,639,481</b>	<b>98,944,832</b>	<b>93,612,383</b>
<b>2.8 OTHER NON- CURRENT ASSETS</b> (Unsecured considered good unless otherwise stated)			
a. Employee advances	3,742,752	3,742,752	
b. Capital advances	-	882,786	620,980
c. Prepaid expenses	39,222	130,919	1,962,857
d. Deferred rent	98,578	131,318	131,318
e. Deferred payroll	-	216,272	216,273
	<b>3,880,552</b>	<b>5,104,047</b>	<b>2,931,428</b>

## 2. Current investments

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### Investment in mutual funds

Name	Units as at 30 June, 2017	Value of units as at 30 June, 2017	Units as at 31 March, 2017	Value of units as at 31 March, 2017	Units as at 1 April, 2016	Value of units as at 1 April, 2016
	(Numbers)	(Rupees)	(Numbers)	(Rupees)	(Numbers)	(Rupees)
<b>-Investment in Mutual Funds (Unquoted)</b>						
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>						
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	-	-	43,151	43,178,720	-	-
Baroda Pioneer Treasury Advantage- DDR - Direct	62,908	63,468,062	-	-	-	-
Birla Sunlife Enhanced Arbitrage- MDR - Direct	1,844,943	20,377,766	1,817,623	20,069,288	-	-
Birla Sunlife Floating Rate Fund-STP- DDR - Direct	957,531	95,772,210	-	-	-	-
Birla Sunlife Floating Rate Fund- DDR - Direct	896,855	90,155,585	1,817,623	88,954,581	-	-
Birla Sunlife Savings Fund- DDR - Direct	1,064,840	106,799,912	1,050,696	105,381,902	1,656,005	166,092,642
DSP BlackRock Ultra Short Term Fund - DDR - Direct	6,648,426	66,955,633	6,570,493	66,170,783	3,017,107	30,295,981
HDFC Arbitrage Fund - Normal DR- Direct	9,126,027	98,150,423	8,999,649	96,701,230	6,661,947	70,696,578
HDFC Floating Rate - Short term plan- Wholesale – Direct - Daily Dividend-Reinvestment option.	5,923,984	59,719,085	5,852,502	58,998,483	5,510,650	55,552,307
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend- Reinvestment option	183,554	2,685,353	181,243	2,643,756	-	-
ICICI Prudential Flexible Income Plan - DDR - Direct	709,567	75,026,589	700,741	74,093,426	661,825	69,978,636
ICICI Prudential Money Market Fund-Dividend-Daily Reinvestment	-	-	-	-	-	-
ICICI Prudential Ultra Short Term Plan- Direct Plan- Daily Dividend-Reinvestment option	4,642,580	46,903,526	9,498,655	95,997,203	527,060	52,781,645
IDFC Arbitrage Fund Direct Plan- Monthly DR- Direct	4,905,740	63,864,880	4,834,786	62,916,523	4,297,906	55,632,530
IDFC Banking Debt Fund Regular Plan- Dividend	-	-	-	-	2,440,192	24,776,243
IDFC Money Manager Direct Plan- DDR- Direct	11,032,125	111,843,686	21,354,937	216,605,265	-	-
IDFC Ultra Short Term Fund-	9,000,390	91,003,849	3,972,719	40,168,563	-	-

DDR - Direct							
Invesco Ultra Short Fund Direct Plan- DDR- Direct	69,183	70,494,958	68,358	69,654,670	-	-	
Kotak Equity Arbitrage Fund- Fortnightly DR- Direct	12,388,961	294,882,053	12,211,710	290,214,945	-	-	
Kotak Equity Arbitrage Fund- Monthly DR- Direct	-	-	-	-	6,911,836	75,272,658	
Kotak Floater Short Term Fund-Direct Plan-Daily Dividend-Reinvestment Option	-	-	-	-	138,558	140,167,631	
L&T Ultra Short Direct Plan- Daily Dividend-Reinvestment Option	6,058,380	63,243,428	3,451,435	36,029,532	-	-	
LIC Saving Plus Fund - DDR - Direct	15,134,773	152,861,209	14,953,849	151,033,875	-	-	
Mahindra Liquid Fund-Direct Plan-Daily Dividend-Reinvestment Option	-	-	50,553	50,561,379	-	-	
Reliance Arbitrage Advantage Fund-Monthly DR- Direct	9,633,040	104,099,445	9,500,252	102,539,070	4,292,755	45,582,618	
Reliance Medium Term Fund - Daily Dividend -Reinvestment option-Direct	3,161,331	54,046,425	3,121,316	53,361,701	101,573	155,279,073	
Sundaram Ultra Short Term Fund - DDR - Direct			2,594,257	26,056,458	-	-	
Tata ultra short - DDR - Direct	18,100	18,163,903	-	-	-	-	
UTI Money market Fund- Institutional Plan- Direct Plan-Daily Dividend-Reinvestment	62,558	62,769,704	-	-	-	-	
UTI-Treasury Advantage Fund - Institutional Plan - DDR - Direct	143,982	144,321,143	142,227	142,562,106	-	-	
UTI Floating Rate Fund STP – Daily Income Option-Reinvestment-Direct	128,832	138,735,787	127,315	137,102,532	43,995	47,377,198	
SBI Ultra Short Term Debt Fund - DDR - Direct	-	-	-	-	5,011	5,041,176	
Sundaram Ultra Short Term Fund - DDR - Direct	-	-	-	-	4,468,675	44,882,928	
<b>-Fixed Maturity Plans/Interval Plans (quoted)</b>							
<i>Fixed maturity plan at Amortised cost</i>							
Reliance Fixed Horizon Fund XXX – Series 9-Direct-Div Payout	-	-	-	-	3,747,632	37,476,319	
UTI FIIF-QIP-III-Direct-Div Payout	-	-	-	-	4,992,112	50,277,059	
HDFC FMP 370D June 2014 (2) Series 31 – Growth Option	1,000,000	12,721,308	1,000,000	12,477,098	-	-	
ICICI Prudential FMP Series 72 -368 Days Plan A Growth	-	-	-	-	5,000,000	60,209,395	

ICICI Prudential FMP Series 74 -369 Days Plan T Growth	10,000,000	127,732,376	10,000,000	125,247,216	-	-
Reliance Fixed Horizon Fund- XXVI- Series 31- Growth Option	5,000,000	63,686,292	5,000,000	62,457,402	-	-
UTI Fixed Term Income Fund- Series XIX-VIII (368 Days) Growth			1,000,000	12,498,667	-	-
HDFC FMP 1128D March 2015(1) Direct Growth	5,000,000	60,048,843	-	-	-	-
ICICI Prudential FMP Series 76-1108 Days Plan V-Direct- Growth	5,000,000	59,939,160	-	-	-	-
<b>Aggregate amount of investment</b>		<b>2,420,472,593</b>		<b>2,243,676,374</b>		<b>1,187,372,617</b>
<b>Aggregate book value of quoted investments</b>		324,127,979		212,680,383		147,962,773
<b>Aggregate market value of quoted investments</b>		326,116,500		214,420,700		148,585,670
<b>Aggregate value of unquoted investments</b>		2,096,344,614		2,030,995,991		1,039,409,844

Particulars	As at	As at	As at
	30 June 2017	31 March 2017	1 April 2016
	(Rupees)	(Rupees)	(Rupees)
<b>2.10 CURRENT TRADE RECEIVABLES</b> (Unsecured)			
Trade receivables			
- Considered good	555,054,215	534,040,445	781,119,460
- Considered doubtful	29,295,787	34,279,260	36,614,951
	584,350,002	568,319,705	817,734,411
Less: Allowances for doubtful debts-trade receivables	(29,295,787)	(34,279,260)	(36,614,951)
<b>Total</b>	<b>555,054,215</b>	<b>534,040,445</b>	<b>781,119,460</b>
Note :			
Includes dues from subsidiaries (see note 2.36)			
<b>2.11 Cash and cash equivalents</b>			
a. Cash on hand	49,499	60,603	14,156
b. Cheques on hand	-	-	341,286
c. Balances with scheduled banks:			
- in current accounts	3,371,255	20,121,492	17,517,010
- in EEFC accounts	100,717,875	70,250,241	13,603,072
d. Balance with non scheduled banks in current accounts:			
- Citibank, United Kingdom	1,035,978	906,038	948,451
- Citibank, United Arab Emirates	2,064,444	2,194,767	1,364,186
- Citibank, USA	3,360,614	3,503,353	1,028,035
e. Balances with scheduled banks in deposit accounts with	44,471,558	12,324,732	5,202,966

original maturity of less than 3 months

<b>Total - Cash and cash equivalents</b>	<b>155,071,223</b>	<b>109,361,226</b>	<b>40,019,162</b>
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## 2.12 OTHER BANK BALANCES

a. Balances with scheduled banks in earmarked accounts: - unclaimed dividend accounts	2,772,285	2,854,790	4,363,477
b. Balances with scheduled banks in deposit accounts - Maturity with in 12 months	295,763,354	222,540,649	974,886,474
<b>Total - Other bank balances</b>	<b>298,535,639</b>	<b>225,395,439</b>	<b>979,249,951</b>

Note:

[Balance with scheduled banks in deposit accounts include Rs 4,681,263 (31 March 2017 Rs 4,370,767 and 1 April, 2016 Rs 4,794,311) which are under lien and restricted from being settled with in 12 months from the balance sheet date.]

## 2.13 SHORT-TERM LOANS

(Unsecured considered good unless otherwise stated)

Loans and advances to employees - Staff Loans	3,600,530	3,280,647	10,364,413
	<b>3,600,530</b>	<b>3,280,647</b>	<b>10,364,413</b>

## 2.14 OTHER CURRENT FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

a. Security deposit	74,730	156,880	962,874
b. Mark-to-market gain on forward contracts	7,960,418	13,628,172	31,200
c. Expenses recoverable from customers	2,291,747	4,159,161	2,591,072
d. Application money for Mutual fund and Preference shares (considered good)	32,500,000	-	42,490,000
e. Others	-	-	1,332,013
	<b>42,826,895</b>	<b>17,944,213</b>	<b>47,407,159</b>

## 2.15 OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

a. Service income accrued but not due			
- Considered good	96,892,105	61,867,476	76,111,947
- Considered doubtful	23,990,467	25,317,577	28,506,796
	120,882,572	87,185,053	104,618,743
Less : Provision for service income accrued but not due	(23,990,467)	(25,317,577)	(28,506,796)
	96,892,105	61,867,476	76,111,947
b. Employee advances	3,796,567	5,124,413	2,509,167
c. Prepaid expenses	44,114,251	25,220,389	33,739,491
d. Balances with government authorities - Service tax / VAT credit receivable	10,982,349	4,600,632	8,071,410
e. Others			

- Supplier advances			
- Considered good	3,084,459	21,848,928	23,763,815
- Considered doubtful	1,733,709	361,073	511,073
	4,818,168	22,210,001	24,274,888
Less : Provision for doubtful advances	1,733,709	361,073	511,073
	3,084,459	21,848,928	23,763,815
f. Deferred payroll	634,364	317,562	273,565
g. Deferred rent	-	-	323,249
	<b>159,504,095</b>	<b>118,979,400</b>	<b>144,792,644</b>

Particulars	As at	As at	As at
	30 June 2017	31 March 2017	1 April 2016
	(Rupees)	(Rupees)	(Rupees)
<b>2.16 SHARE CAPITAL</b>			
<b>a. Authorised</b>			
Equity shares			
40,000,000 (40,000,000) equity shares of Rs. 10 each	<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>
<b>b. Issued, Subscribed and Paid-Up</b>			
<b>Issued</b>			
32,386,524 (32,386,524) equity shares of Rs. 10 each			
<b>Subscribed and Paid-Up</b>			
32,383,724 (32,383,724) equity shares of Rs. 10 each, fully paid up	323,837,240	323,837,240	323,837,240
Add: 2,800 (2,800) forfeited equity shares pending reissue (see note (iv) below)	15,000	15,000	15,000
	<b>323,852,240</b>	<b>323,852,240</b>	<b>323,852,240</b>

Refer notes (i) to (vi) below :-

- (i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :-**

Particulars	Opening balance	Allotted under Employee Stock Option Plans	Closing balance
a. For the period ended 30 June, 2017			
- Number of shares	32,383,724	-	32,383,724
- Amount	323,837,240	-	323,837,240
b. For the year ended 31 March, 2017			
- Number of shares	32,383,724	-	32,383,724
- Amount	323,837,240	-	323,837,240

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

distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at 30 June, 2017		As at 31 March, 2017	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	27.79%	9,000,000	27.79%
Nucleus Software Engineers Private Limited	2,385,882	7.37%	2,385,882	7.37%
Madhu Dusad	3,066,248	9.47%	3,066,248	9.47%
Fidelity Puritan Trust- Fidelity Low-Priced Stock Fund	2,200,000	6.79%	2,200,000	6.79%

(iv) **Details of forfeited shares**

Particulars	As at 30 June, 2017		As at 31 March, 2017	
	(Number)	(Rupees)	(Number)	(Rupees)
Equity shares with voting rights	2,800	15,000	2,800	15,000

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

- a. Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from October 28, 2014. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- b. The Company currently has one ESOP scheme- ESOP Scheme - 2015 (instituted in 2015) which was duly approved by the Board of Directors and Shareholders. The ESOP Scheme 2015 provides for 500,000 options to eligible employees. As per ESOP scheme 2015, equity shares would be transferred to eligible employees on exercise of options through Nucleus Software Employee Welfare Trust. The scheme is administered by the Compensation Committee comprising three members, the majority of whom are independent directors.
- c. There are no options granted, forfeited and exercised during the period under ESOP Scheme 2015.
- (vi) The Board of Directors of the Company, at its meeting held on April 25, 2017 has approved a proposal to buy-back not exceeding Rs 117.79 crore, at maximum price of Rs. 350 per equity share.

The Shareholders of the Company have approved the scheme of Buyback of 33,43,000 (Thirty Three Lakhs Forty Three Thousand) equity shares of the face value of Rs.10/- each fully paid up at a price of Rs. 350/- (Rupees Three Hundred and Fifty Only) (the "Buyback Price") payable in cash aggregating upto Rs. 117,00,50,000/- (Rupees One Hundred and Seventeen Crore and Fifty Thousand only) through Postal Ballot on June 15, 2017 . The Company has made the Public Announcement of the same which was published on June 19, 2017.

Particulars	As at	As at	As at
	30 June 2017	31 March 2017	1 April 2016
	(Rupees)	(Rupees)	(Rupees)
<b>2.17 OTHER EQUITY</b>			
<b>a. Capital reserve</b>			
Opening balance	8,900,230	8,900,230	8,900,230
Closing balance	<b>8,900,230</b>	<b>8,900,230</b>	<b>8,900,230</b>
<b>b. Securities premium account</b>			

Opening balance	21,901,489	21,901,489	21,901,489
Closing balance	<b>21,901,489</b>	<b>21,901,489</b>	<b>21,901,489</b>
<b>c. General reserve</b>			
Opening balance	822,708,220	822,708,220	822,708,220
Closing balance	<b>822,708,220</b>	<b>822,708,220</b>	<b>822,708,220</b>
<b>d. Surplus in Statement of Profit and Loss</b>			
Opening balance	3,618,963,919	3,101,129,128	2,763,142,154
Add: Profit for the period	225,288,448	517,834,791	482,601,294
Less : Appropriations			
- Interim Dividend			(161,918,620)
- Corporate Dividend tax	-		17,304,300
Closing balance	<b>3,844,252,367</b>	<b>3,618,963,919</b>	<b>3,101,129,128</b>
<b>e. Other comprehensive Income</b>			
<b>Equity instrument through other comprehensive income</b>			
Opening balance	103,475,000	43,875,000	-
Add: Equity Instruments through Other Comprehensive Income (net of tax)	(28,587,500)	59,600,000	43,875,000
Closing balance	74,887,500	103,475,000	43,875,000
<b>Hedging reserve [see note 2.31]</b>			
Opening balance	13,628,172	2,386,600	6,487,284
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	(5,667,754)	11,241,572	(4,100,684)
Closing balance	7,960,418	13,628,172	2,386,600
<b>Remeasurement of net defined benefit plans</b>			
Opening balance	(5,858,912)	-	-
Add: Remeasurement of net defined benefit plans	(1,611,200)	(5,858,912)	-
Closing balance	(7,470,112)	(5,858,912)	-
	<b>75,377,806</b>	<b>111,244,260</b>	<b>46,261,600</b>
	<b>4,773,140,112</b>	<b>4,583,718,118</b>	<b>4,000,900,667</b>

Note :

- (i) The Board of Directors recommended a Final Dividend of Rs. 5 per share (on equity share of par value of Rs. 10 each) for the year ended March 31, 2017. The payment is approved in the Annual General Meeting held on 8th July 2017.

Particulars	As at	As at	As at
	30 June 2017	31 March 2017	1 April 2016
	(Rupees)	(Rupees)	(Rupees)
<b>2.18 OTHER NON- CURRENT FINANCIAL LIABILITIES</b>			
Annual incentive payable	4,938,902	4,207,256	-

	4,938,902	4,207,256	-
<b>2.19 NON-CURRENT PROVISIONS</b>			
Provision for employee benefits			
- Provision for compensated absences	48,188,260	44,906,170	38,152,090
	<b>48,188,260</b>	<b>44,906,170</b>	<b>38,152,090</b>
<b>2.20 OTHER NON- CURRENT LIABILITIES</b>			
Advance from customers / Advance billings	-	-	31,993,885
	-	-	<b>31,993,885</b>
<b>2.21 TRADE PAYABLES</b>			
a. Trade Payables			
Trade Payables (see note below)	303,077,166	261,487,006	221,940,567
b. Due to subsidiaries (see note 2.36)	35,696,157	27,821,706	62,583,703
	<b>338,773,323</b>	<b>289,308,712</b>	<b>284,524,270</b>
The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			
<b>2.22 OTHER CURRENT FINANCIAL LIABILITIES</b>			
a. Unpaid dividends	2,772,285	2,854,790	4,359,490
b. Payable for purchase of fixed assets	2,830,269	1,316,554	1,316,554
	<b>5,602,554</b>	<b>4,171,344</b>	<b>5,676,044</b>
<b>2.23 CURRENT PROVISIONS</b>			
Provision for employee benefits			
- Provision for compensated absences	16,572,856	15,444,083	13,881,550
	<b>16,572,856</b>	<b>15,444,083</b>	<b>13,881,550</b>
<b>2.24 INCOME TAX LIABILITIES</b>			
Provision for tax	625,000	2,192,450	14,446,733
	<b>625,000</b>	<b>2,192,450</b>	<b>14,446,733</b>
<b>2.25 OTHER CURRENT LIABILITIES</b>			
a. Advance from customers / Advance billings	304,518,291	323,027,964	358,915,742
b. Deferred revenue	505,744,087	426,489,705	367,100,368
c. Other payables - statutory liabilities	31,542,285	38,642,767	31,060,859
e. Payable to gratuity trust (see note 2.39)	27,363,551	21,017,035	10,986,460
	<b>869,168,214</b>	<b>809,177,471</b>	<b>768,063,429</b>

Particulars	Quarter ended 30 June 2017 (Rupees)	Quarter ended 30 June 2016 (Rupees)
<b>2.26 INCOME FROM SOFTWARE PRODUCTS AND SERVICES</b>		
a. Software development services and products		

- Domestic	265,776,610	220,658,493
- Overseas	491,933,640	490,334,700
	<b>757,710,250</b>	<b>710,993,193</b>

## 2.27 OTHER INCOME

a.	Interest income on financial assets- carried at amortised cost :		
	- Deposits with banks	5,863,557	22,356,078
	- Loan to subsidiary	-	1,587,181
	- Tax free bonds	14,997,892	14,978,184
	- Debentures	997,260	-
	- Non- current trade receivable	-	2,310,921
	- Fixed maturity plan	8,086,893	8,205,347
	- preference shares	9,997,464	3,444,533
	- others	2,213,792	184,104
b.	Dividend income from		
	- Current, non trade investments	25,629,243	17,140,149
	- Non-current, non trade investment	5,350,081	-
	- Subsidiary companies	138,900,750	-
c.	Net gain / (loss) on sale of investments		
	-Current, non trade investments	-	(824)
	MTM gain or (loss) on mutual funds	743,277	-
d.	Net Gain / (Loss) on foreign currency		
	- Gain / (Loss) on exchange fluctuation	(782,796)	(2,241,651)
e.	Other non-operating income		
	- Net profit on sale of fixed assets/discarded assets	60,166	2,573,116
	- Miscellaneous income	307,815	543,902
		<b>212,365,394</b>	<b>71,081,040</b>

## 2.28 EMPLOYEE BENEFIT EXPENSE

a.	Salaries and wages	451,828,200	412,508,655
b.	Contribution to provident and other funds	22,989,202	20,696,884
c.	Gratuity expense	5,787,130	5,811,558
d.	Staff welfare expenses	9,233,274	9,147,474
		<b>489,837,806</b>	<b>448,164,571</b>

## 2.29 OPERATING AND OTHER EXPENSES

a.	Outsourced technical service expense	25,464,195	30,428,431
b.	Cost of software purchased for delivery to clients	4,764,281	1,419,340
c.	Power and fuel	11,785,078	11,093,571
d.	Rent (see note 2.32)	7,515,331	9,143,135
e.	Repair and maintenance		
	- Buildings	663,974	483,655
	- Others	6,857,151	6,739,236
f.	Insurance	1,153,311	1,277,092
g.	Rates and taxes	7,035,753	742,518
h.	Travel expenses		
	- Foreign	28,042,979	23,299,163
	- Domestic	9,421,237	5,267,030
i.	Advertisement, business development and promotion	1,687,267	3,721,262
j.	Legal and professional (see note 2.34)	11,963,772	12,292,774

k.	Directors remuneration	3,023,600	2,508,500
l.	Conveyance	4,524,023	4,607,726
m.	Communication	4,395,291	4,261,855
n.	Training and recruitment	10,227,662	5,167,152
ó.	Adjustment to the carrying amount of investments	-	(816,325)
p.	Conference, exhibition and seminar	1,923,663	1,436,474
q.	Information technology expenses	16,680,841	10,658,202
r.	Provision for doubtful debts/advances/other current assets	(1,431,686)	1,164,829
s.	Commission to channel partners	1,420,732	2,033,233
t.	Expenditure on corporate social responsibility (see note 2.42)	2,500,000	1,000,000
ú.	Sales and marketing fee	36,108,501	56,642,912
v.	Miscellaneous expenses	8,693,604	8,431,591
		<b>204,420,560</b>	<b>203,003,356</b>

## 2.30 FINANCE COST

Bank Charges	765,463	885,995
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## 2.31 Financial Instruments

### a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories of June 30, 2017 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash and cash equivalents (2.11)	155,071,223	-	-	155,071,223	155,071,223
Other bank balances (2.12)	298,535,639	-	-	298,535,639	298,535,639
Investments (2.2 and 2.9)					
Equity Instruments (Other than subsidiaries)	-	-	77,387,500	77,387,500	77,387,500
Tax free bonds	826,386,304	-	-	826,386,304	825,168,810
Mutual funds (other than FMPs)	-	2,443,160,365	-	2,443,160,365	2,443,160,366
Fixed maturity plans (FMPs)	406,307,337	-	-	406,307,337	408,278,100
Debentures	52,389,041	-	-	52,389,041	52,389,041
Preference shares	524,871,704	25,000,000	-	549,871,704	549,871,704
Trade receivables (2.3 and 2.10)	611,651,313	-	-	611,651,313	611,651,313
Loans (2.4 and 2.13)	5,662,341	-	-	5,662,341	5,662,341
Other financial assets (2.5 and 2.14)	108,627,409	-	-	108,627,409	108,627,409
	<b>2,989,502,311</b>	<b>2,468,160,365</b>	<b>77,387,500</b>	<b>5,535,050,176</b>	<b>5,535,803,446</b>
<b>Liabilities:</b>					
Trade payables (2.21)	338,773,323	-	-	338,773,323	338,773,323
Other financial liabilities (2.18 and 2.22)	10,541,456	-	-	10,541,456	10,541,456
	<b>349,314,779</b>	-	-	<b>349,314,779</b>	<b>349,314,779</b>

The carrying value and fair value of financial instruments by categories of March 31, 2017 were as follows:

Particulars	Amortised cost	Financial assets/liabilities	Financial assets/liabilities	Total carrying value	Total fair value
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		Assets at fair value through profit or loss	Liabilities at fair value through OCI		
<b>Assets:</b>					
Cash and cash equivalents (2.11)	109,361,226	-	-	109,361,226	109,361,226
Other bank balances (2.12)	225,395,439	-	-	225,395,439	225,395,439
Investments (2.2 and 2.9)					
Equity Instruments (Other than subsidiaries)	-	-	105,975,000	105,975,000	105,975,000
Tax free bonds	815,503,413	-	-	815,503,413	820,051,810
Mutual funds (other than FMPs)	-	2,372,489,123	-	2,372,489,123	2,372,489,123
Fixed maturity plans (FMPs)	410,979,944	-	-	410,979,944	413,709,400
Debentures	51,391,781	-	-	51,391,781	51,391,781
Preference shares	514,874,241	23,500,000	-	538,374,241	538,374,241
Trade receivables (2.3 and 2.10)	590,498,224	-	-	590,498,224	590,498,224
Loans (2.4 and 2.13)	4,614,558	-	-	4,614,558	4,614,558
Other financial assets (2.5 and 2.14)	52,962,532	-	-	52,962,532	52,962,532
	<b>2,775,581,357</b>	<b>2,395,989,123</b>	<b>105,975,000</b>	<b>5,277,545,480</b>	<b>5,284,823,334</b>
<b>Liabilities:</b>					
Trade payables (2.21)	289,308,712	-	-	289,308,712	289,308,712
Other financial liabilities (2.18 and 2.22)	8,378,600	-	-	8,378,600	8,378,600
	<b>297,687,312</b>	-	-	<b>297,687,312</b>	<b>297,687,312</b>

The carrying value and fair value of financial instruments by categories of April 1, 2016 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>					
Cash and cash equivalents (2.11)	40,019,162	-	-	40,019,162	40,019,162
Other bank balances (2.12)	979,249,951	-	-	979,249,951	979,249,951
Investments (2.2 and 2.9)					
Equity Instruments (Other than subsidiaries)	-	-	51,250,000	51,250,000	51,250,000
Tax free bonds	813,438,225	-	-	813,438,225	810,946,000
Mutual funds (other than FMPs)	-	1,039,409,844	-	1,039,409,844	1,039,409,844
Fixed maturity plans (FMPs)	452,725,655	-	-	452,725,655	455,128,970
Preference shares	149,168,431	-	-	149,168,431	149,168,431
Trade receivables (2.3 and 2.10)	860,367,206	-	-	860,367,206	860,367,206
Loans (2.4 and 2.13)	79,134,749	-	-	79,134,749	79,134,749
Other financial assets (2.5 and 2.14)	174,984,072	-	-	174,984,072	174,984,072
	<b>3,549,087,451</b>	<b>1,039,409,844</b>	<b>51,250,000</b>	<b>4,639,747,295</b>	<b>4,639,658,385</b>
<b>Liabilities:</b>					
Trade payables (2.21)	284,524,270	-	-	284,524,270	284,524,270

Other financial liabilities (2.18 and 2.22)	5,676,044	-	-	5,676,044	5,676,044
	<b>290,200,314</b>	<b>-</b>	<b>-</b>	<b>290,200,314</b>	<b>290,200,314</b>

The carrying amount of current trade receivables, short term loan, current security deposit, trade payables, current financial liabilities and cash and cash equivalent are considered to be same as their fair values, due to their short-term nature.

The fair value of Non-current trade receivables, long term loan, Non-current security deposit and non-current financial liabilities were calculated based on cashflows discounted using a transition date lending rate as there is no material change in the lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusions of unobservable inputs including counterparty credit risk.

## b) Fair value hierarchy

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

### Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- for forward exchange contracts, the fair value is determined using quoted forward exchange rates at the reporting date.
- the fair value of remaining financial instruments is determined using discounted cash flows method.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of June 30, 2017:

Particulars	As of 30 June 2017	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Mutual fund units (2.2 and 2.9)	2,443,160,365	-	2,443,160,365	-
Fixed maturity plans (2.2 and 2.9)	408,278,100	408,278,100	-	-
Tax free bonds (2.2 and 2.9)	825,168,810	825,168,810	-	-
Debentures (2.2 and 2.9)	51,391,781	51,391,781	-	-
Preference shares (2.2)	549,871,704	549,871,704	-	25,000,000
Equity Instruments (Other than subsidiaries)	77,387,500	77,387,500	-	-
Derivative financial instruments- foreign currency forward contracts (2.14)	7,960,418	-	7,960,418	-
Application money for Mutual fund (2.14)	32,500,000	32,500,000	-	-
Non - Current Financial Assets- Trade receivables (2.3)	56,597,098	-	-	56,597,098
Non - Current Financial Assets- Loans to employees (2.4)	2,061,811	-	-	2,061,811
Non - Current Financial Assets- Security deposits (2.5)	14,064,457	-	-	14,064,457
<b>Financial liabilities</b>				
Other Non-current financial liabilities (2.18)	4,938,902	-	-	4,938,902

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

Particulars	As of 31 March 2017	Level 1	Level 2	Level 3
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<b>Financial assets</b>					
Mutual fund units (2.2 and 2.9)	2,372,489,123	-	2,372,489,123	-	-
Fixed maturity plans (2.2 and 2.9)	413,709,400	413,709,400	-	-	-
Tax free bonds (2.2 and 2.9)	820,051,810	820,051,810	-	-	-
Debentures (2.2 and 2.9)	51,391,781	51,391,781	-	-	-
Preference shares (2.2)	538,374,241	-	-	-	23,500,000
Equity Instruments (Other than subsidiaries)	105,975,000	105,975,000	-	-	-
Derivative financial instruments- foreign currency forward contracts (2.14)	13,628,172	-	13,628,172	-	-
Non - Current Financial Assets- Trade receivables (2.3)	56,457,779	-	-	-	56,457,779
Non - Current Financial Assets- Loans to employees (2.4)	1,333,911	-	-	-	1,333,911
Non - Current Financial Assets- Security deposits (2.5)	13,505,169	-	-	-	13,505,169
<b>Financial liabilities</b>					
Other Non-current financial liabilities (2.18)	4,207,256	-	-	-	4,207,256

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

<b>Particulars</b>	<b>As of 1 April 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
Mutual fund units (2.2 and 2.9)	1,039,409,844	-	1,039,409,844	-
Fixed maturity plans (2.2 and 2.9)	455,128,970	455,128,970	-	-
Tax free bonds (2.2 and 2.9)	810,946,000	810,946,000	-	-
Equity Instruments (Other than subsidiaries)	51,250,000	-	-	51,250,000
Derivative financial instruments- foreign currency forward contracts (2.14)	31,200	-	31,200	-
Non - Current Financial Assets- Trade receivables (2.3)	79,247,746	-	-	79,247,746
Non - Current Financial Assets- Loans to employees (2.4)	1,941,652	-	-	1,941,652
Non - Current Financial Assets- Security deposits (2.5)	12,983,245	-	-	12,983,245

**c) Financial risk management**

The Company's activities expose it to a variety of financial risks arising from financial instruments

- Market risk,
- Credit risk and
- Liquidity risk

Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the Company to identify risks and rate them appropriately. Top risks are identified and

remaining are categorized as other risks. The RMC then places updates to the Board on a quarterly basis, on key risks facing the Company, along with their mitigation plans.

#### i) Market risk

##### a) Hedge accounting

The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The Company's risk management policy is to hedge 40 to 55% of its estimated foreign currency exposure in respect of forecast sales over the following 12 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

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

Currency	As at 30 June 2017		As at 31 March, 2017		As at 1 April, 2016	
	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees
<b>Receivable</b>						
USD (Please refer note 1 below)	5,070,822	326,433,644	5,092,792	329,223,934	31,413	2,051,881
EURO	181,432	13,368,807	197,845	13,709,152	292,572	21,767,343
MYR	1,649,056	24,821,538	659,206	9,670,172	171,875	2,916,718
SGD	127,155	5,964,841	92,012	4,270,507	59,610	2,936,985
JPY	27,150,057	15,659,474	31,841,582	18,576,285	34,220,783	20,185,129
ZAR	702,140	3,213,007	664,888	3,012,485	5,893,060	26,518,768
AED	590,340	10,425,413	371,831	6,564,673	1,073,169	19,357,277
CHF	3,691	248,795	3,691	239,237	3,530	243,529
GBP			-	-	171,981	16,419,030
AUD	20,879	1,036,642	218,219	10,818,739	253,123	12,904,230
NGN						
Note 1-Forward contract outstanding USD 40,50,000 Rs. 261,549,000 ( previous year 31 March 2017 USD 41,50,000/-, Rs 26,91,27,500/-,previous year 31 March,2016 USD 5,875,000 Rs 389,277,500) have been adjusted with receivables )						
<b>Payable</b>						
USD	5,703,448	368,328,667	5,755,851	373,266,911	10,365,306	686,753,319
EUR	160,522	11,828,047	176,318	12,217,515	272,199	20,251,635
MYR	594,581	8,945,475	846,905	12,409,275	611,085	10,370,105
GBP	17,414	1,458,620	35,775	2,894,287	91,463	8,731,985

SGD	102,179	4,793,209	359	16,662	462,588	22,789,390
CHF	3,923	264,447	3,847	249,393	17,427	1,202,135
AED	395,738	6,988,726	247,064	4,361,918	328,342	5,922,469
ZAR	4,291,592	21,254,108	5,945,705	28,836,670	4,830,187	21,735,842
JPY	26,809,943	15,463,305	8,176,524	4,742,588	30,494,984	17,987,466
SEK	-	-	-	-	62,844	513,593
AUD	536,407	26,632,618	901,946	44,716,206	738,974	37,672,889
NGN	-	-	828,443	175,469	-	-
SAR	399,757	511,619	4,741	81,972	-	-

For the period ended June 30, 2017 March 31, 2017 and March 31, 2016, 10% depreciation / appreciation in the exchange rate between the Indian rupee and Foreign currencies, would have affected the Company's incremental profit by Rs. 6,529,668 ,Rs. 8,788,368 and Rs. 70,862,994

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

## b) Price risk

### (a) Exposure

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

### (b) Sensitivity

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

	Impact on profit before tax			Impact on other components of equity		
	30 June 2017	31 March 2017	1 April 2016	30 June 2017	31 March 2017	1 April 2016
<b>Increase 2%</b>						
Mutual funds	48,863,207	47,449,782	20,788,197	-	-	-
Equity instruments (other than subsidiaries)	-	-	-	1,547,750	2,119,500	1,025,000
<b>Decrease 2%</b>						
Mutual funds	(48,863,207)	(47,449,782)	(20,788,197)	-	-	-
Equity instruments (other than subsidiaries)	-	-	-	(1,547,750)	(2,119,500)	-1025000

### Derivative financial instruments

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

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

### Forward contracts

Forward contract outstanding	Buy/ Sell	As at 30 June,	Equivalent amount in Rupees 30 June,	As at 31 March,	Equivalent amount in Rupees 31 March,	As at 1 April,	Equivalent amount in Rupees 31 March,

		2017	2017	2017	2017	2016	2016
In USD	Sell	4,050,000	261,549,000	4,150,000	269,127,500	5,875,000	389,277,500

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

Particulars	As at	Equivalent amount in	As at	Equivalent amount in	As at	Equivalent amount in
	30 June, 2017	Rupees 30 June, 2017	31 March, 2017	Rupees 31 March, 2017	1 April, 2016	Rupees 31 March, 2016
Not later than one month	750,000	48,435,000	700,000	45,395,000	1,325,000	87,794,500
Later than one month and not later than three months	1,150,000	74,267,000	1,550,000	100,517,500	3,750,000	248,475,000
Later than three months and not later than one year	2,150,000	138,847,000	1,900,000	123,215,000	800,000	53,008,000

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

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2017:

Particulars	Period ended	Year ended
	June 30 2017	March, 31 2017
Balance at the beginning of the period	13,628,172	2,386,600
Gain / (Loss) recognised in other comprehensive income during the period	(5,667,754)	11,241,572
Balance at the end of the period	7,960,418	13,628,172

The company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Particulars	As at 30 June 2017	As at 31 March 2017	As at 1 April 2016
Gross amount of recognized financial asset	7,960,418	13,628,172	31,200
<b>Net amount presented in balance sheet</b>	<b>7,960,418</b>	<b>13,628,172</b>	<b>31,200</b>

## ii) Credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counter party fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 611,351,313 Rs. 590,498,223 and Rs. 860,367,206 as of June 30, 2017, March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to Rs. 96,892,105, Rs. 61,867,746 and Rs. 76,111,947 as of June 30, 2017, March 31, 2017 and March 31, 2016, respectively. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as Company's historical experience for customers.

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

Particulars	Period ended 30 June	Year ended 31 March	Year ended
	2017	2017	31 March
	(in %)	(in %)	2016
			(in %)
Revenue from top customer	8.39	7.96	10.36
Revenue from top five customers	27.46	28.02	32.23

#### Credit risk exposure

The reversal for lifetime expected credit loss on customer balances for the quarter ended 30 June 2017 is Rs. 4,983,473 and for the year ended March 31, 2017 was Rs. 2,335,692. The reversal for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was Rs. 8,430,878.

	Period ended 30 June	Year ended 31	Year ended
	2017	March 2017	31 March
			2016
Balance at the beginning	34,279,260	36,614,951	45,045,829
Impairment loss recognised/ reversed	(4,983,473)	(2,335,691)	(8,430,878)
<b>Balance at the end</b>	<b>29,295,787</b>	<b>34,279,260</b>	<b>36,614,951</b>

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in mutual fund units, quoted bonds issued by government, preference shares and non-convertible debentures.

a) Expected credit loss for loans, security deposits and Investments

#### As at 30 June 2017

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	1,485,826,408	0%	-	1,485,826,408
		Loans to employee	2,061,811	0%	-	2,061,811
		Security deposits	14,064,457	0%	-	14,064,457
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit - impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has	Loans to subsidiaries	73,177,409	100%	(73,177,409)	-

	increased significantly and credit –impaired				
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**As at 31 March 2017**

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	1,580,068,996	0%	-	1,580,068,996
		Loans to employee	4,614,558	0%	-	4,614,558
		Security deposits	13,505,169	0%	-	13,505,169
Loss allowance measured at life-time expected credit loss	Financial assets for which credit risk has increased significantly and not credit - impaired	NA	NA	NA	NA	NA
	Financial assets for which credit risk has increased significantly and credit –impaired	Loans to subsidiaries	73,177,409	100%	(73,177,409)	-

a) Expected credit loss for trade receivables under simplified approach

**As at 30 June 2017**

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	488,285,115	31,111,046	40,860,008	47,200,186	5,711,036	27,743,277	640,910,668
Expected credit losses (Loss allowance provision)					1,516,078	27,743,277	29,259,355
carrying amount of trade receivables (net of impairment)	488,285,115	31,111,046	40,860,008	47,200,186	4,194,958	-	611,651,313

**As at 31 March 2017**

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	474,872,597	39,354,616	66,349,641	6,736,122	3,185,247	34,279,260	624,777,483
Expected credit losses (Loss allowance provision)						34,279,260	34,279,260
carrying amount of trade receivables	474,872,597	39,354,616	66,349,641	6,736,122	3,185,247	-	590,498,223

(net of impairment)							
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### iii) Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of June 30, 2017, the Company had a working capital of Rs. 2,404,323,243 including cash and cash equivalent of Rs. 155,071,223 and current investment of Rs. 2,420,572,493 (31 March 2017 Rs. 2,132,383,684 including cash and cash equivalents of Rs 109,361,226 and current investments of Rs. 2,243,676,374).

The table below provides details regarding the contractual maturities of significant financial liabilities as of June 30, 2017:

Particulars	Less than 1 year	1-2 years	Total
Trade payables	338,773,323		338,773,323
Other financial liabilities	5,602,554	4,938,902	10,541,456

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

Particulars	Less than 1 year	1-2 years	Total
Trade payables	289,308,712	-	289,308,712
Other financial liabilities	4,171,344	4,207,256	8,378,600

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

Particulars	Less than 1 year	1-2 years	Total
Trade payables	284,524,270	-	284,524,270
Other financial liabilities	5,676,044	-	5,676,044

### d) Capital Management

The Company's objectives when managing capital are to:

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

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

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

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

	As at 30 June 2017	As at 31 March 2017	As at 1 April 2016
Total Liabilities	1,283,869,109	1,169,407,486	1,156,738,001
Less: Cash and cash equivalents	155,071,223	109,361,226	40,019,162
<b>Adjusted debt</b>	<b>1,128,797,886</b>	<b>1,060,046,260</b>	<b>1,116,718,839</b>
<b>Total equity</b>	<b>5,096,992,352</b>	<b>4,907,570,358</b>	<b>4,324,752,907</b>
<b>Adjusted net debt to equity ratio</b>	<b>0.22</b>	<b>0.22</b>	<b>0.26</b>

**(i) Risk management**

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

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

**(ii) Dividends**

Particulars	30 June 2017	31 March 2017	31 March 2016
(i) Equity Shares Interim dividend for the year ended 31 March 2017 of Rs. Nil (31 March 2016 of Rs. 5) Per fully paid up	-	-	161,918,620
(ii) Dividends not recognised at the end of reporting period	161,918,620	161,918,620	-
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 5. Per fully paid equity share. This proposed dividend is approved by shareholders in the ensuing annual general meeting held on 8 July 2017.			

**2.32 OPERATING LEASE**

**Obligations on long-term, non-cancellable operating leases**

The Company has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the quarter ended 30th June, 2017 is Rs. 74,82,591/- (quarter ended 30 June, 2016 is Rs. 90,58,103/-).

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

Particulars	As at 30 June, 2017	As at 31 March, 2017	As at 1 April 2016
	(Rupees)	(Rupees)	(Rupees)
a. <b>Contingent liabilities</b>			
Claims against the Company not acknowledged as debts	6,922,050	6,922,050	6,922,050
b. <b>Capital Commitments</b>			
Estimated amount of contracts remaining to be executed	3,162,411	3,203,204	3,180,687

on capital account and not provided for in the books of account (net of advances).

c. **Other Commitments**

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

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

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

Particulars	Quarter ended 30 June 2017 (Rupees)	Quarter ended 30 June 2016 (Rupees)
<b>2.34 Auditors Remuneration (excluding service tax)</b>		
a. As auditors - statutory audit, including quarterly audits	1,175,000	800,000
c. For other services	200,000	-
d. Reimbursement of expenses	143,910	-
	<b>1,518,910</b>	<b>800,000</b>

**2.35 Earnings per share**

Particulars		
a. Profit after taxation available to equity shareholders (Rupees)	225,288,448	94,000,933
b. Weighted average number of equity shares used in calculating basic earnings per share	32,383,724	32,383,724
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share	32,383,724	32,383,724
e. Basic earnings per share (Rupees)	6.96	2.90
f. Diluted earnings per share (Rupees)	6.96	2.90

**2.36 RELATED PARTY TRANSACTIONS**

**List of related parties – where control exists**

**a. Subsidiary Companies**

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan
- Nucleus Software Inc., USA
- Nucleus Software Netherlands B.V., Netherlands
- VirStra i-Technology Services Limited, India
- Nucleus Software Limited, India
- Nucleus Software Australia Pty. Ltd., Australia
- Nucleus Software South Africa Pty. Limited, South Africa (incorporated on 10 February, 2015)
- Avon Mobility Solutions Private Limited (acquired on 17 March 2016)

**b. Other related parties:**

Key managerial personnel:

- Vishnu R Dusad (Managing Director and Chief Executive Officer)
- Ravi Pratap Singh (Whole time Director)
- Nucleus Software Foundation (see note 2.44)
- Avon Solutions & Logistics Pvt Ltd

**2.36 RELATED PARTY TRANSACTIONS****Transactions with related parties**

Particulars	Quarter ended 30 June 2017 (Rupees)	Quarter ended 30 June 2016 (Rupees)
<b>a. Software development services and products</b>		
- Nucleus Software Japan Kabushiki Kaisha, Japan	12,506,551	9,199,947
- Nucleus Software Solutions Pte Ltd, Singapore	24,890,635	18,164,827
- Nucleus Software Inc., USA	1,258,660	2,244,028
- Nucleus Software Netherlands B.V., Netherlands	74,676	1,526,074
	<b>38,730,522</b>	<b>31,134,876</b>
<b>b. Other income</b>		
Dividend income		
- VirStrai -Technology Services Limited, India	50,000,000	-
- Nucleus Software Solutions Pte Ltd, Singapore	43,743,750	-
- Nucleus Software Inc., USA	45,157,000	-
	<b>138,900,750</b>	-

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

Particulars	Quarter ended 30 June 2017 (Rupees)	Quarter ended 30 June 2016 (Rupees)
<b>a. Salary and other benefits to Key managerial personnel</b>		
Short-term employee benefits	3,636,765	3,707,598
Contribution to provident and other funds	240,660	229,500
	<b>3,877,425</b>	<b>3,937,098</b>
<b>b. Cost of software purchased for delivery to clients</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	655,176	718,508
<b>c. Outsourced technical service expense</b>		
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	5,370,303
- Nucleus Software Inc., USA	-	-
- Nucleus Software Australia Pty Ltd.	7,882,059	9,135,815
	<b>7,882,059</b>	<b>14,506,118</b>
<b>d. Expenditure on Corporate Social Responsibility</b>		
Nucleus Software Foundation (see note 2.44)	2,500,000	1,000,000
<b>e. Lease rent paid</b>		
- Nucleus Software Limited, India	2,730,186	2,730,186
<b>f. Reimbursement of expenses from</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	1,076,019	1,663,557

- Nucleus Software Japan Kabushiki Kaisha, Japan	13,520,139	13,869,805
- Nucleus Software Inc., USA	181,291	33,098
- Nucleus Software Netherlands B.V., Netherlands	60,591	5,625
- VirStra i-Technology Services Limited, India	-	212,215
- Nucleus Software South Africa Pty Ltd, South Africa	9,760	6,335
- Nucleus Software Australia Pty Ltd., Australia	278,449	1,123,986
- Avon Mobility Solutions Private Limited	4,748	-
	<b>15,130,997</b>	<b>16,914,621</b>
<b>g. Reimbursement of expenses to</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	-	5,408
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	3,636
	-	<b>9,044</b>
<b>h. Sales &amp; marketing fee</b>		
- Nucleus Software Japan Kabushiki Kaisha, Japan	15,579,421	11,481,035
- Nucleus Software Solutions Pte Ltd, Singapore	14,201,877	29,601,725
- Nucleus Software Inc., USA	-	5,491,923
- Nucleus Software Australia Pty Ltd.	2,076,187	6,579,069
- Nucleus Software South Africa Pty Ltd	4,251,016	3,489,160
	<b>36,108,501</b>	<b>56,642,912</b>
<b>i. Investment in Preference Shares</b>		
- Avon Mobility Solutions Private Limited	1,500,000	17,500,000
<b>i. Communication Expenses</b>		
- Avon Solutions & Logistics Pvt Ltd	670,245	-

#### Outstanding balances as at period end

Particulars	As at 30 June 2017 (Rupees)	As at 31 March, 2017 (Rupees)	As at 1 April, 2016 (Rupees)
<b>a. Trade receivables</b>			
- Nucleus Software Solutions Pte Ltd, Singapore	18,071,760	9,353,614	9,869,215
- Nucleus Software Japan Kabushiki Kaisha, Japan	16,392,964	18,468,914	16,246,908
- Nucleus Software Inc., USA	4,211,398	-	3,954,098
- Nucleus Software Netherlands B.V., Netherlands	57,500	-	-
- VirStra i -Technology Services Limited, India	-	-	339,193
- Nucleus Software Limited, India	-	-	155,213
- Nucleus Software South Africa Pty Ltd, South Africa	9,760	-	-
- Nucleus Software Australia Pty Ltd., Australia	-	-	(171,701)
	<b>38,743,382</b>	<b>27,822,528</b>	<b>30,392,926</b>
<b>b. Trade payables</b>			
- Nucleus Software Solutions Pte Ltd, Singapore	3,894,226	(655,702)	24,763,484
- Nucleus Software Japan Kabushiki Kaisha, Japan	15,439,554	12,484,006	16,350,954
- Nucleus Software Australia Pty Ltd., Australia	11,260,193	11,633,732	13,338,096
- VirStra i -Technology Services Limited, India	27,500	-	-
- Nucleus Software Limited, India	819,056	900,961	5,787
- Nucleus Software South Africa Pty Ltd, South Africa	4,255,628	3,458,709	3,290,290

- Nucleus Software Inc., USA	-	-	4,835,092
- Avon Solutions & Logistics Pvt Ltd	-	45,000	-
	<b>35,696,157</b>	<b>27,866,706</b>	<b>62,583,703</b>
<b>c. Loans to subsidiaries</b>			
- Nucleus Software Limited, India	<b>73,177,409</b>	<b>73,177,409</b>	<b>80,110,221</b>
<b>d. Provision for doubtful loan</b>			
- Nucleus Software Limited, India	<b>73,177,409</b>	<b>73,177,409</b>	-
<b>e. Deferred revenue</b>			
- Nucleus Software Inc., USA	4,258,095	1,487,596	5,185,002
- Nucleus Software Netherlands B.V., Netherlands		89,575	1,276,214
	<b>4,258,095</b>	<b>1,577,171</b>	<b>6,461,216</b>
<b>f. Investments in subsidiary companies (net of provision) (see note 2.2)</b>	177,736,648	177,736,648	177,736,648
<b>g. Investments in preference shares of subsidiary companies</b>			
- Avon Solutions & Logistics Pvt Ltd	25,000,000	23,500,000	-
<b>h. Advance/Prepayment to subsidiaries</b>			
- Nucleus Software Solutions Pte Ltd, Singapore	1,334,098	2,046,023	2,099,090
<b>i. Expenses Payable to Subsidiaries</b>			
- Avon Solutions & Logistics Pvt Ltd	250,000	-	-

Particulars	Quarter ended 30 June 2017 (Rupees)	Quarter ended 30 June 2016 (Rupees)
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## 2.37 Research and development expenditure

Expenditure on research and development as per Ind AS 38

Revenue Expenditure	60,591,793	53,268,174
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The Company had been accorded initial recognition for the in-house Research and Development (R&D) unit by the Department of Scientific and Industrial Research (DSIR) for its R&D center at Noida effective 31 December, 2012 which was valid till 31 March, 2015. The Company has further received renewal of recognition for its R&D center for three years starting from 1 April, 2015.

## 2.38 Segment reporting – Basis of preparation

### a Segment accounting policies

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The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Ind AS 108. The segmentation is based on the Geographies (reportable business segment) in which the Company operates and internal reporting systems. The geographical segmentation is based on the nature and type of services rendered. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Market (CODM) evaluates the company's performance and allocate resources based on an analysis of various performance indicators by business segments and geographical segments.

b **Composition of reportable segments**

The Company operates in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia which individually contribute 10% or more of the Company's revenue and segment assets.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are categorised in relation to the associated turnover and/or man months. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between segments and across geographies. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under "Unallocated" head.

The geographical segmentation is based on the nature and type of services rendered. Accordingly, geographical Segmentation has been classified under Products and Software Projects and Services. Products revenue includes Income from sale of licenses and all other related customization, implementation, time and material contracts, fixed price contracts and annual technical service for these licenses. Software projects and services includes other time and material contracts and fixed price contracts, whereby no license sale is made by the Company.

**Information in respect of business segment**

The profit and loss for reportable business segment is set out below:

a. For the Quarter ended 30 June, 2017

Description	(Amount in Rupees)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	265,776,610	64,273,514	116,820,855	111,194,178	140,567,050	20,839,721	26,349,604	11,888,718	757,710,250
Expenses	149,505,851	31,296,641	120,004,831	83,334,061	82,239,151	4,920,620	17,863,334	8,889,466	498,053,955
Segment result	116,270,759	32,976,873	(3,183,976)	27,860,117	58,327,899	15,919,101	8,486,270	2,999,252	259,656,295
Unallocated corporate expenditure									213,023,270
Operating profit before taxation									46,633,025
Other income									212,365,394
Profit before taxation									258,998,419
<b>Tax Expense</b>									
Net current tax expense									33,100,000
Net deferred tax credit									609,971
									33,709,971
<b>Profit for the quarter</b>									<b>225,288,448</b>

b. For the Quarter ended 30 June, 2016

Description	(Amount in Rupees)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	220,658,494	63,890,046	118,860,428	96,730,409	126,074,831	23,935,099	45,417,214	15,426,673	710,993,193
Expenses	151,597,042	34,976,726	84,966,627	81,956,696	75,006,207	12,005,267	22,465,100	13,560,016	476,533,681

Segment result	69,061,452	28,913,320	33,893,801	14,773,713	51,068,624	11,929,832	22,952,114	1,866,656	234,459,512
Unallocated corporate expenditure									202,258,042
Operating profit before taxation									32,201,470
Other income									71,081,040
Profit before taxation									103,282,510
<b>Tax Expense</b>									
Net current tax expense									17,110,980
Net deferred tax credit									(7,829,403)
									9,281,577
<b>Profit for the quarter</b>									<b>94,000,933</b>

Assets and liabilities of reportable business segment are as follows:

a. As at June 2017

Description	(Amount in Rupees)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	396,286,115	58,009,866	104,723,941	65,679,323	89,986,538	45,377,192	1,036,642	19,411,131	780,510,747
Unallocated corporate assets									5,600,350,714
<b>Total assets</b>									<b>6,380,861,461</b>
Segment liabilities	552,466,766	41,838,267	201,507,799	77,766,746	202,319,187	73,904,829	31,141,464	16,615,943	1,197,561,000
Unallocated corporate liabilities	5,524.67	418.38	2,015.08	777.67	2,023.19	739.05	311.41	166.16	86,308,109
<b>Total liabilities</b>									<b>1,283,869,109</b>
									<b>5,096,992,352</b>

b. As at 31 March, 2017

Description	(Amount in Rupees)								
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
Segment assets	337,298,232	48,116,938	77,652,422	76,147,237	111,901,749	29,623,913	11,741,239	22,990,684	715,472,415
Unallocated corporate assets									5,361,505,429
<b>Total assets</b>									<b>6,076,977,844</b>
Segment liabilities	456,699,017	43,935,537	195,379,894	75,625,293	212,836,467	72,033,144	50,914,747	15,086,702	1,122,510,799
Unallocated corporate liabilities									46,896,687
<b>Total liabilities</b>									<b>1,169,407,486</b>
									<b>4,907,570,358</b>

## 2.39 Employee Benefit Obligations

### Defined contribution plans

An amount of Rs 80,910,509 for the year ended 31 March, 2017 (Year ended 31 March, 2016 Rs 75,942,046), have been recognized as an expense in respect of Company's contribution for Provident Fund and Rs. 427,932 (Year ended 31

March, 2016 Rs. 118,035) for Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

### Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs. 1,000,000 in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

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

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

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2017 :

Particulars	As at	As at
	31 March, 2017	31 March, 2016
	(Rupees)	(Rupees)
<b>a. Change in defined benefit obligations (DBO) during the year</b>		
Obligation at beginning of the year	140,975,938	122,248,328
Current service cost	19,486,237	18,382,179
Interest cost	10,992,195	9,956,441
Actuarial losses/(gains)	5,704,202	8,474,080
Benefits paid	(11,721,172)	(18,085,090)
Obligation at year end	<b>165,437,400</b>	<b>140,975,938</b>
<b>b. Change in plan assets</b>		
Plan Assets at year beginning, at fair value	129,989,479	119,678,080
Expected return on asset plan	10,009,543	9,206,277
Contributions by employer	16,297,225	18,001,217
Actuarial (losses)/gains	(154,710)	1,188,995
Benefits paid	(11,721,172)	(18,085,090)
Plan assets at year end, at fair value	<b>144,420,365</b>	<b>129,989,479</b>
<b>c. Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	165,437,400	140,975,938
Fair value of plan assets	144,420,365	129,989,479
Funded status- Surplus/ (Deficit)	(21,017,035)	(10,986,459)
Unrecognised past service costs	-	-
<b>Net liability recognised in the Balance Sheet</b>	<b>(21,017,035)</b>	<b>(10,986,459)</b>
<b>d. Gratuity cost for the year:</b>		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
	(Rupees)	(Rupees)
Current service cost	19,486,237	18,382,179
Interest cost	10,992,195	9,956,441
Expected return on asset plan	(10,009,543)	(9,206,276)
Actuarial losses/(gains)	6,434,125	7,285,084

Net gratuity cost	<b>26,903,014</b>	<b>26,417,428</b>
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f. **Experience adjustment**

Particulars	Year ended 31 March, 2013	Year ended 31 March, 2014	Year ended 31 March, 2015	Year ended 31 March, 2016	Year ended 31 March, 2017
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Defined benefit obligation	91,032,223	101,331,144	122,248,328	140,975,938	165,437,400
Plan assets	-	-	119,678,080	129,989,478	144,420,365
Surplus/(Deficit)	(91,032,223)	(101,331,144)	(2,570,248)	(10,986,460)	(21,017,035)
Experience adjustment on plan liabilities	(2,781,491)	3,407,556	110,250	6,196,728	680,635
Experience adjustment on plan assets	-	-	3,455,543	1,188,995	(154,710)

g. **Economic assumptions :**

	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 31 March, 2017	As at 31 March, 2016
	Discount rate	6.90%
Salary escalation rate	7.50%	8.00%
Expected return on plan assets	8.00%	8.00%

**Discount rate:**

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

**Salary escalation rate:**

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

**Expected return on plan assets:**

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

h. **Demographic assumptions**

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

i. **Withdrawal rates**

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

j. **Category of asset**

Insurer Managed Funds	144,420,365	129,989,479
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Actuarial valuation of the Company's liability on account of gratuity as at 31 March 2017 was carried out by an independent actuary. The Company has a policy of getting the actuarial valuation done on an annual basis. Accordingly, the actuarial valuation has not been carried out for the quarter ended 30 June 2017. Accordingly, disclosures required under Ind-AS19 have been made for the year ended 31 March 2017.

## 2.40 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

Particulars	Quarter ended 30 June 2017	Quarter ended 30 June 2016
	(Rupees)	(Rupees)
Income from software services and products	757,710,250	710,993,193
Software development expenses	524,521,453	460,194,778
<b>Gross Profit</b>	<b>233,188,797</b>	<b>250,798,415</b>
Selling and marketing expenses	83,618,572	120,141,726
General and administration expenses	86,883,804	71,717,418
<b>Operating profit before depreciation</b>	<b>62,686,421</b>	<b>58,939,271</b>
Depreciation and amortisation expense	16,053,396	26,737,801
<b>Operating profit after depreciation</b>	<b>46,633,025</b>	<b>32,201,470</b>
Other income	212,365,394	71,081,040
<b>Profit before tax</b>	<b>258,998,419</b>	<b>103,282,510</b>
Tax expense:		
Net current tax expense	33,100,000	17,110,980
Deferred tax (credit) /charge	609,971	(7,829,403)
	<b>33,709,971</b>	<b>9,281,577</b>
<b>Profit for the period</b>	<b>225,288,448</b>	<b>94,000,933</b>
<b>Other comprehensive income</b>		
(A) (i) Items that will not be reclassified to profit or loss		
a) Remeasurements of the defined benefit plans	(1,611,200)	(1,618,002)
b) Equity instruments through other comprehensive income	(28,587,500)	48,650,000
(ii) Deferred tax relating to Items that will not be reclassified to profit or loss	-	(4,875,000)
(B) (i) Items that will be reclassified subsequently to profit or loss		
a) Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(5,667,754)	85,752
<b>Total other comprehensive income</b>	<b>(35,866,454)</b>	<b>51,992,750</b>
<b>Total comprehensive income</b>	<b>189,421,994</b>	<b>145,993,683</b>

## 2.41 TRANSFER PRICING

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

expense and that of provision for taxation.

## 2.42 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Particulars	Quarter ended 30 June 2017	Quarter ended 30 June 2016
	(Rupees)	(Rupees)
Gross amount required to be spent by Company during the year ended 31 March, 2018 / 31 March, 2017 :	11,111,874	11,007,798
Amount spent during the year on purposes other than Construction/acquisition of any asset	2,500,000	1,000,000
<b><u>Details of related party transactions:</u></b>		
Nucleus Software Foundation (See note 2.36)	2,500,000	1,000,000

- 2.43** On March 17, 2016, the Company has acquired 96% stake in Avon Mobility Solutions Pvt. Ltd. ('Avon'), a Mobile Technology Solutions provider for a purchase consideration of Rs 19,200,720. The Company has also taken over Avon's net liabilities aggregating to Rs. 12,504,061. Further, the Company has an option to acquire the remaining 4% shares of Avon as per terms and conditions of share purchase agreement executed with the shareholders of Avon. During the year ended March 31 2017, the Company has further subscribed 2,350,000 11% redeemable preference shares of face value of Rs. 10 per share, for a minimum tenor of 5 years and maximum tenor of 20 years.

## 2.44 First-time adoption of Ind-AS

These standalone interim financial statements of Nucleus Software Exports Limited for the quarter ended June 30, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the quarter ended June 30, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in note 2.39.

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

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

#### A Optional exemptions availed

##### 1 Property plant and equipment and intangible assets

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as deemed cost for all the items of property, plant and equipment and Intangible assets.

##### 2 Designation of previously recognised financial instruments

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognised financial assets, as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the company has designated its investments in certain equity instruments at fair value through other

comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

### **3 Investment in Subsidiaries**

As per Ind AS 101, when an entity prepare separate financial statements , Ind AS 27 requires it to account for its investments in subsidiaries either:

(a) at cost or

(b) in accordance with Ind AS 109.

The Company has chosen to avail the option to measure the investment in subsidiaries at cost.

### **4 Share- Based payment transactions**

The Company can apply Ind AS 102 Share- based payment to equity instruments that vested before date of transition to Ind ASs. However, if an entity elects to apply Ind AS 102 to such equity instruments, it may do so only if it has disclosed publicly the fair value of those equity instruments. The Company has chosen not to apply Ind AS 102 to equity instruments that vested before date of transition.

## **B Mandatory exceptions**

### **1 Estimates**

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

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

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

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

### **2 Classification and measurement of financial assets**

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

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

### **3 Hedge Accounting**

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

## 2.45 Reconciliations

### a) Reconciliation of Total Equity

Particulars	Note	As at 31 March, 2017	As at 30 June, 2016	As at 1 April 2016
Equity as reported under Previous GAAP (A)		4,410,423,550	3,995,833,422	3,920,997,514
Impact of Ind AS opening adjustment (B)		79,903,153	79,903,153	-
<b>Less:</b>				
Investments in Mutual funds at Fair value through PL	1.1 f)	1,106,907	(816,325)	(574,776)
Profit on sale of long term investment-FMP	1.1 b)	14,338,000	-	-
(C)		<b>15,444,907</b>	<b>(816,325)</b>	<b>(574,776)</b>
<b>Add:</b>				
Movement in deposits at amortised cost		29,753	4,923	(54,599)
Discounting of Long term trade receivable	1.2	8,897,732	2,310,921	(22,327,266)
Interest on Investment in NSL	1.3 a)	6,348,725	1,587,181	16,447,157
Investments in tax free bonds at amortised cost -Interest income IRFCL bond	1.1 a)	1,280,183	315,661	-
Investments in tax free bonds at amortised cost - Interest income and amortised expense	1.1 a)	162,761	32,681	423,871
Investments in preference shares at amortised cost	1.1 c)	1,353,318	3,638,044	68,431
Investment in FMPs/ Interval plan at amortised cost	1.1 b)	30,068,611	7,127,577	45,249,336
Measurement of Staff loans at amortised cost	1.3 b)	66,999	23,650	88,368
Investment in NCDs-IIFL	1.1 g)	1,391,781	-	-
Discounting of annual pay incentive	1.7	1,210,781	1,451,077	-
NSL loan provision reversal	1.3 a)	6,932,812	-	-
Investments in unquoted equity instruments at fair value through OCI	1.1 d)	54,725,000	48,650,000	48,750,000
(D)		<b>112,468,456</b>	<b>65,141,715</b>	<b>88,645,298</b>
Equity in accordance with Ind AS (A-B+C+D)		<b>4,587,350,251</b>	<b>4,141,694,615</b>	<b>4,010,217,588</b>
Tax effects of adjustments	1.5	3,632,133	(5,199,735)	9,316,921
Total equity after tax adjustment in accordance with Ind AS		<b>4,583,718,118</b>	<b>4,146,894,350</b>	<b>4,000,900,667</b>
<b>Movement in equity</b>		<b>173,294,568</b>	<b>151,060,928</b>	<b>79,903,153</b>

## 2.45 Reconciliations

### b) Reconciliation of total comprehensive income

Particulars	For the quarter ended 30 June, 2016	For the year ended 31 March, 2017
Profit as per Previous GAAP	74,750,156	478,184,464

<b>Less:</b>		
Investments in Mutual funds at Fair value through PL	(816,325)	1,106,907
Profit on sale of long term investment-FMP	-	14,338,000
(B)	<b>(816,325)</b>	<b>15,444,907</b>
<b>Add:</b>		
Movement in deposits at amortised cost	4,923	29,753
Discounting of Long term trade receivable	2,310,921	8,897,732
Interest on Investment in NSL	1,587,181	6,348,725
Actuarial gain or loss reclassified to OCI	1,618,002	5,858,912
Investments in tax free bonds at amortised cost -Interest income IRFCL bond	315,661	1,280,183
Investments in tax free bonds at amortised cost - Interest income and amortised expense	32,681	162,761
Investments in preference shares at amortised cost	3,638,044	1,353,318
Investment in FMPs/ Interval plan at amortised cost	7,127,577	30,068,611
Measurement of Staff loans at amortised cost	23,650	66,999
Investment in NCDs-IIFL	-	1,391,781
Discounting of annual pay incentive	1,451,077	1,210,781
NSL loan provision reversal	-	6,932,812
(C)	<b>18,109,717</b>	<b>63,602,368</b>
<b>Profit in accordance with Ind AS (B-C)</b>	<b>93,676,198</b>	<b>526,341,925</b>
Tax effects of adjustments	(324,735)	8,507,133
<b>Profit for the year after tax adjustment in accordance with Ind AS</b>	<b>94,000,933</b>	<b>517,834,792</b>
<b>Other Comprehensive Income (OCI)</b>		
<b>Add:</b>		
Investments in unquoted equity instruments at fair value through OCI	48,650,000	54,725,000
Effective portion of gain (loss) on hedging instruments of effective cash flow hedges, net	85,752	11,241,572
	<b>48,735,752</b>	<b>65,966,572</b>
<b>Less:</b>		
Actuarial gain or loss reclassified from OCI	1,618,002	5,858,912
OCI	47,117,750	60,107,660
Deferred Tax adjustment on transitional entries	(4,875,000)	(4,875,000)
<b>OCI after deferred tax adjustment</b>	<b>51,992,750</b>	<b>64,982,660</b>
<b>Total Comprehensive Income as per Ind AS</b>	<b>145,993,683</b>	<b>582,817,452</b>

2.45 Reconciliations		Opening Balance Sheet as at April 1, 2016						31-Mar-17			30-Jun-16		
		Particulars	Note	Reclassified IGAAP*	Effect of transition to Ind - AS	Ind AS	Reclassified IGAAP	Effect of transition to Ind - AS	Ind AS	Reclassified IGAAP	Effect of transition to Ind - AS	Ind AS	
<b>ASSETS</b>													
<b>Non-current assets</b>													
Property, plant and equipment		308,122,854	-	308,122,854	279,750,398	-	279,750,398	312,830,003	312,830,003	172,744,913	1,604,645,723	312,830,003	
Capital work in progress		11,004,412	-	11,004,412	3,190,290	-	3,190,290	3,190,290	3,190,290	(20,016,345)	82,033,667	3,190,290	
Intangible assets		46,082,968	-	46,082,968	18,239,734	-	18,239,734	34,119,314	34,119,314	(12,109,148)	70,179,369	34,119,314	
Financial assets		1,392,910,811	103,445,372	1,496,356,183	2,086,524,260	142,249,515	2,228,773,775	1,431,900,810	1,431,900,810	172,744,913	1,604,645,723	1,604,645,723	
Investments	1.1	101,575,012	(22,327,266)	79,247,746	67,980,011	(11,522,232)	56,457,779	102,050,012	102,050,012	(20,016,345)	82,033,667	82,033,667	
Trade receivables	1.2	82,453,343	(13,683,007)	68,770,336	1,712,377	(378,466)	1,333,911	82,288,517	82,288,517	(12,109,148)	70,179,369	70,179,369	
Loans	1.3	128,086,079	(509,166)	127,576,913	35,174,483	(156,164)	35,018,319	130,277,005	130,277,005	(419,211)	129,857,794	129,857,794	
Other financial assets	1.4	93,612,383	-	93,612,383	98,944,832	-	98,944,832	104,640,338	104,640,338	-	104,640,338	104,640,338	
Income tax asset		56,488,693	971,586	57,460,279	100,147,563	(2,660,548)	97,487,015	65,793,361	65,793,361	6,171,320	71,964,681	71,964,681	
Deferred tax asset (net)	1.5	2,583,837	347,590	2,931,428	4,751,266	352,781	5,104,047	1,371,922	1,371,922	299,530	1,671,452	1,671,452	
Other non-current assets													
<b>Current Assets</b>													
Financial assets		1,176,311,386	11,061,231	1,187,372,617	2,197,887,732	45,788,642	2,243,676,374	1,465,685,949	1,465,685,949	12,867,631	1,478,553,580	1,478,553,580	
Investments	1.1	781,119,460	-	781,119,460	535,947,746	(1,907,301)	534,040,445	717,586,316	717,586,316	64,329,657	781,915,973	781,915,973	
Trade receivables	1.2	40,019,162	-	40,019,162	109,361,226	-	109,361,226	64,329,657	64,329,657	-	64,329,657	64,329,657	
Cash and cash equivalents		979,249,951	-	979,249,951	225,395,439	-	225,395,439	886,928,842	886,928,842	-	886,928,842	886,928,842	
Other bank balances		10,364,413	-	10,364,413	3,280,647	-	3,280,647	9,109,172	9,109,172	-	9,109,172	9,109,172	
Loans		47,407,159	-	47,407,159	17,944,213	-	17,944,213	17,487,337	17,487,337	(10,997,825)	6,489,512	6,489,512	
Other financial assets		144,195,830	596,814	144,792,644	118,661,840	317,560	118,979,400	164,800,388	164,800,388	1,066,985	165,867,373	165,867,373	
Other current assets	1.3 and 1.4												
<b>Total Assets</b>		<b>5,401,587,755</b>	<b>79,903,153</b>	<b>5,481,490,908</b>	<b>5,904,894,057</b>	<b>172,083,787</b>	<b>6,076,977,844</b>	<b>5,594,389,233</b>	<b>5,594,389,233</b>	<b>149,609,851</b>	<b>5,743,999,084</b>	<b>5,743,999,084</b>	
<b>EQUITY &amp; LIABILITIES</b>													
<b>EQUITY</b>													
Equity Share capital		323,852,240	-	323,852,240	323,852,240	-	323,852,240	323,852,240	323,852,240	-	323,852,240	323,852,240	
Other equity		3,920,997,514	79,903,153	4,000,900,667	4,410,423,550	173,294,568	4,583,718,118	3,995,833,422	3,995,833,422	151,060,928	4,146,894,350	4,146,894,350	
<b>LIABILITIES</b>													
<b>Non-current liabilities</b>													
Financial liabilities		-	-	-	-	-	-	-	-	-	-	-	
Other financial liabilities		38,152,090	-	38,152,090	44,906,170	(1,210,781)	43,695,389	40,852,023	40,852,023	(1,451,077)	42,346,312	42,346,312	
Provisions		31,993,885	-	31,993,885	-	-	-	-	-	-	-	-	
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-	-	
<b>Current liabilities</b>													
Financial liabilities		284,524,270	-	284,524,270	289,308,712	-	289,308,712	307,321,611	307,321,611	-	307,321,611	307,321,611	
Trade payables		5,676,044	-	5,676,044	4,171,344	-	4,171,344	5,983,214	5,983,214	-	5,983,214	5,983,214	
Other financial liabilities		13,881,550	-	13,881,550	15,444,083	-	15,444,083	14,863,914	14,863,914	-	14,863,914	14,863,914	
Provisions		14,446,733	-	14,446,733	2,192,450	-	2,192,450	5,619,143	5,619,143	-	5,619,143	5,619,143	
Income tax liabilities (net)		768,063,429	-	768,063,429	809,177,471	-	809,177,471	892,378,847	892,378,847	-	892,378,847	892,378,847	
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,401,587,755</b>	<b>79,903,153</b>	<b>5,481,490,908</b>	<b>5,904,894,057</b>	<b>172,083,787</b>	<b>6,076,977,844</b>	<b>5,594,389,233</b>	<b>5,594,389,233</b>	<b>149,609,851</b>	<b>5,743,999,084</b>	<b>5,743,999,084</b>	

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

Profit and Loss reconciliation		For the year ended 31 March 2017				For the quarter ended 30 June 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS	
<b>Particulars</b>	<b>Note</b>							
<b>REVENUE FROM OPERATIONS</b> Income from software product and services		2,993,457,139	-	2,993,457,139	710,993,193		710,993,193	
<b>OTHER INCOME</b>	<b>1.1 - 1.4</b>	292,422,498	25,862,462	318,284,960	60,007,748	11,073,292	71,081,040	
<b>TOTAL INCOME</b>		<b>3,285,879,637</b>	<b>25,862,462</b>	<b>3,311,742,099</b>	<b>771,000,941</b>	<b>11,073,292</b>	<b>782,074,233</b>	
<b>EXPENSES</b>								
Employee benefits expense	<b>1.7 and 1.8</b>	1,765,676,587	(6,723,624)	1,758,952,963	451,163,149	(2,998,578)	448,164,571	
Operating and other expenses	<b>1.1, 1.4 and 1.7</b>	894,640,761	(15,571,375)	879,069,386	207,857,527	(4,854,171)	203,003,356	
Finance cost		3,471,874	-	3,471,874	885,995	-	885,995	
Depreciation and amortisation expense		102,652,629	-	102,652,629	26,737,801	-	26,737,801	
<b>TOTAL EXPENSES</b>		<b>2,766,441,851</b>	<b>(22,294,999)</b>	<b>2,744,146,852</b>	<b>686,644,472</b>	<b>(7,852,749)</b>	<b>678,791,723</b>	
<b>PROFIT BEFORE TAX (3-4)</b>		<b>519,437,786</b>	<b>48,157,461</b>	<b>567,595,247</b>	<b>84,356,469</b>	<b>18,926,041</b>	<b>103,282,510</b>	
<b>TAX EXPENSE</b>								
Net current tax expense		91,020,698	-	91,020,698	17,110,980	-	17,110,980	
Deferred tax (credit) / charge	<b>1.5</b>	(49,767,376)	8,507,133	(41,260,243)	(7,504,668)	(324,735)	(7,829,403)	
<b>NET TAX EXPENSE</b>		<b>41,253,322</b>	<b>8,507,133</b>	<b>49,760,455</b>	<b>9,606,312</b>	<b>(324,735)</b>	<b>9,281,577</b>	
<b>PROFIT FOR THE YEAR/PERIOD (5-6)</b>		<b>478,184,464</b>	<b>39,650,328</b>	<b>517,834,792</b>	<b>74,750,158</b>	<b>19,250,776</b>	<b>94,000,933</b>	
<b>OTHER COMPREHENSIVE INCOME</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Remeasurements of the defined benefit plans	<b>1.8</b>	-	(5,858,912)	(5,858,912)	-	(1,618,002)	(1,618,002)	
Equity instruments through other comprehensive income	<b>1.1</b>	-	54,725,000	54,725,000	-	48,650,000	48,650,000	
Deferred tax relating to items that will not be reclassified to profit or loss	<b>1.5</b>	-	(4,875,000)	(4,875,000)	-	(4,875,000)	(4,875,000)	
<b>Items that will be reclassified subsequently to profit or loss</b>								
Effective portion of gain (loss) on hedging instruments of effective cash flow hedges		-	11,241,572	11,241,572	-	85,752	85,752	
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>64,982,660</b>	<b>64,982,660</b>	<b>-</b>	<b>51,992,750</b>	<b>51,992,750</b>	
<b>TOTAL COMPREHENSIVE INCOME (7+8)</b>		<b>478,184,464</b>	<b>104,632,987</b>	<b>582,817,452</b>	<b>74,750,158</b>	<b>71,243,526</b>	<b>145,993,683</b>	

## Explanation for reconciliation of Profit and Loss as previously reported under IGAAP to Ind AS

### 1.1 Investments

#### a) Tax free bonds

Tax free bonds are carried at amortised cost under Ind AS. Premium paid for acquisition of tax free bonds shall be added to the Investment value and thereafter investment will be measured at amortised cost under Ind AS. However under Previous GAAP, premium on tax free bond was recorded separately and amortised over the life of an Investment. As a result of this change, profit for the quarter ended 30 June 2016 and year ended 31 March 2017 increased by Rs. 348,342 and Rs. 1,442,944 respectively and retained earnings as at 31 March 2016 increased by Rs. 423,871.

#### b) Fixed Maturity Plans (FMPs)

Under Previous GAAP, Investments in FMPs were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at amortised cost. This change has resulted in an increase in profit for the quarter ended 30 June 2016 and year ended 31 March 2017 by Rs. 7,127,577 and Rs. 15,730,609 respectively and increase in retained earnings as at 31 March 2016 by Rs. 45,249,336.

#### c) Preference Shares

Cumulative Preference shares are carried at amortised cost under Ind AS. Under Previous GAAP, Investments in Preference shares were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. This change has resulted in an increase in profit for the quarter ended 30 June 2016 and year ended 31 March 2017 by Rs. 3,638,044 and Rs. 1,353,318 respectively and increase in retained earnings as at 31 March 2016 by Rs. 68,431.

#### d) Investment in Equity instruments other than subsidiaries

Under Previous GAAP, the company accounted for long term investments in equity shares of Ujjivan Financial Services Limited as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind-AS, the company has designated this investments as FVTOCI investments. Ind-AS requires FVTOCI investments to be measured at fair value.

At the date of transition to Ind-AS, difference between the instruments fair value and Previous GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve. This increased other reserves by Rs. 48,650,000 as at 30 June 2016, Rs. 54,725,000 as at 31 March 2017 (1 April 2016 - Rs. 48,750,000) and profit and other comprehensive income for the quarter ended 30 June 2016 and year ended 31 March 2017 increased by Rs.48,650,000 and Rs. 54,725,000 respectively.

#### e) Investment in Subsidiaries

The Company has the option to measure the investment in subsidiaries at either cost or in accordance with Ind AS 109. The Company has chosen to avail the option to measure the investment in subsidiaries at cost. There is no impact on the total equity or profit and loss as a result of this adjustment.

#### f) Investment in Mutual funds

Under Previous GAAP, Investments in Mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at Fair value through profit or loss. This change has resulted in an increase in profit for the quarter ended 30 June 2016 by Rs. 816,325 and decrease in the profit for the year ended 31 March 2017 by Rs. 1,106,907 and increase in retained earnings as at 31 March 2016 by Rs. 574,776.

#### g) Investment in Non convertible debentures

Investments in Non Convertible debentures were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at amortised cost. This change has resulted in an increase in profit for the year ended 31 March 2017 by Rs.1, 391,781.

## 1.2 Long term trade receivables

Under Ind AS, Long term receivable should be reduced to the extent of the present value of money and interest income should be recognised over the period of receivable. Adjustments reflect the separation of financing component from the long term receivables. This adjustments increase the profit for the quarter ended 30 June 2016 and year ended 31 March 2017 by Rs. 2,310,921 and Rs. 8,897,232 respectively and reduced the retained earnings as at 31 March 2016 by Rs. 22,327,266.

### 1.3 Long term Loans

Under Previous GAAP, employee loans and other long term advances to be settled in cash or another financial asset are recorded at cost.

However, under Ind AS, certain assets covered under Ind AS 32 meet the definition of financial assets which include employee loans and long term advances to subsidiaries are classified at amortized cost, further these financial assets have been given at nil interest rate, therefore, these have been discounted to present value.

#### a) Interest free Loans to subsidiaries

As loan given to Nucleus software Limited, 100% subsidiary at nil interest rate, the same should be accounted at amortized cost using prevalent market rate of interest by applying effective interest rate method. Further during the year ended 31 March 2017, under previous GAAP, the Company had made full provision against the loan but in accordance with Ind AS, provision reversed to the extent of excess provision over amortised cost as at 31 March 2017. An amount of Rs. 19,440,188 has been recognised as deemed investment and included in value of investment in Nucleus Software Limited.

As a result of this change, profit for the quarter ended 30 June 2016 and year ended 31 March 2017 increased by Rs. 1,587,181 and Rs. 6,348,725 respectively and reduced the retained earning as at 31 March 2016 by Rs. 16,447,158.

#### b) Interest free Loans to employees

Loan to employees are also given at nil interest rates, the same should be accounted at amortized cost using prevalent market rate of interest by applying effective interest rate method.

As a result of this change, profit for the quarter ended 30 June 2016 and year ended 31 March 2017 increased by Rs. 23,650 and Rs. 66,999 respectively and increased the retained earning as at 31 March 2016 by Rs. 88,368.

## 1.4 Other Financial assets

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

As a result of this change, profit for the quarter ended 30 June 2016 and year ended 31 March 2017 increased by Rs. 4,923 and Rs. 29,753 respectively and reduced the retained earning as at 31 March 2016 by Rs. 54,599.

## 1.5 Deferred tax

Deferred Tax adjustment on transitional entries under Ind - AS has been made in accordance with Ind-AS. This has increased the profit for the quarter ended 30 June 2016 by Rs. 5,199,735 and reduced profit for the year by Rs. 3,632,134 and retained earning by Rs. 9,316,921. The Previous GAAP require deferred tax accounting using the income statement approach, which focusses on differences between taxable profit and accounting profits for the period. Ind-AS 12 : Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP.

## 1.6 Other Equity

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

Under Previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Items that have been reclassified from statement of profit and loss to other comprehensive income includes remeasurement of defined benefit plans and fair value gain/loss on FVOCI equity instruments. Hence, Previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

## 1.7 Non -current Financial liabilities

Under Previous GAAP, annual incentive payables and creditors are recorded at cost.

However, under Ind AS, liabilities in which the Company has a contractual obligation to deliver cash are classified as financial liabilities. Thus in case of annual incentive being long term in nature, the financial liabilities have been discounted to present value and carried at amortised cost. Consequential impact of the same have been taken to employee benefit expenses.

As a result of this change, profit for the quarter ended 30 June 2016 and year ended 31 March 2017 increased by Rs. 1,451,077 and Rs. 1,210,781 respectively.

### **1.8 Remeasurements of the defined benefit plans**

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

#### **For B S R & ASSOCIATES LLP**

Chartered Accountants

Firm Registration Number : 116231W/W-100024

#### **For and on behalf of the Board of Directors**

#### **RAKESH DEWAN**

Partner

Membership number : 092212

#### **JANKI BALLABH**

Chairman

#### **VISHNU R DUSAD**

Managing Director &  
Chief Executive Officer

#### **ASHISH NANDA**

Chief Financial Officer

#### **POONAM BHASIN**

AVP (Secretarial) &  
Company Secretary

Place : Gurgaon

Date : July 20, 2017

Place : New Delhi

Date : July 20, 2017

## CONSOLIDATED FINANCIAL STATEMENTS OF NUCLEUS SOFTWARE EXPORTS LTD. AND ITS SUBSIDIARIES

Particulars	As at 30 June, 2017 (Rupees)	As at 31 March, 2017 (Rupees)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	422,336,526	429,348,771
Capital work in progress	-	3,190,290
Goodwill on consolidation	31,204,619	31,204,619
Other Intangible assets	17,622,310	18,591,580
Financial assets		
Investments	1,910,052,658	2,027,560,127
Trade receivables	56,597,098	56,457,779
Loans	2,061,811	1,333,911
Other financial assets	84,292,358	53,105,056
Deferred tax asset	128,406,315	126,252,957
Income tax asset (net)	112,683,821	100,070,238
Other non-current assets	3,979,222	5,274,680
	<b>2,769,236,739</b>	<b>2,852,390,008</b>
<b>Current Assets</b>		
Inventories		
Financial assets		
Investments	2,509,736,940	2,381,513,661
Trade receivables	654,698,240	609,296,833
Cash and cash equivalents	329,376,314	395,511,036
Other bank balances	315,871,442	226,562,873
Loans	3,600,530	3,308,147
Other financial assets	44,141,725	19,907,941
Other current assets	204,506,136	167,466,498
	<b>4,061,931,326</b>	<b>3,803,566,989</b>
<b>Total Assets</b>	<b>6,831,168,065</b>	<b>6,655,956,996</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>EQUITY</b>		
Equity Share capital	323,852,240	323,852,240
Other equity	5,093,408,749	5,025,746,405
Deferred revenue		
<b>Total equity attributable to equity holders of the company</b>	<b>5,417,260,989</b>	<b>5,349,598,645</b>
<b>Non- controlling interest</b>	<b>(500,162)</b>	<b>(500,162)</b>
<b>Total Equity</b>	<b>5,416,760,827</b>	<b>5,349,098,483</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Other financial liabilities	4,938,902	4,207,256

Other non-current liabilities	1,930,250	2,014,537
Deferred tax liabilities	3,184,350	1,535,298
Provisions	61,378,680	58,885,055
	<b>71,432,182</b>	<b>66,642,146</b>
<b>Current liabilities</b>		
Financial liabilities		
Trade payables	374,058,479	352,455,640
Other financial liabilities	5,603,444	4,283,062
Provisions	18,040,972	17,476,771
Current tax liabilities (net)	13,584,487	12,820,146
Other current liabilities	931,687,674	853,180,749
	<b>1,342,975,055</b>	<b>1,240,216,368</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,831,168,065</b>	<b>6,655,956,996</b>

	Quarter ended			Year ended
	30 June 2017	31 March 2017	30 June 2016	31-Mar-17
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
<b>1. REVENUE FROM OPERATIONS</b>				
Income from software product and services	943,186,617	936,905,820	899,547,991	3,723,923,546
<b>2. OTHER INCOME</b>	75,970,589	68,990,677	73,337,947	321,355,510
<b>3. TOTAL INCOME (1+2)</b>	<b>1,019,157,206</b>	<b>1,005,896,497</b>	<b>972,885,938</b>	<b>4,045,279,056</b>
<b>4. EXPENSES</b>				
a. Changes in inventories of stock in trade				
a. Employee benefits expense	642,139,294	611,780,250	620,909,304	2,445,484,833
b. Operating and other expenses	197,903,052	180,751,302	177,810,580	739,650,883
c. Finance cost	1,250,224	1,430,751	1,560,709	5,467,665
d. Depreciation and amortisation expense	17,733,820	18,896,564	30,018,058	112,173,163
<b>TOTAL EXPENSES</b>	<b>859,026,389</b>	<b>812,858,866</b>	<b>830,298,651</b>	<b>3,302,776,543</b>
<b>5. PROFIT BEFORE TAX (3-4)</b>	<b>160,130,817</b>	<b>193,037,631</b>	<b>142,587,287</b>	<b>742,502,513</b>
<b>6. TAX EXPENSE</b>				
a. Current tax expense	48,649,473	35,866,850	20,075,136	128,047,736
b. MAT credit entitlement	(5,811,214)	(258,858)	(1,800,000)	(733,334)
c. Tax expense / (credit) relating to prior period	996,138	(7,819,881)	673,302	(4,282,331)
d. Withholding taxes charged off	504,232	1,653,941	7,780,857	2,946,830
Current tax expense	44,338,629	29,442,052	26,729,295	125,978,901
e. Deferred tax (credit) /charge	642,807	(40,356,842)	(8,626,767)	(45,072,603)
<b>NET TAX EXPENSE</b>	<b>44,981,436</b>	<b>(10,914,791)</b>	<b>18,102,528</b>	<b>80,906,298</b>
<b>7. PROFIT FOR THE YEAR (5-6)</b>	<b>115,149,381</b>	<b>203,952,422</b>	<b>124,484,759</b>	<b>661,596,215</b>
<b>8. OTHER COMPREHENSIVE INCOME</b>				
(A) (i) Items that will not be reclassified to profit or loss				
a) Remeasurements of the defined benefit plans	(1,715,855)	(1,100,051)	(1,713,148)	(6,239,494)
b) Equity Instruments through Other Comprehensive Income	(28,587,500)	25,550,000	48,650,000	54,725,000
(ii) Deferred tax relating to Items that will not be reclassified to profit or loss	-	-	(4,875,000)	(4,875,000)
(B) (i) Items that will be reclassified to profit or loss				-
a) Effective portion of gain (loss) on hedging instruments of effective cash flow hedges, net	(6,310,960)	14,544,950	(1,245,937)	12,302,913
b) Exchange difference on translation of	(693,722)	(4,894,473)	2,113,537	(14,148,222)

foreign operations

(ii) Income/deferred tax relating to Items that will not be reclassified to profit or loss

-

<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>(37,308,037)</b>	<b>34,100,426</b>	<b>52,679,452</b>	<b>51,515,197</b>
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<b>9. TOTAL COMPREHENSIVE INCOME (7+8)</b>	<b>77,841,344</b>	<b>238,052,848</b>	<b>177,164,211</b>	<b>713,111,412</b>
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**Profit attributable to**

Owners of the Company

115,149,381

203,952,422

124,484,759

659,934,483

Non- controlling interest

-

**115,149,381**

**203,952,422**

**124,484,759**

**659,934,483**

**10 Total comprehensive income attributable to**

Owners of the Company

77,841,344

238,052,848

177,164,211

713,111,412

Non- controlling interest

-

**77,841,344**

**238,052,848**

**177,164,211**

**713,111,412**

**11. EARNINGS PER EQUITY SHARE**

Equity shares of Rupees 10 each

a. Basic

3.56

6.30

3.84

20.43

b. Diluted

3.56

6.30

3.84

20.43

### **Management's Discussion and Analysis of Financial Condition and Results of Consolidated Operations of Nucleus Software Exports Ltd. and Subsidiary Companies**

Financial statements of the Company are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Accounting standards ("Ind AS") and mandatory accounting standards specified under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder, as applicable and the relevant provisions of the Companies Act, 2013 ("2013 Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

#### **Overview**

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited with its registered office at 33-35 Thyagraj Market, New Delhi, India. Subsequently in October 1994, it was converted into a Public Limited Company. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd., and BSE Ltd. Nucleus Software is the leading provider of mission critical lending and transaction banking products to the global financial services industry. Its software powers the operations of more than 150 customers in 50 countries, supporting retail banking, corporate banking, cash management, internet banking, automotive finance and other business areas.

Nucleus Software is known for its world-class expertise and innovation in lending and transaction banking technology. We have inter-alia, two flagship products, built on the latest technology:

- FinnOne™, 10 time winner - World's Best Selling Lending Solution.

- FinnAxia™, an integrated global transaction banking solution used by banks worldwide to offer efficient and Innovative global payments and receivables, liquidity management and business internet banking services.

We have continued to enhance our solutions to take advantage of market trends, such as increasing digitizing of financial services. Our flagship product FinnOne Neo™ was launched on cloud and is already a success in the domestic market. By providing FinnOne Neo™ on cloud, we are making one of the best lending software more affordable, quickly deployable and scalable as per our customers' business requirements.

We also launched the Collections module as part of FinnOne Neo Lending Suite. Collection module is aimed at automating the collection operation in the Financial Institution, increase collection efficiency and thereby reduce delinquency.

FinnAxia 4.0, the latest version of its next-generation integrated transaction banking product suite. The new product suite includes extended compliance to global and regional regulations; increased flexibility for corporate treasurer for greater control, visibility, management of liquidity and enhanced capabilities to digitize the financial value chain of supplier's-buyer's-dealer's thereby creating a business network for collaborative commerce leading to working capital optimization.

PaySe™, the world's first offline digital cash solution which was launched in previous year FY15-16, was made available in 3 new form factors: smart watch, band and micro SD. With this, we can now cater to consumers more effectively and we launched an innovative project with an esteemed Education Institution in India.

Over the years, our committed professionals have provided par excellence and with our deep expertise and global experience, we have created a global footprint of customers and partners across multiple continents with multi-product, multi-service, multi-currency and multi-lingual implementations, leading to worldwide acceptability and customer satisfaction.

Nucleus operates through integrated and well-networked subsidiaries in India, Japan, Netherlands, Singapore, USA, Australia and South Africa. Since 1995, product development has been our forte and the Company has chosen to exclusively develop products and further add value through dedicated Research and Development initiatives.

### Company Strengths

The Group's business broadly consists of Development and Marketing of Software Products and Software Services for business entities in the Banking and Financial Services (BFS) vertical. With a single point focus on the banking and financial industry, the Group's focus on product development is to build products on latest architecture & technology stack, with products that have advanced feature & functionalities to support growing need of business. We are performing today to deliver top-tier performance, while investing to ensure that our performance levels can be sustained in the long term. We have stepped up our investments in brand building, R&D, sales and our people. All of this coupled with differentiated products' help us drive sales and ultimately bring in customer satisfaction. The definitive goal is to touch and improve lives of more and more people across the world by equipping Banks with superior technology products for managing lending operations.

Building on our strong product innovation and R&D capabilities, we executed strategic initiatives for new products, sales and market development and people to help drive transformation and continue the momentum of growth. This endeavour demonstrates our passion for perfection and relentless commitment to deliver world class products to our customers. In this journey, we have been honoured and feel grateful for having received various accolades, a few of them to list would be:

- **bob Finance and FinnOne win The Banking Technology Award 2016**, bob Finance AG, a financial service company in Switzerland deployed Nucleus Software's FinnOne for offering an innovative and completely digitized loan service. This implementation won The Banking Technology Award 2016 - Highly Commended for Best Use of IT in Lending.
- Named as a '**Model Bank Vendor 2016**' Award by **Celent** for helping multiple clients achieve technology or implementation excellence.
- Recognized amongst the '**World's top 5 Mobile Banking Solution Providers**' by **Forrester Research, Inc.** in The Forrester Wave™: Mobile Banking Solutions, Q4 2015.
- Corporate Livewire – Fintech Excellence Awards 2015 in the category "**Excellence in Providing Banking Products**"
- FinnOne™ **10 time winner - World's Best Selling Lending Solution** by IBS Publishing, UK.
- Annual Report for the Year Ended March 31, 2014 won the **Platinum Award** for Excellence within the Technology-Software industry and ranked amongst the World's Top 50 Annual Reports within the Technology-Software industry and by the League of American Communications Professional (LACP).
- 9th Social and Corporate Governance Awards in the category "**Best Overall Corporate Governance Compliance and Ethics Program** organised by World CSR Congress.
- Titanium Award at "**The Asset Triple A Corporate Awards 2014**" for Third Consecutive Year under the category Financial Performance, Corporate Governance and Investor Relations.
- "Asian CSR Leadership Awards 2014" in the category, "Best Corporate & Financial Reporting".
- "**The Asian Banker award – 2014**" for "Best Lending Platform Implementation Project" for introducing MARC, an innovative debt servicing solution that allows customers to make payment anytime, anywhere.
- The Company was inducted into the coveted **Hall of Fame** by the **Institute of Chartered Accountants of India**, in the category, Service sector (other than financial services) with turnover less than Rs. 500 crore, of the 'ICAI Awards for Excellence in Financial Reporting' in the year 2013.
- CIMB Malaysia, our customer, powered by Nucleus Software's FinnOne™ implementation, has received the Process Excellence Award for Collection and Debt Management at the prestigious BPA Trailblazer Awards.

- Vietnam Prosperity Bank's Loan Origination system, powered by Nucleus Software's FinnOne CAS, LMS and Collections was recognized with **Model Bank Award by Celent** (March 2013).
- Forrester recognized Nucleus as a "**Global Pursuer**" and stated it "**regained traction in 2010**". Based on the number of deals and regions covered, Nucleus was ranked among top Banking Platform providers Source: Global Banking Platform Deals 2010, Forrester Research, Inc., 31<sup>st</sup> March 2011.
- HDFC Bank, Nucleus Software customer, won the prestigious **Celent 2010 Model Bank Award** for its loan origination system, FinnOne™.

## FINANCIAL PERFORMANCE

The consolidated financial results are as below:

(Rs. in crore)				
For the Quarter Ended June 30,	2017	% of Revenue	Growth (%)	2016
<b>Revenue From Operations</b>	94.32	100%	5%	89.95
<b>Expenses</b>				
a) Employee benefits expense	64.21	68%	3%	62.09
b) Operating and other expenses	19.79	21%	11%	17.78
c) Finance cost (Bank Charges)	0.13	0%	-20%	0.16
<b>Total Expenses</b>	<b>84.13</b>	89%	5%	<b>80.03</b>
<b>Operating Profit (EBITDA)</b>	<b>10.19</b>	11%	3%	<b>9.93</b>
Depreciation	1.77	2%	-41%	3.00
<b>Operating Profit after Interest and Depreciation</b>	<b>8.42</b>	9%		<b>6.92</b>
Other Income	8.96	10%	22%	7.37
Foreign Exchange Gain/ (Loss)	(1.36)	-1%	3637%	(0.04)
<b>Profit Before Tax</b>	<b>16.01</b>	17%	12%	<b>14.26</b>
Taxation	4.50	5%	148%	1.81
<b>Profit After Tax</b>	<b>11.51</b>	<b>12%</b>	<b>-7%</b>	<b>12.45</b>

### Revenue from Operations

We derive our revenue from the following business segments:

- Products
- Projects and Services

During the quarter the total revenue is Rs. 94.32 crore against Rs. 89.95 crore for the corresponding quarter previous year.

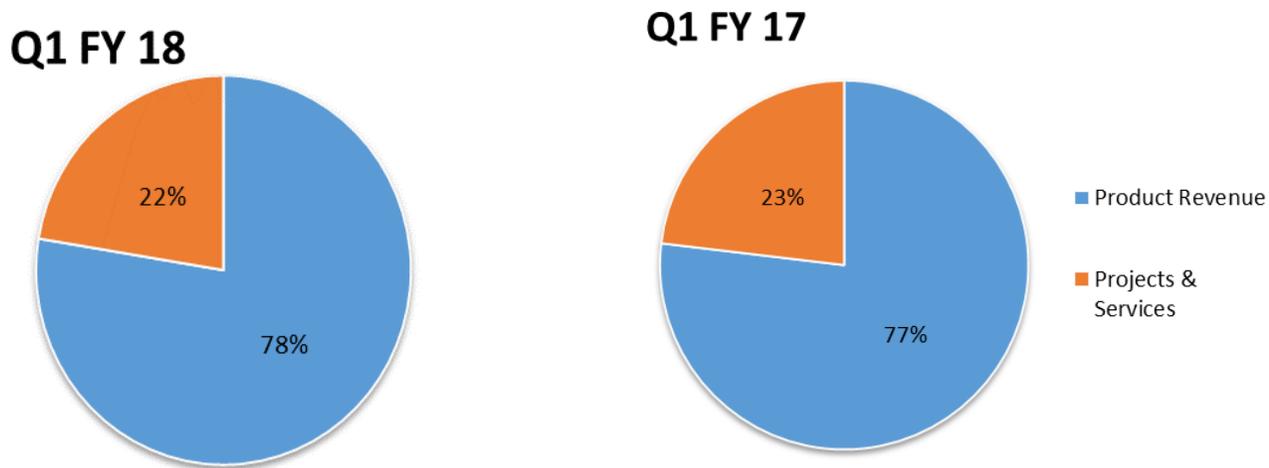
### Revenue from Products

Product revenue arises from Products and related services comprising of license fees, revenue from customization and implementation of products and post production and maintenance support. Product revenue is Rs. 73.20 crore during the quarter, constituting 78% of the total revenue against Rs. 69.15 crore, 77% of total revenue, in the corresponding quarter previous year. This has increased by 5.85%. We are a Company focused on Product business.

### Revenue from Projects and Services

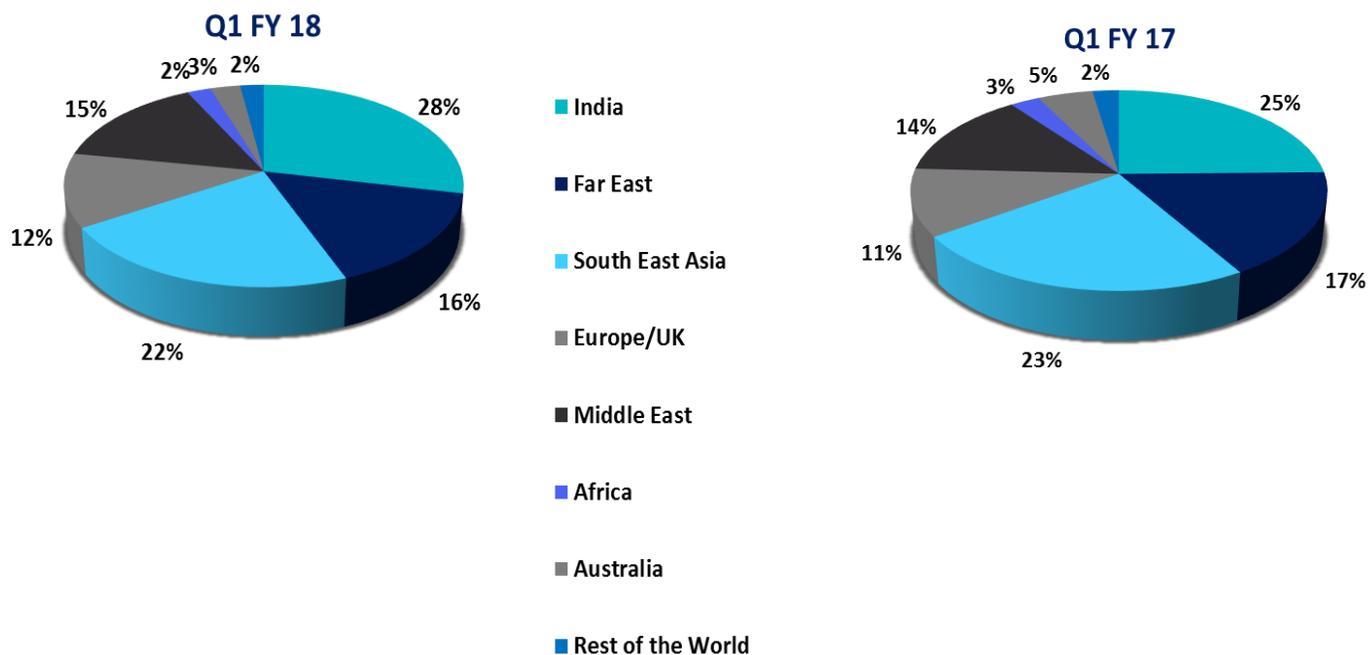
Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements consisting of application development & maintenance, testing services, consulting and infrastructure management services with a strong banking domain focus.

Revenue from software projects and services segment during the quarter is Rs. 21.12 crore constituting 22% of the total revenue against Rs. 20.80 crore, constituting 23% of total revenue in the corresponding quarter previous year. This has increased by 1.55%.



### Revenue from Various Geographies

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



## EXPENDITURE

### Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed and variable components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 3% to Rs. 59.55 crore. For the corresponding quarter previous year, they were at Rs. 57.58 crore. The increase is primarily due to increase in employee compensation, both fixed and variable pay.

(Rs. in crore)

#### Employee Benefit Expenses

For the Quarter Ended June 30,	2017	% of Revenue	Growth (%)	2016
Salaries and bonus	59.55	63%	3%	57.58
Contribution to provident and other funds	2.90	3%	11%	2.61
Gratuity expense	0.62	1%	-1%	0.63
Staff welfare	1.14	1%	-10%	1.27
<b>Total Employee Benefit Expenses</b>	<b>64.21</b>	<b>68%</b>	<b>3%</b>	<b>62.09</b>
<b>Revenue</b>	<b>94.32</b>	<b>100%</b>	<b>5%</b>	<b>89.95</b>

### Operating and Other Expenses

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

(Rs. in crore)

#### Operating and Other Expenses

For the Quarter Ended June 30,	2017	% of Revenue	Growth (%)	2016
Software and other development charges	1.94	2%	-6%	2.07
Cost of software purchased for delivery to clients	0.58	1%	135%	0.25
Power and fuel	1.34	1%	9%	1.23
Rent	1.98	2%	-18%	2.41
Repair and maintenance	0.90	1%	0%	0.90
- Buildings	0.15	0%	-1%	0.15
- Others	0.75	1%	1%	0.74
Insurance	0.15	0%	-16%	0.18
Rates and taxes	0.73	1%	411%	0.14
Travel expenses	4.24	4%	20%	3.54
Advertisement and business promotion	0.18	0%	-55%	0.40
Legal and professional	2.07	2%	8%	1.92
Directors remuneration	0.32	0%	18%	0.27
Conveyance	0.54	1%	-4%	0.56
Communication	0.69	1%	-7%	0.73
Training and recruitment	1.05	1%	97%	0.53
Adjustment to the carrying amount of investments	-	0%		(0.08)
Conference, exhibition and seminar	0.20	0%	32%	0.15
Information technology expenses	1.69	2%	55%	1.09

Provision for doubtful debts/advances/other current assets	(0.14)	0%	-229%	0.11
Commission to channel partners	0.14	0%	-30%	0.20
Finance Cost	0.13	0%	-20%	0.16
Expenditure on Corporate Social Responsibility	0.25	0%	150%	0.10
Miscellaneous expenses	0.95	1%	-12%	1.07
<b>Total Operating and Other Expenses</b>	<b>19.92</b>	<b>21%</b>	<b>11%</b>	<b>17.94</b>
<b>Revenue</b>	<b>94.32</b>	<b>100%</b>	<b>5%</b>	<b>89.95</b>

- Software and other development charges relate to outsourced work for software development.
- Provisions for doubtful debts include bad debts written off and provision for all invoices outstanding for a period of 365 days or more and those invoices which are considered doubtful based on the management's perception of risk of collection as per the Company's policies.
- Finance cost includes bank charges and fee for issuance of bank guarantees to customers.

We have taken a number of steps to improve our operational efficiency and there has been a very strong control and focus on costs.

### Operating Profit (EBITDA)

Operating Profit during the quarter was Rs. 10.19 crore, 12% of revenue against Rs. 12.45 crore, 14% of revenue in the corresponding quarter previous year.

### Depreciation

Depreciation on fixed assets was Rs. 1.77 crore, for the quarter against Rs. 3.00 crore, in the corresponding quarter previous year.

### Other Income

Other Income primarily consists of interest and dividend income, capital gains on sale of current investments.

(Rs. in crore)

### Other Income

For the Quarter Ended June 30,	2017	2016
Dividend on investment in Mutual fund units	3.28	1.94
Interest Income	4.27	5.07
Net Gain / (Loss) on foreign currency	(0.14)	(0.04)
Profit on sale of assets/ investments	0.08	0.00
Provisions written back	-	-
Others	0.11	0.36
<b>Total</b>	<b>7.60</b>	<b>7.33</b>

Other income for the quarter is Rs. 7.60 crore, against Rs. 7.33 crore in the corresponding quarter previous year.

### Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from cancellation of options and forward contracts, translation of current assets and liabilities at quarter end rates and those arising from realization/payments of receivables/payables respectively. During the quarter, the Company had a foreign exchange loss of Rs. 0.14 crore against a loss of Rs. 0.04 crore for the corresponding quarter previous year.

## Taxation

It represents provision for corporate & income taxes determined in accordance with tax laws applicable in countries where the Company and subsidiaries operate.

(Rs. in crore)

### Taxation

For the Quarter Ended June 30,	2017	2016
- Withholding taxes charged off	0.05	0.78
- Current Tax	4.86	2.01
- MAT Credit Entitlement	(0.58)	(0.18)
- Deferred Tax Credit (net)	0.06	(0.86)
- Tax expense / (credit) relating to prior period	0.10	0.07
<b>Total</b>	<b>4.50</b>	<b>1.81</b>

### Profit after Tax

Our profit after tax for the quarter is Rs. 11.51 crore, 12% of revenue, against Rs. 12.45 crore, 14% of revenue, during the corresponding quarter previous year.

### Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up Share Capital as on June 30, 2017 is 32,383,724 equity shares of Rs. 10 each.

### Subsidiaries

The Company has nine subsidiary companies, all over the world, all of which are wholly owned except Avon mobility solutions Pvt. Ltd. The company has acquired 96% stake in Avon mobility solutions. Paid-up Share Capital of the Subsidiaries as on June 30, 2017 is as per the below table:

Name of Subsidiary Company	Currency	As at June 30, 2017		As at March 31, 2017	
		In foreign Currency	Eqv. Rupees (in crore)	In foreign Currency	Eqv. Rupees (in crore)
Nucleus Software Solutions Pte. Ltd. Singapore. 625,000 equity shares of SGD 1 each.	<b>SGD</b>	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US\$ 0.35 cents each	<b>USD</b>	350000	1.63	350000	1.63
Nucleus Software Japan Kabushiki Kaisha, Japan. 200 equity shares of JPY 50,000 each	<b>JPY</b>	10,000,000	0.41	10,000,000	0.41
Virstra i-Technology Services Ltd., India. 1,000,000 equity shares of Rs. 10 each	<b>INR</b>	-	1.00	-	1.00
Nucleus Software Netherlands B.V., Netherlands. 7500(4000) equity shares of Euro 100 each	<b>Euro</b>	750,000	4.89	750,000	4.89
Nucleus Software Limited, India. 10,000,000 equity shares of Rs.10/- each	<b>INR</b>	-	11.94	-	11.94

Nucleus Software Australia. 100,000 Equity share of 1 AUD each	<b>AUD</b>	100,000	0.55	100,000	0.55
Nucleus Software South Africa (Pty.) Limited, South Africa. 10 Equity shares of ZAR 61,200 each	<b>ZAR</b>	612,000	0.32	612,000	0.32
Avon Mobility Solutions Pvt Ltd. 10666 equity shares of Rs 10 each	<b>INR</b>	-	1.92	-	1.92
Avon Mobility Solutions Private Limited. 2,350,000, 11% Preference shares of Rs. 10 each	<b>INR</b>	-	2.50	-	2.35

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries.

### Reserves and Surplus

The movement in the components of reserves and surplus is as below:

Particulars	(Rs. in crore)		
	Opening Balance as on April 1, 2017	Additions/ (Deletions) during the period	Closing Balance as on June 30, 2017
General Reserve	88.88	-	88.88
Securities Premium	2.19	-	2.19
Capital Reserve	0.89	-	0.89
Foreign Currency Translation Reserve	(1.41)	(0.07)	(1.48)
Hedging Reserve	1.56	(0.63)	0.93
Profit and Loss Account Balance	400.75	10.50	411.25
Other comprehensive Income	9.72	(3.03)	6.69
<b>Total</b>	<b>502.57</b>	<b>6.77</b>	<b>509.34</b>

### Goodwill on Consolidation

The goodwill in the books has arisen based on the difference in the book value of the investment vis-à-vis the consideration paid for acquisition of 96% stake in AVON Mobility Solutions Pvt. Ltd., a mobile technology solutions provider in March 2016.

The total amount of goodwill is Rs. 3.17 Crore as of the Balance Sheet date. The Management has performed a valuation of the intrinsic value of the business of this entity. It is observed that the intrinsic worth of the companies is higher than the consideration paid for these entities. Accordingly, no impairment of the goodwill is considered necessary at this stage in the books of accounts

### Investments

- a. **Non-current investments** totaling Rs.191.00 crore as on June 30, 2017 against Rs. 202.76 crore as on March 31, 2017
- i.) **Investment in equity shares of a non-listed company** - Rs. 7.74 crore
  - ii.) **Investment in tax free bonds held on a hold to maturity basis** – Rs. 82.64 crore.
  - iii.) **Investment in long-term fixed maturity plans of mutual funds** – Rs. 42.89 crore.

iv.) Investment in Preference shares – Rs. 52.49 crore.

v.) Investment in debentures – Rs. 5.24 crore

#### b. Current Investments and Bank Balances

Our capital requirements are completely financed by internal accruals. Your Company continues to remain debt-free and we believe that cash generated from operations and reserves and surplus are sufficient to meet our obligations and requirements towards capital expenditure and working capital requirements

As of June 30, 2017 the cash and bank balances stood at Rs. 64.52 crore and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs. 250.97 crore.

Total cash and current investments are thus at Rs. 315.50 crore on June 30, 2017.

(Rs. in crore)		
Cash & Cash Equivalents as at	30-Jun-17	31-Mar-17
<b>Balances with Bank</b>		
In Current Accounts	28.49	27.88
In Fixed Deposit Account	36.03	34.33
Investments in Mutual Funds	250.97	238.15
<b>Total</b>	<b>315.50</b>	<b>300.36</b>

As a part of the financial policies, the Company believes in maintaining high level of liquidity as it provides immense support against contingencies and uncertainties.

To summarise the Company's liquidity position, given below are few ratios based on consolidated figures:

As at	30-Jun-17	31-Mar-17
Days of sale receivable	63	59
Cash and Equivalents as % of assets	52.74%	53.87%
Cash and Equivalents as % of revenue (LTM)	75.36%	74.57%
Current investments as % of assets	46.33%	44.52%
Current investments as % of revenue (LTM)	66.61%	63.95%

#### Trade Receivables

Our trade receivables (net of provision) as on June 30, 2017 are Rs. 65.47 crore, against Rs. 60.93 crore as on March 31, 2017.

Days of sales receivables (DSR) are at 63 days as on June 30, 2017 against 59 days as on March 31, 2017.

The Company has a policy of providing for all invoices outstanding for a period of 365 days or more and for those invoices which are otherwise considered doubtful based on the Management's perception of risk of collection.

#### Loans and other financial assets

Loans and other financial assets have been classified into non- current and current based on their period of realization.

(Rs. in crore)		
Loans and other Financial assets as on	30-Jun-17	31-Mar-17
<b>Non - Current</b>		
Staff Loans	0.21	0.13

Security deposits	3.26	3.16
Long-term bank deposits	5.17	2.15
<b>Total</b>	<b>8.64</b>	<b>5.44</b>
<b>Current</b>		
Staff Loans	0.36	0.33
Security deposits	0.01	0.02
Mark-to-market gain on forward contracts	0.93	1.56
Expenses recoverable from customers	0.23	0.42
Application money for Mutual fund	3.25	0.00
<b>Total</b>	<b>4.77</b>	<b>2.32</b>
<b>Total Loans and other financial assets</b>	<b>13.41</b>	<b>7.77</b>

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to Rs. 3.26 crore as on June 30, 2017 against Rs. 3.17 crore as on March 31, 2017.

### Current Liabilities

Current Liabilities as on June 30, 2017 is Rs. 134.30 crore (Rs. 124.02 crore as on March 31, 2017).

(Rs. in crore)

### Current Liabilities

As at	30-Jun-17	31-Mar-17
Trade Payables	37.41	35.25
Unpaid dividends	0.28	0.29
Payable for purchase of fixed assets	0.28	0.14
Provision for compensated absences	1.77	1.72
Provision for gratuity	0.04	0.03
Provision for tax	1.36	1.28
Advance from customers / Advance billings	31.54	34.29
Deferred Revenue	51.57	42.73
Book overdraft	-	0.03
Payable to gratuity trust	2.91	2.30
Other Payables- statutory liabilities	6.13	5.97
Pro. for tax on proposed dividend	1.02	0.00
<b>Total</b>	<b>134.30</b>	<b>124.02</b>

### Non-Current Liabilities

Non-current Liabilities as on June 30, 2017 are Rs. 7.14 crore (Rs. 6.66 crore as on March 31, 2017). The breakup of Non-current Liabilities at the quarter end is given below.

(Rs. in crore)

### NON-CURRENT LIABILITIES

As at	30-Jun-17	31-Mar-17
Annual incentive payable	0.49	0.42
Provision for Asset retirement obligation	0.19	0.20
Deferred tax liabilities	0.32	0.15
Provision for employee benefits	6.14	5.89
<b>Total</b>	<b>7.14</b>	<b>6.66</b>

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for employee benefits represents provisions made by the Company based on actuarial valuation.

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## Additional Information to Shareholders

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1. Date of Incorporation January 9, 1989
2. Registered office 33-35, Thyagraj Nagar Market  
New Delhi-110003  
India
3. Corporate Office A-39, Sector 62  
NOIDA, UP –201301  
India
4. Financial Calendar  
(Tentative and subject to change)

Financial results for the second quarter Ending September 30, 2017	between 21 <sup>st</sup> to 31 <sup>st</sup> of October 2017
Financial reporting for the third quarter Ending December 31, 2017	between 20 <sup>th</sup> to 31 <sup>st</sup> of January 2018
Financial reporting for the fourth quarter Ending March 31, 2017.	between 21 <sup>st</sup> to 31 <sup>st</sup> of April 2018
Financial reporting for the first quarter Ending June 30, 2018.	between 20 <sup>th</sup> to 31 <sup>st</sup> of July 2018
5. Share Related Data
  - The Shares of Nucleus are listed on The National Stock Exchange of India limited, and Bombay Stock Exchange Limited
  - Scrip Code (NSE) NUCLEUS
  - Scrip Code (BSE) 531209
  - The Company's shares are traded in "Group B" category at the Bombay Stock Exchange Ltd.
  - International Securities Identification Number (ISIN code-NSDL and CDSL) INE096B01018
  - Face value of the Company's equity shares is Rs. 10.
  - Shares of the Company are compulsorily traded in demat form.
  - 99.58 % of the Company's equity shares are in demat form.
  - The Company has 18,069 shareholders as on December 31, 2016.
  - The Company has not issued any GDRs / ADRs.
  - The dividend declared and paid in the previous financial years is given below:

Financial Year	Dividend (%)	Dividend Per Share in Rs.	Dividend Pay Out in Rs. Crore
2016-17	50%	5.00	16.19
2015-16	50%	5.00	16.19
2014-15	50%	5.00	16.19
2013-14	60%	6.00	19.43
2012-13	30%	3.00	9.71
2011-12	25%	2.50	8.09
2010-11	25%	2.50	8.09
2009-10	25%	2.50	8.09
2008-09	25%	2.50	8.09
2007-08	30%	3.00	9.71
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05#	25%	2.50	4.02*
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2001-02	20%	2.00	1.58
2000-01	20%	2.00	0.68

# The dividend payout in 2004-05 was on the enhanced capital consequent to 1:1 bonus issue made during the year.

#### Notes

- The Board had not recommended any dividend prior to financial year 2000-2001.
- The Dividend Policy of the Company is to maintain the dividend payout, in the range of 15-30% of the profits available for distribution, subject to:
  - a) Provisions of Companies Act and other applicable laws.
  - b) Availability of funds in the Company
- The Board of Directors reviews the Dividend Policy periodically.

- Registrars of Company

#### **Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda,  
Hyderabad-500032  
Tel:040-23420815-28  
Fax: 040- 23420814/23420857  
Email: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)

• Financial Results of Nucleus Software Exports Limited for the Quarter Ended June 30, 2017. (Consolidated)



CONSOLIDATED PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2017

₹ In Lakhs

Particulars	Quarter Ended		Year Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
	Unaudited	Unaudited	Unaudited	Audited
<b>1. INCOME FROM OPERATIONS</b>				
Income from Software Products and Services	9,431.87	9,369.06	8,995.48	37,239.24
<b>Total Income from operations (net)</b>	<b>9,431.87</b>	<b>9,369.06</b>	<b>8,995.48</b>	<b>37,239.24</b>
<b>2. EXPENSES</b>				
a) Employee benefit expense	6,421.39	6,117.80	6,209.09	24,454.85
b) Operating and other expenses	1,979.03	1,807.51	1,778.11	7,396.51
c) Finance cost (Bank Charges)	12.50	14.31	15.61	54.68
<b>Total Expenses</b>	<b>8,412.93</b>	<b>7,939.62</b>	<b>8,002.81</b>	<b>31,906.03</b>
<b>3. PROFIT FROM OPERATIONS BEFORE DEPRECIATION (1-2)</b>	<b>1,018.94</b>	<b>1,429.44</b>	<b>992.67</b>	<b>5,333.20</b>
4. Depreciation and amortisation expense	177.34	188.97	300.18	1,121.73
<b>5. PROFIT FROM OPERATIONS AFTER DEPRECIATION (3-4)</b>	<b>841.60</b>	<b>1,240.47</b>	<b>692.49</b>	<b>4,211.47</b>
6. Other Income	759.70	689.90	733.38	3,213.55
<b>7. PROFIT BEFORE TAXES (5+6)</b>	<b>1,601.30</b>	<b>1,930.37</b>	<b>1,425.87</b>	<b>7,425.02</b>
8. Tax expense	449.81	(109.15)	181.02	809.06
<b>9. PROFIT AFTER TAXES (7-8)</b>	<b>1,151.49</b>	<b>2,039.52</b>	<b>1,244.85</b>	<b>6,615.96</b>
<b>10. OTHER COMPREHENSIVE INCOME</b>	<b>(373.08)</b>	<b>341.00</b>	<b>526.79</b>	<b>515.15</b>
<b>11. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>778.41</b>	<b>2,380.52</b>	<b>1,771.64</b>	<b>7,131.11</b>
<b>12. Earnings Per Share (Rs.) (Par value Rs.10 each) (not annualised)</b>				
Basic	3.56	6.30	3.84	20.43
Diluted	3.56	6.30	3.84	20.43

6. **Locations**

Nucleus services its clients through a network of international offices. Nucleus has wholly owned subsidiaries in India, Japan, Singapore, U.S.A, Netherlands, Australia, South Africa and branch offices in Dubai (UAE), London (U.K) and USA.

Nucleus operates state-of-the-art Software Development Center at NOIDA (U.P) under the Software Technology Park scheme of the Government of India.

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

7. **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 Shareholders/Investor Grievance Committee is authorised to approve transfer of shares, which are received in physical form, and the said Committee approves transfer of shares on a fortnightly basis.

All requests for dematerialisation of shares are processed and confirmation is given to the respective Depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) within 15 days.

The Company obtains from a Company Secretary in practice half –yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (LODR) Regulations 2015 and files a copy of the certificate with the Stock Exchanges.

8. **Investors' Services**

i. Details of request /complaints received during the quarter.

S.No.	Nature of Requests	Received	Attended	Pending
1.	Revalidation of Dividend Warrants	92	92	Nil
2.	Non-receipt of Dividend Warrant	8	8	Nil
3.	Non-Receipt of Securities	1	1	Nil
4.	Non-Receipt of Shares after transfer	0	0	Nil
5.	Non-Receipt of Annual Report	6	6	Nil
6.	SEBI/Stock Exchange/Legal	0	0	Nil

The Company has attended to most of the investors' grievances/correspondence within a period of 10 days from the date of receipt of the same, during the quarter.

ii. Designated e-mail Address for Investor Services

In terms of Regulation 46 of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is [investorrelations@nucleussoftware.com](mailto:investorrelations@nucleussoftware.com).

9. **Legal Proceedings**

There is one legal proceeding pending against the Company in the Court.

10. Distribution of Shareholdings

<b>Distribution Schedule As On 30/06/2017</b>					
<b>S.No.</b>	<b>Category</b>	<b>No. of Cases</b>	<b>% of Cases</b>	<b>Amount</b>	<b>% To Equity</b>
1	1-5000	13580	81.74	13693290.00	4.23
2	5001- 10000	1982	11.93	13189810.00	4.07
3	10001- 20000	525	3.16	7686340.00	2.37
4	20001- 30000	154	0.93	3909790.00	1.21
5	30001- 40000	90	0.54	3126910.00	0.97
6	40001- 50000	69	0.42	3179610.00	0.98
7	50001- 100000	110	0.66	7539360.00	2.33
8	100001& Above	104	0.63	271512130.00	83.84
	<b>Total:</b>	<b>16614</b>	<b>100</b>	<b>323837240.00</b>	<b>100</b>

11. Categories of Shareholders

<b>Category</b>	<b>As on June 30, 2017</b>		
	<b>No. of Share Holders</b>	<b>Voting Strength (%)</b>	<b>No. of Shares Held</b>
Promoter and Promoter Group	11	60.62	1,96,31,866
Individuals	15163	20.59	6,668,410
Bodies Corporate	370	3.18	1,028,433
Non-Resident Indians	433	0.98	6,32,770
Foreign Institutional Investors	28	10.05	3,254,947
Employee	93	0.31	1,01,212
Directors and Relatives	4	0.97	3,13,535
Mutual Funds	3	1.26	4,08,507
NBFC	3	0.31	1,02,111
Financial Institutions/ Banks	1	0.02	5955
Clearing Members and Trusts	39	0.02	5211
HUF	463	0.92	230120
Foreign Nationals	3	0.00	647
<b>Total</b>	<b>16,614</b>	<b>100</b>	<b>32,383,724</b>

12. Investors' Correspondence may be addressed to:

**The Company Secretary**

Nucleus Software Exports Ltd.,  
33-35, Thyagraj Nagar Market  
New Delhi-110003  
India  
Tel: ++91-(120)-2404050 Fax: ++91-(120)-2403972  
Email: [investorrelations@nucleussoftware.com](mailto:investorrelations@nucleussoftware.com)

**13. Employee Strength of Nucleus**

Nucleus employed 1,716 people as on June 30, 2017 as compared to 1,665 people as on March 31, 2017.

**A. Distribution of the Employees:**

	<b>June 30, 2017</b>	<b>March 31, 2017</b>
Technical Employee's	1,481	1,423
Non-Technical Employee's including Business Development Group	235	242
<b>TOTAL</b>	<b>1,716</b>	<b>1,665</b>
Male	1,263	1,240
Female	453	425
<b>TOTAL</b>	<b>1,716</b>	<b>1,665</b>

**14. How do I contact Nucleus by telephone, mail or in person?**

You can contact the following Nucleus personnel for any information:-

Vishnu R Dusad - CEO & Managing Director  
Tel: +91 (120) 4031500  
Email: [vishnu@nucleussoftware.com](mailto:vishnu@nucleussoftware.com)

Ashish Nanda – CFO  
Tel: +91 (120) 4031800  
E Mail: [ashish.nanda@nucleussoftware.com](mailto:ashish.nanda@nucleussoftware.com)

Poonam Bhasin - Company Secretary  
Tel: +91 (120) 4031400  
E Mail: [poonam@nucleussoftware.com](mailto:poonam@nucleussoftware.com)

Consolidated segment Information



CONSOLIDATED SEGMENT INFORMATION

₹ In Lakhs

REVENUE BY	Quarter Ended				Year Ended			
	June 30, 2017	% of Revenue	March 31, 2017	% of Revenue	June 30, 2016	% of Revenue	March 31, 2017	% of Revenue
	Unaudited		Unaudited		Unaudited		Audited	
<b>GEOGRAPHICAL SEGMENTS</b>								
INDIA	2,686.01	28.48	2,774.68	29.62	2,225.23	24.74	10,079.91	27.07
FAR EAST	1,477.33	15.66	1,489.71	15.90	1,515.28	16.85	5,958.21	16.00
SOUTH EAST ASIA	2,073.84	21.99	1,825.91	19.49	2,112.83	23.49	7,843.78	21.06
EUROPE	1,112.08	11.79	1,171.14	12.50	970.38	10.79	4,622.55	12.41
MIDDLE EAST	1,405.66	14.90	1,351.21	14.42	1,261.56	14.02	5,213.52	14.00
AFRICA	208.40	2.21	313.77	3.35	239.50	2.66	911.44	2.45
AUSTRALIA	263.50	2.79	223.10	2.38	454.46	5.05	1,745.97	4.69
REST OF THE WORLD	205.05	2.18	219.54	2.34	216.24	2.40	863.86	2.32
<b>TOTAL</b>	<b>9,431.87</b>	<b>100.00</b>	<b>9,369.06</b>	<b>100.00</b>	<b>8,995.48</b>	<b>100.00</b>	<b>37,239.24</b>	<b>100.00</b>
<b>BUSINESS SEGMENTS</b>								
<b>PRODUCTS</b>	<b>7,319.59</b>	<b>77.60</b>	<b>7,209.29</b>	<b>76.95</b>	<b>6,915.37</b>	<b>76.88</b>	<b>28,809.46</b>	<b>77.36</b>
Own	7,241.31	76.77	7,108.32	75.87	6,840.74	76.05	28,494.56	76.52
Traded	78.27	0.83	100.97	1.08	74.63	0.83	314.90	0.85
<b>PROJECTS &amp; SERVICES</b>	<b>2,112.28</b>	<b>22.40</b>	<b>2,159.77</b>	<b>23.05</b>	<b>2,080.11</b>	<b>23.12</b>	<b>8,429.78</b>	<b>22.64</b>
<b>TOTAL</b>	<b>9,431.87</b>	<b>100.00</b>	<b>9,369.06</b>	<b>100.00</b>	<b>8,995.48</b>	<b>100.00</b>	<b>37,239.24</b>	<b>100.00</b>

## Ratio Analysis

<b>Consolidated Performance</b>			
<b>Particulars</b>	<b>Quarter Ended</b>		
	<b>Jun-17</b>	<b>Mar-17</b>	<b>Jun-16</b>
<b>Ratios- Financial Performance</b>			
Export Revenue/ Revenue (%)	71.52%	70.38%	75.26%
Domestic Revenue/ Revenue (%)	28.48%	29.62%	24.74%
Total Operating Expenses/ Revenue (%)	89.20%	84.74%	88.96%
Operating Profit/ Revenue (%)	10.80%	15.26%	11.04%
Depreciation/ Revenue (%)	1.88%	2.02%	3.34%
Other Income/ Revenue (%)	8.05%	7.36%	8.15%
Tax/ Revenue (%)	4.77%	-1.16%	2.01%
Effective Tax Rate - Tax/ PBT (%)	28.09%	-5.65%	12.70%
PAT from Ordinary Activities/ Revenue (%)	4.15%	14.41%	5.69%
PAT from Ordinary Activities/Net Worth (%) (LTM)	6.05%	6.35%	2.87%
<b>Ratios- Return</b>			
ROCE (PBIT/ Average Capital Employed) (%) (LTM)	13.28%	13.12%	10.51%
ROANW (PAT/Average Net Worth) (%) (LTM)	11.43%	12.11%	8.24%
<b>Ratios - Balance Sheet</b>			
Debt-Equity Ratio	-	-	-
Debtors Turnover (Days)	63	59	89
Asset Turnover Ratio (LTM)	0.70	0.72	0.76
Current Ratio	3.02	3.07	2.93
Cash and Equivalents/Total Assets (%)	52.74%	53.87%	56.80%
Cash and Equivalents/ Revenue (%) (LTM)	75.36%	74.57%	74.26%
<b>Ratios - Growth (YoY)</b>			
Growth in Export Revenue (%)	-0.36%	-6.81%	-5.73%
Growth in Total Revenue (%)	4.85%	1.03%	6.05%
Operating Expenses Growth (%)	5.12%	6.82%	-0.65%
Operating Profit Growth (%)	2.65%	-22.34%	132.65%
PAT Growth (%)	-7.50%	44.44%	83.25%
EPS Growth (%)	-7.50%	44.44%	83.05%
<b>Per- Share Data (Period End)</b>			
Earning Per Share from Ordinary Activities (Rs.)	1.21	4.17	1.58
Earning Per Share (Including Other Income) (Rs.)	3.56	6.30	3.84
Cash Earning Per Share from Ordinary Activities (Rs.)	1.76	4.75	2.51
Cash Earning Per Share (Including Other Income)(Rs.)	4.10	6.88	4.77
Book Value Per Share (Rs.)	167.27	165.18	144.61
Price/Earning (Annualized)	22.42	9.77	14.67
Price/ Cash Earning (Annualized)	19.43	8.94	11.82
Price/Book Value	1.91	1.49	1.56