



**NUCLEUS
SOFTWARE**

NUCLEUS SOFTWARE

Quarterly Report

Sep 30, 2019

Rs. in Crore except per share data

Particulars	Consolidated Performance				
	For the Quarter ended			Half Year ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue from Operations	128.22	124.05	121.49	252.27	234.10
Operating Profit (EBITDA)	20.56	17.93	22.80	38.48	41.11
Profit after Tax (PAT)	21.09	16.57	19.14	37.67	36.73
EBITDA Margin	16%	14%	19%	15%	18%
PAT Margin	16%	13%	16%	15%	16%
EPS	7.26	5.71	6.59	12.97	12.65

At the end of the Period	As at		
	September 30, 2019	June 30, 2019	September 30, 2018
Share Capital	29.04	29.04	29.04
Other Equity	485.51	494.09	438.66
Net Worth	514.55	523.13	467.70
Total Assets	708.63	731.23	658.47
Net Carrying Amount Fixed Assets	34.46	47.01	48.03
Current Assets	397.02	417.34	317.30
Cash and Cash Equivalents	287.27	304.26	216.63
Working Capital	218.12	223.87	140.77
Market Capitalisation	921.75	999.29	1,060.86
No. of Shares (Face Value of Rs.10.00)	29,040,724	29,040,724	29,040,724

Notes:

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs. 317.40 at Sep 30, 2019, Rs. 344.10 at June 30, 2019 and Rs. 365.30 at Sep 30, 2018
- 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			Half Year ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue from Operations	18.32	17.65	17.76	35.97	34.78
Operating Profit (EBITDA)	2.94	2.55	3.33	5.49	6.10
Profit after Tax (PAT)	3.01	2.36	2.80	5.37	5.46
EBITDA Margin	16%	14%	19%	15%	18%
PAT Margin	16%	13%	16%	15%	16%
EPS	1.04	0.81	0.96	1.85	1.88
US \$/ INR Exchange Rate*	70.00	70.26	68.40	70.13	67.30

At the end of the Period	As at		
	September 30, 2019	June 30, 2019	September 30, 2018
Share Capital	4.10	4.21	4.01
Reserves and Surplus	68.50	71.59	60.51
Net Worth	72.59	75.79	64.52
Total Assets	99.98	105.94	90.84
Net Carrying Amount Fixed Assets	4.86	6.81	6.63
Current Assets	56.01	60.47	43.77
Cash and Cash Equivalents	40.53	44.08	29.88
Working Capital	30.77	32.44	19.42
Market Capitalisation	130.04	144.78	146.35
US \$/ INR Exchange Rate#	70.88	69.02	72.49

Note:

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs. 317.40 at Sep 30, 2019, Rs. 344.10 at June 30, 2019 and Rs. 365.30 at Sep 30, 2018
- 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

Dear Shareholder,

I take this opportunity to present to you a brief report on the performance of your Company for the Second Quarter and Half Year ended on Sep 30, 2019.

First the financial performance, consolidated revenue for the quarter was Rs. 128.2 crore against Rs. 121.5 crore in the corresponding quarter of the previous year. The consolidated EBITDA was Rs. 20.6 crore in comparison to Rs. 22.8 crore in the corresponding quarter of the previous year. Consolidated net profit was Rs. 21.1 crore in comparison to Rs. 19.1 crore in the corresponding quarter of the previous year. EPS for the quarter was Rs. 7.26 against Rs. 6.59 in the corresponding quarter of the previous year.

The Product business revenue was Rs. 101.3 crore against Rs. 96.0 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, etc. are at Rs. 506.1 crore as on 30th Sep, 2019, as against Rs. 523.1 crore on 30th June, 2019. We had a hedging position of US\$ 6.87 million of forward contracts at an average rate of Rs. 71.45.

During the quarter, we presented our expertise at Sibos 2019 in London around how banks can achieve hyper agile transaction banking in today's hyper connected world. Showcased expertise at the Indonesia BFSI Innovation Summit on how FinnOne Neo is helping banks and other financial services companies drive innovation in lending. Demonstrated our advanced technologies at the Technology Senate Bangla conference in Kolkata and participated in the Middle East Banking Summit 2019 (MEBIS) and presented insights on 'Getting Ready for Hyper Banking – The Time is Now'

The Manpower numbers are at 2,128 as on Sep 30, 2019.

The second quarter was eventful in-terms of new customers, product orders and implementations. During the period, we welcomed 5 new customers to our growing roster of innovative financial services companies. We won 7 new orders and completed 9 product module implementations across the world. Recognizing the importance of Information technology we continue to invest in the latest technologies to help our customers digitize their operations and achieve their business ambitions. The financial services segment in India is witnessing some challenges with both banks and Non-Bank Financial Companies (NBFCs) facing headwinds in growth. We are in continuous dialogue with our customers to help them recalibrate their business strategies and leverage technology in dealing with the evolving business dynamics.

Managing Director

Date: October 24, 2019

B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: + 91 124 719 1000
Fax: + 91 124 235 8613

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nucleus Software Exports Limited

Opinion

We have audited the standalone interim financial statements of Nucleus Software Exports Limited ("the Company"), which comprise the standalone interim balance sheet as at 30 September 2019, and the standalone interim statement of profit and loss (including other comprehensive income) for the quarter and six months period ended on that date, standalone interim statement of changes in equity and standalone interim statement of cash flows for the six months period ended on that date, and notes to the standalone interim financial statements, including a summary of the significant accounting policies and other explanatory information, as required by Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" and other accounting principles generally accepted in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone interim financial statements give a true and fair view in conformity with Ind AS 34 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 30 September 2019, and profit and other comprehensive income for the quarter and six months period then ended, changes in equity and its cash flows for the six months period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Interim Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone interim financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone interim financial statements of the current period. These matters were addressed in the context of our audit of the standalone interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Significant Judgments requirement in estimating percentage of work completed in fixed price contracts See note 1.2.ii to the standalone interim financial statements	
The key audit matter	How the matter was addressed in our audit
<p>For the quarter and six months period ended 30 September 2019, revenue amounting to Rs. 10,545 lakhs and Rs. 20,770 lakhs respectively has been recognized from the sale of software products and sale of services to customers. This revenue includes revenue from fixed price contracts which is recognized based on the percentage of work completed. This is estimated by the Company basis the completion of milestones and activities as agreed with the customers. Due to a large variety and complexity of the activities performed, significant judgments are required to estimate this percentage of completion. Therefore, the audit risk is that if there is an error in estimation of percentage of completion, this will have an impact on the accuracy of revenue recognized for the quarter and six months period ended 30 September 2019.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> - Obtained an understanding of key internal controls over recording of activities completed and of general IT controls for the project management tool. We documented the controls and made an assessment of the effectiveness of their design. We also performed walk through tests to assess whether the controls were operating as designed. - Involved independent IT specialists to assess whether the project management tool captured activities completed in the correct period and whether the related percentage completion was derived from a system that is operating effectively. - Selected a sample of contracts, using a mix of quantitative and qualitative criteria, and performing the following procedures for each contract selected: <ul style="list-style-type: none"> o inspecting key terms, including transaction price, deliverables, performance obligations, timetable and milestones, set out in the contract; o inquired of the relevant project managers about key aspects and the progress of the contracts, including the estimated total contract costs, key project risks, amendments, contingencies and billing schedules; o verified project management tool for budgeted efforts and related percentage completion milestones and verified accuracy of milestones based on actualization of efforts for delivered projects and past data; o verified the details of the activities completed with those stated in the customer contract and as confirmed by the project manager including agreeing the

10

	<p>respective activities performed according to project management tool with customer report/confirmations which forms the basis of percentage of completion;</p> <ul style="list-style-type: none">○ tested on a sample basis the underlying invoices to customer and cash receipts from customers; and○ verified the ageing analysis and analytical procedures, based on revenue trends, to assess the movements in accrual.
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Management's Responsibility for the Standalone Interim Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these standalone interim financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 prescribed under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone interim financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone interim financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

20

B S R & Associates LLP

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone interim financial statements, including the disclosures, and whether the standalone interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-100024



Ashwin Bakshi

Partner

Membership No. 506777

ICAI UDIN: 19506777AAAABO3133

Place: Gurugram

Date : 23 October 2019

NUCLEUS SOFTWARE EXPORTS LIMITED
STANDALONE INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2019
(Amount in Rupees Lacs unless otherwise stated)

Particulars	Note	As at	
		30 September 2019	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	3,221	3,039
Right of use assets	2.2	410	-
Other intangible assets	2.1	197	178
Intangible assets under development		6	2
Financial assets			
Investments	2.3	24,765	26,922
Loans	2.4	504	7
Other financial assets	2.5	227	222
Deferred tax assets (net)	2.6	597	788
Income tax asset (net)	2.7	1,602	1,636
Other non-current assets	2.8	92	179
Total non-current assets		31,621	32,973
Current assets			
Financial assets			
Investments	2.9	20,497	16,384
Trade receivables	2.10	6,879	6,105
Cash and cash equivalents	2.11	1,293	1,390
Other bank balances	2.12	3,252	3,834
Loans	2.13	12	28
Other financial assets	2.14	149	212
Other current assets	2.15	2,573	2,290
Total current assets		34,655	30,243
Total assets		66,276	63,216
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.16	2,904	2,904
Other equity	2.17	45,490	44,109
Total equity		48,394	47,013
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	243	-
Other financial liabilities	2.18	119	39
Provisions	2.19	915	643
Total non-current liabilities		1,277	682
Current liabilities			
Financial liabilities			
Lease liabilities	2.2	154	-
Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	2.20	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2.20	1,538	1,026
Other financial liabilities	2.21	3,698	4,112
Provisions	2.22	213	180
Current tax liabilities (net)	2.23	4	52
Other current liabilities	2.24	10,998	10,151
Total current liabilities		16,605	15,521
Total equity and liabilities		66,276	63,216

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

In terms of our report attached

For B S R & ASSOCIATES LLP

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

ASHWIN BAKSHI

Partner

Membership number : 506777
UDIN : 19506777AAAABO3133

Place : Gurugram
Date : 23 October 2019

For and on behalf of the Board of Directors of

NUCLEUS SOFTWARE EXPORTS LIMITED

SIDDHARTHA MAHAVIR ACHARYA

Chairman

ASHISH NANDA
Chief Financial Officer

Place : Noida
Date : 23 October 2019

VISHNU R DUSAD

Managing Director

POONAM BHASIN
AVP (Secretarial) &
Company Secretary

RAVI PRATAP SINGH

CEO & Whole-time
Director

NUCLEUS SOFTWARE EXPORTS LIMITED
STANDALONE INTERIM STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2019

(Amount in Rupees Lacs unless otherwise stated)

	Note Ref.	For the quarter ended		For the six months ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
1. REVENUE FROM OPERATIONS					
Income from software product and services	2.25	10,545	9,966	20,770	19,171
2. OTHER INCOME	2.26	1,612	642	3,378	2,695
3. TOTAL INCOME (1+2)		12,157	10,608	24,148	21,866
4. EXPENSES					
a. Employee benefits expense	2.27	6,459	5,957	13,148	11,678
b. Operating and other expenses	2.28	2,559	2,447	4,793	4,362
c. Finance cost	2.29	15	8	32	16
d. Depreciation and amortisation expense	2.1 and 2.2	245	181	472	344
TOTAL EXPENSES		9,278	8,593	18,445	16,400
5. PROFIT BEFORE TAX (3-4)		2,879	2,015	5,703	5,466
6. INCOME TAX EXPENSE					
a. Net current tax expense		360	493	876	1,174
b. Deferred tax (credit) /charge	2.6	250	(54)	275	(64)
NET TAX EXPENSE		610	439	1,151	1,110
7. PROFIT FOR THE PERIOD (5-6)		2,269	1,576	4,552	4,356
8. OTHER COMPREHENSIVE INCOME / (LOSS)					
(A) (i) Items that will not be reclassified to profit or loss					
a) Remeasurements of the defined benefit plans		(41)	(40)	(76)	(31)
b) Equity instruments through other comprehensive income		45	(325)	(83)	(245)
(ii) Tax (expense)/ income relating to Items that will not be reclassified to profit or loss		12	4	22	2
(B) (i) Items that will be reclassified subsequently to profit or loss					
a) Effective portion of gains and loss on hedging instruments in a cash flow hedge		(100)	(52)	(177)	(170)
(ii) Tax (expense) / income relating to Items that will be reclassified subsequently to profit or loss		30	(10)	62	31
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) NET OF TAX		(54)	(423)	(252)	(413)
9. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (7+8)		2,215	1,153	4,300	3,943
Profit attributable to:					
Owners of the Company		2,269	1,576	4,552	4,356
Other comprehensive income attributable to:					
Owners of the Company		(54)	(423)	(252)	(413)
Total comprehensive income attributable to:					
Owners of the Company		2,215	1,153	4,300	3,943
10. EARNINGS PER EQUITY SHARE	2.33				
Equity shares of Rupees 10 each					
a. Basic (Rs)		7.81	5.43	15.67	15.00
b. Diluted (Rs)		7.81	5.43	15.67	15.00
Number of shares used in computing earnings per share					
a. Basic		29,040,724	29,040,724	29,040,724	29,040,724
b. Diluted		29,040,724	29,040,724	29,040,724	29,040,724

See accompanying notes forming part of the standalone interim 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 of
NUCLEUS SOFTWARE EXPORTS LIMITED

ASHWIN BAKSHI
Partner

Membership number : 506777
UDIN : 19506777AAAABO3133

SIDDHARTHA MAHAVIR ACHARYA
Chairman

VISHNU R DUSAD
Managing Director

RAVI PRATAP SINGH
CEO & Whole-time Director

ASHISH NANDA
Chief Financial Officer

POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Place : Gurugram
Date : 23 October 2019

Place : Noida
Date : 23 October 2019

NUCLEUS SOFTWARE EXPORTS LIMITED
STANDALONE INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	For the six months ended	For the six months ended
	30 September 2019	30 September 2018
A. Cash flow from operating activities		
Net profit before tax	5,703	5,466
Adjustment for:		
Depreciation and amortisation expense	472	344
Unrealised exchange gain / loss on translation of foreign currency accounts (net)	(170)	257
Dividend received from current investments	(451)	(317)
Dividend received from non-current investment	(129)	(5)
Dividend received from subsidiary companies	(1,139)	(1,400)
Interest income on financial assets- carried at amortised cost	(809)	(899)
MTM gain / (loss) on investments	(149)	(44)
Net gain / (loss) on sale of investments	1	-
Reversal of loss allowance on loan to subsidiary	(500)	-
Profit on sale of fixed assets (net)	(4)	(27)
Interest expense on lease liability	20	-
Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	138	4
Provision for impairment of investment	-	300
Operating profit before working capital changes	2,983	3,679
Adjustment for (increase) / decrease in operating assets		
Trade receivables	(705)	417
Loans	18	1
Other assets	(312)	(708)
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	505	(1,032)
Provisions and other liabilities	717	924
	3,206	3,281
Income taxes paid (net)	(890)	(1,291)
Net cash from operating activities (A)	2,316	1,990
B. Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets under development	(608)	(527)
Proceeds from sale of property, plant and equipment	4	-
Net (purchase)/sale of mutual funds, tax free bonds and preference shares	(831)	(831)
Investment in subsidiary	-	(133)
Bank deposits (net) not considered as cash and cash equivalents (placed) / matured	556	(259)
Interest received on fixed deposits and others	209	151
Dividend received from non current investments	122	5
Dividend from subsidiary company	1,139	1,400
Net cash (used in) / from investing activities (B)	591	(194)
C. Cash flow from financing activities		
Payment of lease liabilities	(100)	-
Dividend paid (including corporate dividend tax)	(2,919)	(2,516)
Net cash used in financing activities (C)	(3,019)	(2,516)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(112)	(720)
Opening cash and cash equivalents	1,390	1,861
Exchange difference on translation of foreign currency bank accounts	15	126
Closing cash and cash equivalents	1,293	1,267
Supplementary information		
Restricted cash	41	41

Notes:

i. Figures in brackets indicate cash outflow.

See accompanying notes forming part of the standalone interim 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 of

NUCLEUS SOFTWARE EXPORTS LIMITED

ASHWIN BAKSHI
 Partner

SIDDHARTHA MAHAVIR ACHARYA
 Chairman

VISHNU R DUSAD
 Managing Director

RAVI PRATAP SINGH
 CEO & Whole-time Director

Membership number : 506777
 UDIN : 19506777AAAA03133

ASHISH NANDA
 Chief Financial Officer

POONAM BHASIN
 AVP (Secretarial) &
 Company Secretary

Place : Gurugram
 Date : 23 October 2019

Place : Noida
 Date : 23 October 2019

NUCLEUS SOFTWARE EXPORTS LIMITED
STANDALONE INTERIM STATEMENT OF CHANGES IN EQUITY

A. Equity share Capital

(Amount in Rupees Lacs unless otherwise stated)

Balance as of 1 April 2019	Changes in equity share capital during the period	Balance as on 30 September 2019
2,904	-	2,904

Balance as of 1 April 2018	Changes in equity share capital during the period	Balance as on 30 September 2018
2,904	-	2,904

B. Other Equity

	Reserves and Surplus			Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Capital Redemption reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2019	89	334	42,733	108	845	44,109
Profit for the period	-	-	4,552	-	-	4,552
Dividend on equity shares	-	-	(2,614)	-	-	(2,614)
Corporate dividend tax	-	-	(305)	-	-	(305)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	(115)	-	(115)
Equity Instruments through Other Comprehensive Income	-	-	-	-	(83)	(83)
Remeasurement of the defined benefit plans, net	-	-	(54)	-	-	(54)
Balance as of 30 September 2019	89	334	44,312	(7)	762	45,490

	Reserves and Surplus			Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Capital Redemption reserve	Retained earnings	Hedging reserve	Equity instrument through other comprehensive income	
Balance as of 1 April 2018	89	334	37,816	2	839	39,080
Profit for the period	-	-	4,356	-	-	4,356
Dividend on equity shares	-	-	(2,323)	-	-	(2,323)
Corporate dividend tax	-	-	(192)	-	-	(192)
Effective gain/(loss) on hedging instruments (net of tax)	-	-	-	(139)	-	(139)
Equity Instruments through Other Comprehensive Income	-	-	-	-	(245)	(245)
Remeasurement of the defined benefit plans, net	-	-	(29)	-	-	(29)
Balance as of 30 September 2018	89	334	39,628	(137)	594	40,508

See accompanying notes forming part of the standalone interim 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 of

NUCLEUS SOFTWARE EXPORTS LIMITED

ASHWIN BAKSHI

Partner

Membership number : 506777

UDIN : 19506777AAAABO3133

SIDDHARTHA MAHAVIR ACHARYA

Chairman

VISHNU R DUSAD

Managing Director

RAVI PRATAP SINGH

CEO & Whole-time Director

ASHISH NANDA

Chief Financial Officer

POONAM BHASIN

AVP (Secretarial) &
Company Secretary

Place : Gurugram

Date : 23 October 2019

Place : Noida

Date : 23 October 2019

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

Note 1:

1.1 Company overview

Nucleus Software Exports Limited ('Nucleus' or 'the Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 30 June 2019 the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange.

The Company has wholly owned subsidiaries in India, Singapore, USA, Japan, Netherlands, South Africa and Australia. The Company's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

1.2. Significant accounting policies

i. Basis of preparation of standalone interim Ind AS financial statements

a) Statement of compliance

The standalone interim Ind AS financial statements ("standalone interim financial statements") of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The standalone interim financial statements were approved for issue by the Board of Directors on 23 July 2019.

b) Functional and presentation currency

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

c) Current and non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

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

Operating cycle

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

d) Basis of measurement

The standalone interim financial statements have been prepared on the historical basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit(asset)/liability	Fair value of plan assets less present value of defined benefit obligations

e) Use of estimates and judgements

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

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

Judgements

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the standalone interim financial statements is included in the following notes:

- Lease classification – Note 2.2

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

- Estimates of expected contract costs to be incurred to complete contracts- Note 2.15

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent period financial statements is included in the following notes:

- Estimation of deferred tax expense and payable – Note 2.6
- Estimated useful life of property, plant and equipment and Intangible assets – Note 1.2 (iv) and (v)
- Estimation of defined benefit obligations— Note 2.38
- Impairment of trade receivables- Note 2.10
- Impairment of service income accrued but not due - Note 2.15
- Impairment loss on preference shares carried at amortised cost- Note 2.3
- Estimation of fair value of preference shares in subsidiary- Note 2.3

f) Measurement of fair values

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

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

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

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

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

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

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

ii.Revenue recognition

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

- Effective 1 April, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The adoption of the standard did not have any material impact to the standalone interim financial statements of the Company.
- Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.
- Revenue from sale of licenses, where no customisation is required, is recognised upon delivery of these licenses which constitute transfer of all risks and rewards.
- Revenue from time and material contracts is recognised as the services are rendered.
- Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross basis as the Company is acting as the principal.
- Out of pocket reimbursable expenses e.g.travel etc. if incurred in relation to performance obligation under the contract is recognised as revenue.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

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

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

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

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

iii. Other income

Profit on sale of investments is determined as the difference between the sales price and the carrying value of the investment upon disposal of investments.

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

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

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

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

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

iv. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment includes its purchase price, any directly attributable expenditure on making the asset ready for its intended use. Property, plant and equipment under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

Depreciation on property, plant and equipment, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management taking into account nature of the asset, the estimated usage of the asset and the operating conditions of the asset. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the standalone interim statement of profit and loss account.

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

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

Asset category	Management estimate of useful life (in years)	Useful life as per Schedule II(in years)
Tangible asset		
Building	30	30
Plant and machinery (including office equipment)*	5	15
Computers- end user devices such laptops, desktops etc.	3	3
Computers- servers and networking equipment*	4	6
Vehicles*	5	10
Furniture and fixtures*	5	10
Temporary wooden structures (included in Building)	3	3

*Based on technical evaluation, the useful lives as given above represent the period over which the management expects to use these assets; hence these lives are different from the useful lives prescribed under Part C of schedule II of the Companies Act, 2013.

v. Intangible assets

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

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

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

vi. Financial instruments

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

- financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
 - the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
 - how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
 - the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d) Offsetting

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

e) Derivative financial instruments and hedge accounting

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

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

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

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

Cash flow hedges

The Company recognizes derivative instruments and hedging activities as either assets or liabilities in its balance sheet and measures them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Changes in the fair values of the derivatives designated as cash flow hedges are deferred and recorded as a component of other comprehensive income (loss) reported under accumulated other comprehensive income (loss) until the hedge transaction occurs and are then recognized in the standalone interim statements of income along with underline hedge items and disclosed as part of total net revenues. Changes in the fair value of the derivatives not designated as hedging instruments and the ineffective portion of the derivatives designated as cash flows hedges are recognized in standalone interim statement of income and are included in foreign exchange gains (losses), net, and other income (expense), net, respectively.

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

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

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

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

vii. Impairment

a) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets are carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

b) Impairment of non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone interim statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

viii. Provisions (other than for employee benefits)

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

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

ix. Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated in to INR, the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gain and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non- monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- qualifying cash flow hedges to the extent that the hedges are effective.

The company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

b) Foreign operations

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

x. Earnings per share

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

xi. Taxation

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

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

a) Current tax

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

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

b) Deferred tax

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

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

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

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

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

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

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset when it is probable that future economic benefit associated with it in

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

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

xii. Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

Short-term employee benefits

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

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

Long-term employee benefits

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

Employee stock option based compensation

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

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

xiii. Standalone Interim Cash Flow Statement

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

xiv. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of standalone interim profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of standalone interim profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

xv. Research and development

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

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

2.1 Property, plant and equipment

(Amount in Rupees Lacs unless otherwise stated)

PARTICULARS	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April 2019	Additions	Deductions / adjustments	As at 30 September 2019	As at 1 April 2019	Depreciation for the period	Deductions / adjustments	As at 30 September 2019	As at 30 September 2019	As at 31 March 2019
Tangible assets										
Freehold land	34	-	-	34	-	-	-	-	34	34
	(34)	-	-	(34)	-	-	-	-	(34)	(34)
Leasehold land	560	-	-	560	24	4	-	28	532	536
	(560)	-	-	(560)	(16)	(8)	-	(24)	(536)	(544)
Buildings	1,654	-	-	1,654	274	46	-	320	1,334	1,380
	(1,627)	(25)	-	(1,652)	(177)	(91)	-	(268)	(1,380)	(1,450)
Plant and equipment	206	41	-	247	157	12	-	169	78	49
	(189)	(27)	-	(216)	(140)	(24)	-	(164)	(49)	(49)
Office equipment	117	9	-	126	46	11	-	57	69	71
	(75)	(13)	-	(88)	(29)	(16)	-	(45)	(71)	(46)
Computer equipment	1,649	369	0	2,018	1,004	185	0	1,189	829	645
	(1,242)	(432)	-	(1,674)	(675)	(304)	-	(979)	(645)	(567)
Vehicles	327	72	-	399	137	34	-	171	228	190
	(247)	(84)	(49)	(282)	(85)	(57)	(25)	(117)	(190)	(162)
Furniture and fixtures	178	1	-	179	44	18	-	62	117	134
	(92)	(88)	-	(180)	(12)	(10)	-	(22)	(134)	(80)
	4,725	492	0	5,217	1,686	310	0	1,996	3,221	3,039
	(4,066)	(669)	(49)	(4,686)	(1,134)	(510)	(25)	(1,619)	(3,039)	(2,932)
Other intangible assets										
Software	823	85	-	908	645	66	-	711	197	178
	(638)	(79)	-	(717)	(514)	(137)	-	(651)	(178)	(124)
Total	5,548	577	0	6,125	2,331	376	0	2,707	3,418	3,217
	(4,704)	(748)	(49)	(5,403)	(1,648)	(647)	(25)	(2,270)	(3,217)	(3,056)

Note:

(1) Figures in the bracket pertain to the year ended 31 March 2019/ 31 March 2018.

NUCLEUS SOFTWARE EXPORTS LIMITED

NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2.2 Transition to Ind AS 116

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

For transition, the Company has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. It has therefore, not reassessed whether a contract, is or contains a lease, at the date of initial application; relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review; excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

The Company has adopted Ind AS 116 , effective period beginning 1 April 2019 and applied the standard to its leases, retrospectively, using the modified retrospective approach. Accordingly, the Company has not restated comparative information.

This has resulted in recognizing a right of use asset and corresponding lease liability of Rs. 458 lakhs as at 1 April 2019. The nature of expenses in respect of operating leases has changed from lease rent in the previous periods to depreciation cost for the right of use asset and finance cost for the interest accrued on lease liability. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 9.3% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Following are the changes in the carrying value of right of use assets for the six months ended 30 September 2019:

(Amount in Rupees Lacs unless otherwise stated)	
Particulars	As at 30 September 2019
Balance as at 1 April 2019	458
Additions	48
Amortization	96
Balance as at 30 September 2019	410

The aggregate depreciation expense on right of use assets is included under depreciation and amortization expense in the statement of standalone interim Profit and Loss Account.

The following is the break-up of current and non-current lease liabilities as at 30 September 2019

(Amount in Rupees Lacs unless otherwise stated)	
Particulars	As at 30 September 2019
Current lease liabilities	154
Non-current lease liabilities	243
Total	397

The following is the movement in lease liabilities during the six months ended 30 September 2019:

(Amount in Rupees Lacs unless otherwise stated)	
Particulars	As at 30 September 2019
Balance as of 1 April 2019	458
Additions	19
Finance cost accrued during the period	20
Payment of lease liabilities	100
Balance as at 30 September 2019	397

The table below provides details regarding future lease payments as at 30 September 2019 on an undiscounted basis:

(Amount in Rupees Lacs unless otherwise stated)	
Particulars	As at 30 September 2019
Not later than 1 year	184
Later than 1 year but not later than 5 years	263
More than 5 year	-
Total	447

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was Rs 33 lacs for the six months ended 30 September 2019.

NUCLEUS SOFTWARE EXPORTS LIMITED

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2.3 A. NON-CURRENT INVESTMENTS

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 30 September 2019	As at 31 March 2019
Investments in equity shares of subsidiaries (unquoted)		
<i>Equity shares at cost</i>		
a. 625,000 (625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore	163	163
b. 1,000,000 (1,000,000) equity shares of US Dollar 0.35 each, fully paid up, in Nucleus Software Inc., USA	163	163
Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	(163)	(163)
c. 200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha	41	41
d. 1,000,000 (1,000,000) equity shares of Rs 10 each, fully paid up, in VirStra i-Technology Services Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	100	100
e. 7,500 (7,500) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands	489	489
Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands	(489)	(489)
f. 10,000,000 (10,000,000) equity shares of Rs. 10 each, fully paid up, in Nucleus Software Limited, India [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	1,194	1,194
g. 100,000 (100,000) equity shares 1 AUD each, fully paid in Nucleus Software Australia Pty. Ltd., Australia	55	55
h. 10 (10) equity shares of ZAR 61,200 each fully paid up, in Nucleus Software South Africa (Pty.) Limited, South Africa	32	32
i. 11,110 (10,666) equity shares of Rs 10 each, fully paid up in Avon Mobility Solutions Private Limited [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	350	350
	1,935	1,935
Investment in equity instruments (Quoted)		
<i>Equity shares at FVOCI</i>		
250,000 (250,000) equity shares of Rs. 10 each, fully paid up, in Ujjivan Financial Services Limited	787	870
Investments in preference shares of subsidiaries (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
4,000,000 (2,650,000) 11% Preference shares of Rs. 10 each fully paid up in Avon Mobility Solutions Private Limited.	150	150
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
a. 8.15% L&T Finance Holding Ltd.(Preference Shares - 2020)	-	1,393
b. 16.46% Infrastructure Leasing & Financial Services Ltd. (Preference Shares - 2022)	501	501
Less: Provision for impairment of investment	(501)	(501)
c. 17.38% IL&FS Financial Services Ltd. (Preference Shares - 2021)	100	100
Less: Provision for impairment of investment	(100)	(100)
d. 8.33% Tata Capital Ltd (Preference Shares - 2022)	-	116
e. 7.50% Tata Capital (Preference Shares - 2020)	1,557	1,500
	1,557	3,009
Investment in Preference Shares (unquoted)		
<i>Preference shares at Fair value through profit or loss (FVTPL)</i>		
a. 8.20% Tata Motors Finance Ltd (CCPS - 2020) (see note 2.30)	556	556
b. 10% Tata Motors Finance Ltd (CCPS - 2025)	2,114	2,129
	2,670	2,685
Investment in bonds (quoted)		
<i>Bonds securities at Amortised cost</i>		
a. 7.18% Indian Railway Finance Corporation Limited Tax free bonds 2023	1,020	977
b. 8.23% Indian Railway Finance Corporation Limited Tax free bonds 2024	519	539
c. 8.09% Power Finance Corporation Tax Free Bonds 2021	494	477
d. 7.51% Power Finance Corporation Tax Free Bonds 2021	537	519
e. 8.00% Indian Railway Finance Corporation Limited Tax free bonds 2022	2,188	2,114
f. 8.01% India Infrastructure Finance Company Limited Tax Free Bonds 2023	1,070	1,030
g. 7.11% Power Finance Corporation Tax Free Bonds 2025	55	53
h. 7.55% Indian Railway Finance Corporation Limited Tax Free Bonds 2021	319	309
i. 8.20% Power Finance Corporation Tax Free Bonds 2022	66	64
j. 7.28% Indian Railway Finance Corporation Limited Tax free bonds 2030	49	47
k. 7.49% Indian Renewable Energy Development Agency Limited (IREDA) Tax Free Bonds 2031	125	121
l. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2031	147	142
m. 8.50% National Highways Authority of India (NHAI) Tax Free Bonds 2029	112	108
n. 7.39% National Highways Authority of India (NHAI) Tax Free Bonds 2031	166	160
o. 7.39% Housing and Urban Development Corporation Limited (HUDCO) Tax free bonds 2031	136	131
p. 7.21% Power Finance Corporation Tax Free Bonds 2022	532	514
q. 7.35% Indian Railway Finance Corporation Limited Tax Free Bonds 2031	126	122
r. 7.35% National Bank for Agriculture and Rural Development (NABARD) Tax Free Bonds 2031	208	201
s. 8.35% National Highways Authority of India (NHAI) Tax Free Bonds 2023	569	553
t. 8.51 Housing and Urban Development Corporation Limited (HUDCO) Tax Free Bonds 2024	573	557
	9,011	8,738
Investment in mutual funds (quoted)		
<i>Fixed maturity plan at Amortised cost</i>		
a. HDFC FMP 1169D February 2017 (1)	-	579
b. HDFC FMP 1150D February 2017 (1)	-	347
c. Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	-	560
d. ICICI Prudential Fixed Maturity Plan - Series 81 - 1163 Days Plan Q	1,158	1,120
e. ICICI Prudential FMP - Series 82 - 1225 Days Plan B	566	546
f. UTI Fixed Term Income Fund Series XXVIII - IV (1204 Days)	565	546
g. Nippon India Fixed Horizon Fund XXXV (1227 days) -series 12 (formerly known as Reliance Fixed Horizon Fund XXXV (1227 days) - series 12)	560	541
h. Aditya Birla Sun Life Fixed Term Plan-Series OY (1218 days)	566	546
i. ICICI Prudential FMP - Series 82 - 1203 Days Plan K	562	542
j. Nippon India Fixed Horizon Fund XXXVI - Series 6 (formerly known as Reliance Fixed Horizon Fund XXXVI - Series 6)	560	540
k. UTI Fixed Term Income Fund Series XXVIII -XIV (1147 days)	559	539
	5,096	6,406

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2019	As at 31 March 2019
Investment in mutual funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
a. HDFC Corporate Bond Fund - Growth-Direct	271	261
b. DSP Banking & PSU Debt Fund - Growth- Direct	573	547
c. ICICI Prudential Income Opportunities Fund - Growth- Direct	570	540
d. IDFC Corporate Bond Fund - Growth- Direct	-	688
e. L&T Short Term Opportunities Fund - Growth- Direct	576	550
f. Aditya Birla Floating Rate Fund - Dividend Reinvestment- Direct	1,001	-
g. Nippon India FRF - ST - Growth- Direct (formerly known as Reliance FRF - ST - Growth - Direct)	568	544
	3,559	3,130
Aggregate amount of non-current investments	24,765	26,922
Aggregate book value of quoted investments	16,451	19,021
Aggregate market value of quoted investments	16,690	19,651
Aggregate value of unquoted investments	8,314	7,901
Aggregate amount of impairment in value of quoted investments	601	601
Aggregate amount of impairment in value of unquoted investments	652	652

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 30 September 2019	Dividend income recognised during Six months ended 30 September 2019	Fair value as at 31 March 2019
Investment in Ujivan Financial Services Limited	787	1	870

No strategic investments were disposed off during half year ended 30 September 2019 as well in the previous year ended 31 March 2019 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2019	As at 31 March 2019

2.4 LONG-TERM LOANS

(Unsecured considered good unless otherwise stated)

a. Loans and advances to employees		
Loans Receivables considered good - Unsecured	4	7
b. Loan to subsidiary credit impaired	732	732
	736	739
Less: Loss allowance for loan to subsidiary	(232)	(732)
	504	7

2.5 OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

a. Security deposits	208	203
b. Long-term bank deposits	19	19
	227	222

Note:

[Long term bank deposits include Rs 19 Lacs (31 March 2019 Rs 19 lacs) which are under lien]

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2.6 DEFERRED TAX ASSETS (NET)

A. Amounts recognised in profit or loss

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Current tax	360	493	876	1,174
Deferred tax	250	(54)	275	(64)
Net tax expense	610	439	1,151	1,110

B. Income tax recognised in other comprehensive income

	For the quarter ended 30 September 2019		
	Before tax	Tax (expense) /benefit	Net of tax
Remeasurements of net defined benefit plans	(41)	12	(29)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(100)	30	(70)
Income tax recognised in other comprehensive income	(141)	42	(99)

	For the quarter ended 30 September 2018		
	Before tax	Tax (expense) /benefit	Net of tax
Remeasurements of net defined benefit plans	(40)	4	(36)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(52)	(10)	(62)
Income tax recognised in other comprehensive income	(92)	(6)	(98)

	For the six months ended 30 September 2019		
	Before tax	Tax (expense) /benefit	Net of tax
Remeasurements of net defined benefit plans	(76)	22	(54)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(177)	62	(115)
Income tax recognised in other comprehensive income	(253)	84	(169)

	For the six months ended 30 September 2018		
	Before tax	Tax (expense) /benefit	Net of tax
Remeasurements of net defined benefit plans	(31)	2	(29)
Effective portion of gain/ (loss) on hedging instruments of effective cash flow hedges(net of tax)	(170)	31	(139)
Income tax recognised in other comprehensive income	(201)	33	(168)

C. Reconciliation of effective tax rate

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

Particulars	Percentage	For the six months ended 30 September 2019	Percentage	For the six months ended 30 September 2018
Profit before tax		5,703		5,466
Domestic tax rate	29%	1,661	35%	1,910
Effect of exempt non-operating income and deduction	-4%	(250)	-8%	(446)
Effect of non- deductible expenses	0%	18	1%	44
Additional deduction on research and development expenses	-3%	(195)	-5%	(260)
Taxes on income at different rates	-4%	(148)	-3%	(138)
Change in tax rate	2%	65	0%	-
Effective tax	20%	1,151	20%	1,110

D. Movement in temporary differences

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Balance as at 1 April 2019	Recognised [Credited/ (Charge)] in profit or loss during the period ended 30 September 2019	Recognised [Credited/ (Charge)] in OCI during the period ended 30 September 2019	Balance as at 30 September 2019
(i) Deferred tax assets				
Provisions- compensated absences, gratuity and other employee benefits	654	(46)	22	630
Provision for doubtful trade receivables / Loans and service income accrued but not due	421	(195)	-	226
MAT credit entitlement	-	-	-	-
Trade receivables, security deposit and loans at amortised cost	31	(6)	-	25
Lease liability	-	3	-	3
	1,106	(244)	22	884
(ii) Deferred tax liabilities				
Property, plant and equipment	92	7	-	85
Forward contracts	58	-	62	(4)
Investments	168	(38)	-	206
	318	(31)	62	287
Net deferred tax asset	788	(275)	84	597

NUCLEUS SOFTWARE EXPORTS LIMITED

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at 30 September 2019	As at 31 March 2019
2.7 INCOME TAX ASSETS (NET)		
a. Advance income tax	1,602	1,636
	1,602	1,636
2.8 OTHER NON- CURRENT ASSETS (Unsecured considered good unless otherwise stated)		
a. Employee advances	38	38
b. Capital advances	45	-
c. Prepaid expenses	9	5
d. Advance payment to gratuity trust (see note 2.38)	-	106
e. Deferred rent	-	30
	92	179

2.9 Current investments

Investment in mutual funds

Name	As at 30 September 2019	As at 31 March 2019
Investment in Mutual Funds (Unquoted)		
<i>Mutual funds at Fair value through profit or loss (FVTPL)</i>		
Axis Liquid Fund- Direct Plan- Daily Dividend Reinvestment	-	838
Aditya Birla Sunlife Arbitrage Fund -Direct Plan - Dividend Reinvestment	1,309	880
HDFC Arbitrage Fund - Wholesale Plan-Normal-Dividend-Direct Plan	1,808	1,754
ICICI Prudential Equity Arbitrage Fund- Direct Plan- Monthly Dividend Reinvestment	271	263
IDFC Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment		711
Kotak Equity Arbitrage Fund- Direct Plan - Fortnightly Dividend Reinvestment	3,377	3,276
L&T Ultra Short Term Fund - Direct Plan - Daily Dividend Reinvestment	512	-
L&T Liquid Fund - Direct Plan- Daily Dividend Reinvestment		708
Nippon India Arbitrage Fund - Direct Plan - Monthly Dividend Reinvestment (formerly known as Reliance Arbitrage Fund - Direct Plan)	1,203	1,164
SBI Liquid Fund - Direct Plan - Daily Dividend Reinvestment	1,111	546
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	649	454
Tata Liquid Fund - Direct Plan - Daily Dividend Reinvestment	1,011	786
DSP Liquidity Fund - Direct Plan - Daily Dividend Reinvestment	1,011	643
Mahindra Liquid Fund - Direct Plan - Daily Dividend Reinvestment	682	667
Sundaram Money Fund - Direct Plan - Daily Dividend Reinvestment	-	630
UTI Liquid Cash Plan - Direct Plan - Daily Dividend Reinvestment	-	753
ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment	348	477
UTI Money Market Fund - Direct Plan - Daily Dividend Reinvestment	634	617
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Daily Dividend Reinvestment	1,287	886
SBI Arbitrage Opportunities Fund - Direct Plan - Monthly Dividend Reinvestment	343	331
HDFC Money Market Fund - Direct Plan - Daily Dividend Reinvestment	762	-
SBI Savings Fund - Direct Plan - Daily Dividend Reinvestment	1,713	-
Fixed Maturity Plans/Interval Plans (quoted)	18,031	16,384
<i>Fixed maturity plan at Amortised cost</i>		
HDFC FMP 1169D February 2017 (1)	599	-
HDFC FMP 1150D February 2017 (1)	360	-
Aditya Birla Sun Life Fixed Term Plan-Series OT (1117 days)	579	-
	1,538	-
Investment in Preference Shares (quoted)		
<i>Preference shares at Amortised cost</i>		
8.15% L&T Finance Holding Ltd.(Preference Shares - 2020)	928	-
Aggregate amount of investment	20,497	16,384
Aggregate book value of quoted investments	2,466	-
Aggregate market value of quoted investments	2,435	-
Aggregate value of unquoted investments	18,031	16,384

NUCLEUS SOFTWARE EXPORTS LIMITED

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2019	As at 31 March 2019
2.10 CURRENT TRADE RECEIVABLES		
a. TRADE RECEIVABLES		
Considered good - Unsecured	6,803	5,891
Credit impaired	254	247
	7,057	6,138
Less: Allowances for doubtful trade receivables	(254)	(247)
	6,803	5,891
b. Due from subsidiaries - considered good (see note 2.34)	76	214
Total	6,879	6,105
2.11 CASH AND CASH EQUIVALENTS		
a. Cash on hand	-	1
b. Remittance in transit	92	-
c. Balances with scheduled banks:		
- in current accounts	89	110
- in EEFC accounts	993	1,108
d. Balance with non scheduled banks in current accounts:		
- Citibank, United Kinadom	12	8
- Citibank, United Arab Emirates	29	29
- Citibank, USA	26	21
e. Balances with scheduled banks in deposit accounts with original maturity of less than 3 months	52	113
Total	1,293	1,390
2.12 OTHER BANK BALANCES		
a. Balances with scheduled banks in earmarked accounts:		
- unclaimed dividend accounts	33	40
b. Balances with scheduled banks in deposit accounts		
- Maturity with in 12 months of the reporting date	3,219	3,794
Total	3,252	3,834
Note:		
[Balance with scheduled banks in deposit accounts include Rs 42 lacs (31 March 2019 Rs 42 lacs) which are under lien]		
2.13 SHORT-TERM LOANS		
Loans and advances to employees		
a. Loans Receivables considered good - Unsecured	12	28
	12	28
2.14 OTHER CURRENT FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)		
a. Security deposit	6	4
b. Mark-to-market gain on forward contracts	-	167
c. Expenses recoverable from customers	103	41
d. Other recoverable from subsidiaries	40	-
	149	212
2.15 OTHER CURRENT ASSETS (Unsecured considered good unless otherwise stated)		
a. Service income accrued but not due		
Considered good	1,758	1,406
Credit impaired	210	218
	1,968	1,624
Less : Provision for service income accrued but not due	(210)	(218)
	1,758	1,406
b. Employee advances	82	54
c. Prepaid expenses	498	317
d. Contract cost	14	70
e. Balances with government authorities		
-GST/ VAT credit receivable	108	8
- Interest on income tax refund	-	43
f. Others		
- Supplier advances	109	387
g. Deferred employee benefits	4	5
	2,573	2,290

NUCLEUS SOFTWARE EXPORTS LIMITED

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

(Amount in Rupees Lacs unless otherwise stated)

Particulars	As at	As at
	30 September 2019	31 March 2019
2.16 SHARE CAPITAL		
a. Authorised		
Equity shares		
40,000,000 (40,000,000) equity shares of Rs. 10 each	4,000	4,000
b. Issued, Subscribed and Paid-Up		
Issued		
29,043,524 (29,043,524) equity shares of Rs. 10 each		
Subscribed and Paid-Up		
29,040,724 (29,040,724) equity shares of Rs. 10 each	2,904	2,904
	2,904	2,904

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

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

Particulars	Opening balance		Closing balance
a. For the period ended 30 September 2019			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	290,422,240	-	290,422,240
b. For the year ended 31 March 2019			
- Number of shares	29,040,724	-	29,040,724
- Amount (In Rupees)	290,422,240	-	290,422,240

(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 September 2019		As at 31 March 2019	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	31%	9,000,000	31%
Nucleus Software Engineers Private Limited	2,385,882	8%	2,385,882	8%
Madhu Dusad	3,066,248	11%	3,066,248	11%
Vishnu R. Dusad	1,603,492	6%	1,603,492	6%

(iv) The subscribed and paid capital of Rs 2,904 lacs include Rs. 15,000 in respect of 2,800 forfeited equity shares pending reissue.

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

- Employee Stock Option Scheme and SEBI (Share Based Employee Benefits) Regulations, 2014, is effective for regulation of all schemes by the Company for the benefits for its employees dealing in shares, directly or indirectly from 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.
- 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.
- No options have been granted till date under the ESOP Scheme 2015.

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2019	As at 31 March 2019
2.17 OTHER EQUITY		
a. Capital reserve	89	89
b. Capital redemption reserve	334	334
c. Retained earnings	44,312	42,733
d. Other comprehensive income	755	953
Total	45,490	44,109
Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the period ended 30 September 2019	Year ended 31 March 2019
a. Capital reserve		
Opening balance	89	89
Closing balance	89	89
b. Capital Redemption reserve		
Opening Balance	334	334
Addition during the period	-	-
Closing balance (see note 2.16)	334	334
c. Retained Earnings		
Opening balance	42,733	37,816
Add: Profit for the year	4,552	7,563
- Final dividend on equity shares [see note (i) below]	(2,614)	(2,323)
-Corporate Dividend tax	(305)	(192)
-Remeasurement of the defined benefit plans, net	(54)	(131)
Closing balance	44,312	42,733
d. Other comprehensive income		
Equity instrument through other comprehensive income		
Opening balance	845	839
Addition / (Deletion)	(83)	6
Closing balance	762	845
Hedging reserve, net [see note 2.30]		
Opening balance	108	2
Addition / (Deletion)	(115)	106
Closing balance	(7)	108
	755	953
	45,490	44,109

Note :

- (i) The Board of Directors on 23 April 2019 recommended payment of Final Dividend of Rs. 9 per share (on equity share of par value of Rs. 10 each) for the year ended 31 March 2019. The payment was approved by the shareholders in the Annual General Meeting held on 8 July 2019. This dividend was paid on 12 July 2019.

Nature and purpose of other reserves

Capital reserve

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

Capital Redemption reserve

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

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

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

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

Hedging reserve

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

Equity instrument through other comprehensive income

The Company has designated its investments in certain equity instruments at fair value through other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

Remeasurement of net defined benefit plans

Remeasurement of net defined benefit plans (asset) comprises actuarial gain and losses and return on plan assets (excluding interest income)

NUCLEUS SOFTWARE EXPORTS LIMITED

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	As at		As at	
	30 September 2019		31 March 2019	
2.18 OTHER NON- CURRENT FINANCIAL LIABILITIES				
a. Employee payable		119		39
		119		39
2.19 NON-CURRENT PROVISIONS				
Provision for employee benefits				
a. Provision for compensated absences		780		643
b. - Provision for gratuity (see note 2.38)		135		-
		915		643
2.20 TRADE PAYABLES				
a. Trade payables				
-Total outstanding dues of micro enterprises and small enterprises		-		-
-Total outstanding dues of creditors other than micro enterprises and small enterprises (see note below)		1,155		815
b. Due to subsidiaries (see note 2.34)		383		211
		1,538		1,026
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.				
		As at		As at
		30 September 2019		31 March 2019
		Principal	Interest	Principal
				Interest
a) Amount due to vendor		-	-	-
b) Principal amount paid (includes unpaid) beyond the appointed date		-	-	-
c) Interest due and payable for the period of delay in making payment		-	-	-
d) Interest accrued and remaining unpaid		-	-	-
e) Further interest remaining due and payable for the purpose of disallowance of a deductible expenditure under section 23		-	-	-
		-	-	-
2.21 OTHER CURRENT FINANCIAL LIABILITIES				
a. Unpaid dividends			33	40
b. Payable for purchase of Property, plant and equipment and Intangible assets			20	-
c. Mark-to-market gain/loss on forward contracts			10	-
c. Employee payable			3,635	4,072
			3,698	4,112
2.22 CURRENT PROVISIONS				
Provision for employee benefits				
a. Provision for compensated absences			213	180
			213	180
2.23 CURRENT TAX LIABILITIES				
a. Provision for tax			4	52
			4	52
2.24 OTHER CURRENT LIABILITIES				
a. Advance from customers / Advance billings			5,605	4,506
b. Deferred revenue			4,848	5,125
c. Other payables - statutory liabilities			545	520
			10,998	10,151

NUCLEUS SOFTWARE EXPORTS LIMITED

2 NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Six months ended 30 September 2019	Six months ended 30 September 2018
2.25 INCOME FROM SOFTWARE PRODUCTS AND SERVICES				
a. Software products and services (see note 2.37)				
- Sale of products	9,944	9,369	19,492	18,121
- Sale of services	601	597	1,278	1,050
	10,545	9,966	20,770	19,171
2.26 OTHER INCOME				
a. Interest income on financial assets- carried at amortised cost :				
- Deposits with banks	76	57	148	121
- Tax free bonds	159	162	316	320
- Non- current trade receivable	7	14	13	29
- Fixed maturity plan	115	107	228	216
- Preference shares	46	118	98	237
- Others	3	4	6	5
b. Dividend income				
- Current investments	227	167	451	301
- Non-current investments	5	1	129	21
- Subsidiary companies	-	-	1,139	1,400
c. Net gain / (loss) on sale of investments				
-Non trade investment	-	-	(1)	-
d. MTM gain or (loss) on				
- Current investments	17	40	35	5
- Non-current investments	104	-	114	39
e. - Gain / (Loss) on exchange fluctuation	307	(44)	96	(41)
f. Other non-operating income				
- Net profit on sale of property, plant and equipment	1	14	4	27
- Lease rental income from subsidiary	2	2	5	2
- Premium on Forward Contracts	42	-	96	-
- Reversal of loss allowance on loan to subsidiary	500	-	500	-
- Miscellaneous income	1	-	1	13
	1,612	642	3,378	2,695
2.27 EMPLOYEE BENEFITS EXPENSE				
a. Salaries and wages	5,898	5,476	12,038	10,700
b. Contribution to provident and other funds	335	287	657	567
c. Gratuity expense	79	66	165	152
d. Staff welfare expenses	147	128	288	259
	6,459	5,957	13,148	11,678
2.28 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expense	277	221	593	456
b. Cost of software purchased for delivery to clients	42	43	80	101
c. Power and fuel	117	124	229	238
d. Rent (see note 2.2)	14	69	33	150
e. Repair and maintenance				
- Buildings	16	18	35	28
- Others	87	85	162	168
f. Insurance	12	11	25	21
g. Rates and taxes	1	9	4	10
h. Travel expenses				
- Foreign	426	306	904	590
- Domestic	134	111	253	204
i. Advertisement, business development and promotion	53	57	100	87
j. Legal and professional (see note 2.32)	123	98	239.15	194
k. Directors remuneration	29	32	61.60	69
l. Conveyance	38	42	77	90
m. Communication	40	48	88	94
n. Training and recruitment	79	81	144	127
p. Conference, exhibition and seminar	173	77	198	115
q. Information technology expenses	265	200	494	383
r. Bad debts and allowance / provision for doubtful trade receivables / advances / other current assets	115	2	138	4
s. Impairment loss on preference shares carried at amortised cost	-	300	-	300
t. Commission to channel partners	34	52	88	67
u. Expenditure on corporate social responsibility (see note 2.40)	41	27	75	54
v. Sales and marketing fee	333	299	572	628
w. Miscellaneous expenses	110	135	201	184
	2,559	2,447	4,793	4,362
Directors Remuneration includes :				
Non Executive Directors				
a. Commission	23	22	48	53
b. Sitting fees	6	10	14	16
	29	32	62	69
2.29 FINANCE COST				
Bank Charges	5	8	12	16
Interest expense on lease liability	10	-	20	-
	15	8	32	16

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2.30 Financial Instruments

a) Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at 30 September 2019 are as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	(Amount in Rupees Lacs unless otherwise stated)			
					Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	1,293	-	-	1,293	1,293			
Other bank balances (2.12)	3,252	-	-	3,252	3,252			
Investments (2.3 and 2.9)								
Equity Instruments (Other than subsidiaries)	-	-	787	787	787		787	
Tax free bonds	9,011	-	-	9,011	9,121		9,121	
Mutual funds (other than FMPs)	-	21,590	-	21,590	21,590		21,590	
Fixed maturity plans (FMPs)	6,055	-	-	6,055	6,707		6,707	
Preference shares	2,485	2,820	-	5,305	5,330	2,510		2,820
Trade receivables (2.10)	6,879	-	-	6,879	6,879			
Loans (2.4 and 2.13)	516.47	-	-	516	516			
Other financial assets (2.5 and 2.14)	375	-	-	375	375			
	29,866	24,410	787	55,063	55,851			
Liabilities:								
Trade payables (2.20)	1,538	-	-	1,538	1,538			
Lease liabilities (2.2)	397	-	-	397	397			
Other financial liabilities (2.18 and 2.21)	3,817	-	-	3,817	3,817			
	5,752	-	-	-	5,752			

The carrying value and fair value of financial instruments by categories as at 31 March 2019 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	(Amount in Rupees Lacs unless otherwise stated)			
					Total fair value	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (2.11)	1,390	-	-	1,390	1,390			
Other bank balances (2.12)	3,834	-	-	3,834	3,834			
Investments (2.3 and 2.9)								
Equity Instruments (Other than subsidiaries)	-	-	870	870	870		870	
Tax free bonds	8,737	-	-	8,737	9,007		9,007	
Mutual funds (other than FMPs)	-	19,514	-	19,514	19,514		19,514	
Fixed maturity plans (FMPs)	6,406	-	-	6,406	6,408		6,408	
Preference shares	3,009	2,836	-	5,844	6,201	3,365		2,836
Trade receivables (2.10)	6,105	-	-	6,105	6,105			
Loans (2.4 and 2.13)	35	-	-	35	35			
Other financial assets (2.5 and 2.14)	267	-	167	434	434			
	29,783	22,350	1,037	53,169	53,798			
Liabilities:								
Trade payables (2.20)	1,026	-	-	1,026	1,026			
Other financial liabilities (2.18 and 2.21)	4,151	-	-	4,151	4,151			
	5,177	-	-	-	5,177			

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- a) the use of quoted market prices or dealer quotes for similar instruments.
- b) for forward exchange contracts, the fair value is determined based on confirmations received from the bankers at the reporting date.
- c) the fair value of remaining financial instruments is determined using discounted cash flows method.

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

The fair value of non-current trade receivables, long term loan, non-current security deposit and non-current financial liabilities were calculated based on cash flows discounted using the lending rate as on the transition date since there is no material change in the lending rate.

Fair value hierarchy

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

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

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

Reconciliation table in respect of Level 3 Investments

The following table shows a reconciliation of the fair value from the opening balances to the closing balances for Level 3 investments.

Particulars	As at 30 September 2019	As at 31 March 2019
Opening balance	2,835	265
Purchases	-	2,135
Reclassification from amortised cost to FVTPL	-	512
Net change in Fair Value (recognized in profit or loss)	(15)	(77)
	2.820	2.835

2.30 Financial Instruments (Cont'd)

b) Financial risk management

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

- **Market risk,**
- **Credit risk and**
- **Liquidity risk**

Risk Management Committee (RMC) is responsible for identification and review of risks and mitigation plans. The Committee meets on a quarterly basis for identification and prioritization of risks. RMC conducts risk survey with the senior and middle level management of the Company to identify risks and rate them appropriately. Top risks are identified and remaining are categorized as other risks. The RMC then places updates to the Board of Directors on a quarterly basis, on key risks facing the Company, along with their mitigation plans.

i) Market risk

a) Currency risk

The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk.

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

The Company's risk management policy is to hedge 40% to 55% of its estimated foreign currency exposure in respect of forecast collection over the following 6 months at any point in time. The Company uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

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

For the period end foreign currency exposures are given below :

Currency	As at 30 September 2019		As at 31 March 2019	
	Amount in foreign currency in lacs	Amount in Rupees in lacs	Amount in foreign currency in lacs	Amount in Rupees in lacs
Receivable				
USD	51	3,622	47	3,237
EURO	2	149	1	83
MYR	23	384	20	335
SGD	-	22	1	39
JPY	42	28	217	135
ZAR	5	20	6	27
AED	3	57	2	42
CHF	-	16	-	-
GBP	6	488	7	612
AUD	9	414	-	-
Payable				
USD	4	303	4	270
EUR	-	9	-	2
MYR	-	5	-	4
GBP	1	46	-	10
SGD	2	120	1	63
AED	2	41	4	68
JPY	66	43	-	0
AUD	4	187	2	90
SAR	-	-	-	2

Cash flow sensitivity of currency risk

For the period ended 30 September 2019 and year ended 31 March 2019 a 10% strengthening/weakening of the Indian rupee against the respective Foreign currencies, would have affected the Company's total comprehensive income by Rs. 445 lacs and Rs. 400 lacs respectively.

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

b) Price risk

(i) Exposure

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

(ii) Sensitivity

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

	Impact on profit before tax		Impact on other components of equity	
	30 September 2019	31 March 2019	30 September 2019	31 March 2019
Increase 2%				
Mutual funds	432	390	-	-
Equity instruments (other than subsidiaries)	-	-	16	17
Decrease 2%				
Mutual funds	(432)	(390)	-	-
Equity instruments (other than subsidiaries)			(16)	(17)

Derivative financial instruments

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

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

Contract outstanding	Buy/Sell	As at		As at	
		30 September 2019 (Original currency)	Equivalent amount in Rupees in lacs 30 September 2019	31 March 2019 (Original currency)	Equivalent amount in Rupees in lacs 31 March 2019
In USD (Amount in USD lacs)	Sell	62	4,395	64	4,392
In AUD (Amount in AUD lacs)	Sell	3	120	-	-

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

Particulars	As at			As at	
	30 September 2019 Amount in USD in lacs	30 September 2019 Amount in AUD in lacs	30 September 2019 Equivalent amount in Rupees in lacs	31 March 2019 Amount in USD in lacs	31 March 2019 Equivalent amount in Rupees in lacs
Not later than one month	12	-	815	12	795
Later than one month and not later than three months	23	3	1,714	24	1,625
Later than three months and not later than one year	28	-	1,985	29	1,971

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

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

Particulars

	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the year	108	2
Gain / (Loss) recognised in other comprehensive income during the period, net of taxes	(115)	106
Balance at the end of the period	(7)	108

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

Effects of hedge accounting on financial performance

	For the six months ended 30 September 2019	For the year ended 31 March 2019
Changes in the value of the hedging instrument recognised in other comprehensive income profit or (loss),net	(177)	163
Hedge ineffectiveness recognised in profit or (loss)	-	-
Amount reclassified from cash flow hedging reserve to profit or (loss)	198	(212)

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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

Particulars	As at 30 September 2019	As at 31 March 2019
Gross amount of recognized financial asset/ (financial liabilities)	(10)	167
Net amount presented in balance sheet	(10)	167

ii) Credit risk

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

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

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

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 6,879 lacs and Rs. 6,105 lacs as of 30 September 2019 and 31 March 2019 respectively and service income accrued but not due amounting to Rs. 1,758 lacs and Rs. 1,406 lacs as of 30 September 2019 and 31 March 2019, 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 service income accrued but not due. 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 its top most customer and the top five customers:

Particulars	For the six months ended 30 September 2019 (in %)	For the six months ended 30 September 2018 (in %)
Revenue from top customer	11.86%	12.12%
Revenue from top five customers	28.63%	29.93%

Credit risk exposure

a) The lifetime expected credit loss on trade receivable for the period ended 30 September 2019 is Rs. 78 lacs and for the year ended 31 March 2019 was Rs. 22 lacs.

	For the six months ended 30 September 2019	Year ended 31 March 2019
Balance at the beginning	247	228
Impairment loss recognised	78	22
Amounts written off	(71)	(3)
Balance at the end	254	247

b) The lifetime expected credit loss on service income accrued but not due for the period ended 30 September 2019 is Rs.55 lacs and for the year ended 31 March 2019 was Rs. 4 lacs.

	For the six months ended 30 September 2019	Year ended 31 March 2019
Balance at the beginning	218	214
Impairment loss recognised	55	4
Amounts written off	(63)	-
Balance at the end	210	218

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 September 2019

(Amount in Rupees Lacs unless otherwise stated)						
Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	15,664	0%	-	15,664
		Loans to employee	4	0%	-	4
		Security deposits	208	0%	-	208
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
		Loan to subsidiary	732	32%	(232)	500
		Investment at amortised cost	601	100%	(601)	-

As at 31 March 2019

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	Investment at amortised cost	18,152	0%	-	18,152
		Loans to employee	7	0%	-	7
		Security deposits	203	0%	-	203
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
		Loan to subsidiary	732	100%	(732)	-
		Investment at amortised cost	601	100%	(601)	-

b) Expected credit loss for trade receivables under simplified approach
As at 30 September 2019

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	3,426	1,975	1,076	148	94	414	7,133
Expected credit losses (Loss allowance provision)	-	17	-	-	53	184	254
Carrying amount of trade receivables (net of impairment)	3,426	1,958	1,076	148	41	230	6,879

As at 31 March 2019

Ageing	Not due	0-90 days past due	90-180 days past dues	180-270 days past dues	270-360 days past dues	More than 360 days past dues	Total
Gross carrying amount	3,782	1,606	232	155	38	539	6,352
Expected credit losses (Loss allowance provision)	-	-	-	-	27	219	247
Carrying amount of trade receivables (net of impairment)	3,782	1,606	232	155	11	320	6,105

c) Expected credit loss for service income accrued but not due under simplified approach

As at 30 September 2019

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	1,063	259	112	99	435	1,968
Expected credit losses (Loss allowance provision)	-	8	-	-	202	210
Carrying amount of service income accrued but not due (net of impairment)	1,063	251	112	99	233	1,758

As at 31 March 2019

Ageing	0-90 days	90-180 days	180-270 days	270-360 days	More than 360 days	Total
Gross carrying amount	902	219	192	94	218	1,624
Expected credit losses (Loss allowance provision)	-	-	-	-	218	218
Carrying amount of service income accrued but not due (net of impairment)	902	219	192	94	-	1,406

iii) Liquidity risk

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

As of 30 September 2019, the Company had a working capital of Rs. 18,050 lacs including cash and cash equivalent of Rs. 1,293 lacs and current investment of Rs. 20,497 lacs (31 March 2019 Rs. 14,722 lacs including cash and cash equivalents of Rs 1,390 lacs and current investments of Rs. 16,384 lacs).

The table below provides details regarding the contractual maturities of financial liabilities as of 30 September 2019:

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	1,538	-	1,538
Lease liabilities	154	243	397
Other financial liabilities	3,698	119	3,817

The table below provides details regarding the contractual maturities of significant liabilities as of 31 March 2019:

Particulars	Less than 1 year	More than 1 year	Total
Trade payables	1,026	-	1,026
Other financial liabilities	4,112	39	4,151

c) Capital Management

The Company's objectives when managing capital are to:

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

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

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

The Company monitors capital using gearing ratio which is adjusted net debt divided by total equity. Adjusted net debt comprises 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 September 2019	As at 31 March 2019
Total Liabilities	17,882	16,203
Less: Cash and cash equivalents	1,293	1,390
Adjusted net debt	16,589	14,813
Total equity	48,394	47,013
Less: Effective portion of cash flow hedges	(7)	108
Adjusted Equity	48,401	46,905
Adjusted net debt to equity ratio	0.34	0.32

(i) Risk management

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

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

(ii) Dividends

Particulars	For the six months ended 30 September 2019	For the six months ended 30 September 2018
Equity Shares		
(i) Final dividend for the year ended 31 March 2019 / 31 March 2018 of Rs. 9/ Rs 8 Per share fully paid up respectively	2,614	2,323
(ii) Dividends not recognised at the end of reporting period	-	-
The Board of Directors on 23 April 2019 recommended a payment of Final Dividend of Rs. 9 per share (on equity share of par value of Rs. 10 each) for the year ended 31 March 2019. The payment was approved by the shareholders in the Annual General Meeting held on 8 July 2019. This dividend was paid on 12 July 2019.		

NUCLEUS SOFTWARE EXPORTS LIMITED

NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2019	As at 31 March 2019
2.31 Contingent liabilities and Commitments (to the extent not provided for)		
a. Contingent liabilities	Refer note below	-
Note :		
In the current quarter, the Income Tax Appellate Tribunal (ITAT) has issued a notice to the Company in respect of an order related to the Assessment year 2011-12 whereby the Assessing Officer had made an addition of Rs. 360 Lakhs to the book profits computed u/s 115JB of the Income Tax Act, 1961. This matter was adjudicated by the CIT (A) and an order in favour of the Company was passed in an earlier year. Subsequently, the tax authorities have filed an appeal against the order of the CIT (A). The tax liability that may arise on account of this matter cannot be reliably estimated as of date. However, the Company is of the opinion that the demand is not tenable and highly unlikely to be retained and accordingly believes that no amount will be payable to the income tax authorities.		
b. Capital Commitments	104	93
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).		

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Six months ended 30 September 2019	Six months ended 30 September 2018
2.32 Auditors remuneration (excluding taxes)				
a. As auditors - statutory audit, including quarterly audits	13	14	26	26
b. For other services	-	3	2	7
c. Reimbursement of expenses	2	1	6	2
	<u>15</u>	<u>18</u>	<u>34</u>	<u>36</u>

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Six months ended 30 September 2019	Six months ended 30 September 2018
2.33 Earnings per share				
a. Profit after taxation available to equity shareholders (Rupees)	2,269	1,576	4,552	4,356
b. Weighted average number of equity shares used in calculating basic earnings per share (Numbers)	29,040,724	29,040,724	29,040,724	29,040,724
c. Effect of dilutive issue of shares	-	-	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share (Numbers)	29,040,724	29,040,724	29,040,724	29,040,724
e. Basic earnings per share (Rupees)	7.81	5.43	15.67	15.00
f. Diluted earnings per share (Rupees)	7.81	5.43	15.67	15.00

2.34 RELATED PARTY TRANSACTIONS

List of related parties

Where control exists

Subsidiary Companies

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

Other related parties with whom transactions have taken place :

Key managerial personnel:

- Vishnu R Dusat (Managing Director)
- Ravi Pratap Singh (Whole time Director)
- Ashish Nanda (Chief Financial officer)
- Poonam Bhasin (Company Secretary)

Others :

- Nucleus Software Foundation (see note 2.41)
- Avon Solutions & Logistics Pvt Ltd (Related party up to 31 March 2019)
- Ms Ritika Dusat (Relative of Key Managerial personnel)
- Ms Kritika Dusat (Relative of Key Managerial personnel) (Related party up to 31 May 2018)

Transactions with related parties

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Six months ended 30 September 2019	Six months ended 30 September 2018
a. Software development services and products				
- Nucleus Software Japan Kabushiki Kaisha, Japan	(14)	125	34	226
- Nucleus Software Solutions Pte Ltd, Singapore	266	229	507	451
	<u>252</u>	<u>354</u>	<u>541</u>	<u>677</u>
b. Other income				
Dividend income				
- VirStra i-Technology Services Limited, India	-	-	-	400
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	-	192	369
- Nucleus Software Solutions Pte Ltd, Singapore	-	-	947	631
	<u>-</u>	<u>-</u>	<u>1,139</u>	<u>1,400</u>
c. Other income				
Rental Income				
- Avon Mobility Solutions Private Limited, India	2	2	4	2
	<u>2</u>	<u>2</u>	<u>4</u>	<u>2</u>

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS

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

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Six months ended 30 September 2019	Six months ended 30 September 2018
a. Salary and other benefits to Key managerial personnel				
- Short-term employee benefits	267	240	398	329
- Contribution to provident and other funds	6	6	12	11
	273	246	410	340
b. Cost of software purchased for delivery to clients				
- Nucleus Software Solutions Pte Ltd, Singapore	7	7	14	14
	7	7	14	14
c. Outsourced technical service expense				
- VirStra i-Technology Services Limited, India	(18)	15	5	23
- Avon Mobility Solutions Private Limited, India	3	-	30	-
- Nucleus Software Australia Pty Ltd.	163	87	260	179
	148	102	295	202
d. Expenditure on Corporate Social Responsibility				
- Nucleus Software Foundation (see note 2.40)	41	27	75	54
	41	27	75	54
e. Lease rent paid				
- Nucleus Software Limited, India	-	-	-	27
	-	-	-	27
f. Reimbursement of expenses from				
- Nucleus Software Solutions Pte Ltd, Singapore	3	3	9	10
- Nucleus Software Japan Kabushiki Kaisha, Japan	122	148	239	298
- Nucleus Software Inc., USA	-	-	2	3
- Nucleus Software Netherlands B.V., Netherlands	-	-	1	1
- VirStra i-Technology Services Limited, India	-	-	1	1
- Avon Mobility Solutions Private Limited, India	-	-	2	2
	125	151	254	315
g. Reimbursement of expenses to				
- Nucleus Software Japan Kabushiki Kaisha, Japan	3	-	11	-
- Avon Mobility Solutions Private Limited	1	-	-	-
	4	-	11	-
h. Sales & marketing fee				
- Nucleus Software Japan Kabushiki Kaisha, Japan	41	72	77	160
- Nucleus Software Solutions Pte Ltd, Singapore	202	142	323	297
- Nucleus Software Inc., USA	32	39	78	79
- Nucleus Software Australia Pty Ltd.	58	46	94	92
	333	299	572	628
i. Communication Expenses				
- Avon Solutions & Logistics Pvt Ltd	-	6	-	11
	-	6	-	11
j. Investment in Preference Shares				
- Avon Mobility Solutions Private Limited	-	-	-	50
	-	-	-	50
k. Salary to Ms Kritika Dusad (Relative of Key Managerial personnel)	-	-	-	11
	-	-	-	11
m. Investments in subsidiary				
- Avon Mobility Solutions Private Limited, India	-	158	-	158
	-	158	-	158
n. Remuneration to other Non Executive Directors				
- Ms Ritika Dusad (Relative of Key Managerial personnel)				
a. Commission	5	4	10	9
b. Sittino fees	-	-	1	-
	5	4	11	9

Outstanding balances as at period end

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2019	As at 31 March 2019
a. Trade receivables		
- Nucleus Software Solutions Pte Ltd, Singapore	89	79
- Nucleus Software Japan Kabushiki Kaisha, Japan	(13)	135
	76	214
Other recoverable from subsidiaries - considered good		
- Nucleus Software Japan Kabushiki Kaisha, Japan	40	-
	40	-
b. Trade payables		
- Nucleus Software Solutions Pte Ltd, Singapore	37	62
- VirStra i-Technology Services Limited, India	3	2
- Nucleus Software Japan Kabushiki Kaisha, Japan	43	-
- Nucleus Software Australia Pty Ltd., Australia	184	88
- Avon Mobility Solutions Private Limited	-	11
- Nucleus Software Inc., USA	32	37
	299	200
c. Expenses payable to Subsidiaries		
- Nucleus Software Solutions Pte Ltd, Singapore	83	6
- VirStra i-Technology Services Limited, India	-	3
	83	9
d. Amount recoverable against credit note		
- VirStra i-Technology Services Limited, India	44	-
	44	-
d. Expenses payable other than Subsidiaries		
- Avon Solutions & Logistics Pvt Ltd.	-	2
	-	2
e. Prepaid Expenses		
- VirStra i-Technology Services Limited, India	-	-
- Nucleus Software Solutions Pte Ltd, Singapore	7	-
	7	-
f. Loan to subsidiary		
- Nucleus Software Limited, India	732	732
	732	732
g. Loss allowance for loan to subsidiary		
- Nucleus Software Limited, India	232	732
	232	732
h. Investments in subsidiary companies (net of provision) (see note 2.2)	1,935	1,935
	1,935	1,935
i. Investments in preference shares of subsidiary companies (Fair Value)		
- Avon Mobility Solutions Private Limited	150	150
	150	150
j. Remuneration to other Non Executive Directors		
- Ms Ritika Dusad (Relative of Key Managerial personnel)	10	14
	10	14

2.35 Research and development expenditure

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Six months ended 30 September 2019	Six months ended 30 September 2018
Expenditure on research and development as per Ind AS 38				
Revenue Expenditure	689	966	1,421	1,904

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

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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

For the quarter ended 30 September 2019

	(Amount in Rupees Lacs unless otherwise stated)								
Description	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	Total
No customer individually accounted for more than 10% of the total revenue.	-	-	-	-	-	-	-	-	-

For the quarter ended 30 September, 2018

Revenue from operations	-	-	-	1,198	-	-	-	-	1,198
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b (i) For the six months ended 30 September 2019

	(Amount in Rupees)								
Description	India	Far East	South East	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	7,708	1,059	2,830	2,390	3,958	952	1,046	827	20,770
Expenses	4,217	615	3,123	1,654	2,132	540	690	389	13,360
Segment result	3,491	444	(293)	736	1,826	412	356	438	7,410
Unallocated corporate expenditure									5,085
Operating profit before taxation									2,325
Other income									3,378
Profit before taxation									5,703
Tax Expense									
Net current tax expense									876
Deferred tax (credit) /charge									275
									1,151
Profit for the six months									4,552

b (ii) For the six months ended 30 September 2018

	(Amount in Rupees)								
Description	India	Far East	South East	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	7,450	1,274	3,192	2,338	3,569	817	501	30	19,171
Expenses	3,339	550	3,040	1,598	2,369	362	329	210	11,797
Segment result	4,111	724	152	740	1,200	455	172	(180)	7,374
Unallocated corporate expenditure									4,603
Operating profit before taxation									2,771
Other income									2,695
Profit before taxation									5,466
Tax Expense									
Net current tax expense									1,174
Deferred tax (credit) /charge									(64)
									1,110
Profit for the six months									4,356

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

For the six months ended 30 September 2019

	(Amount in Rupees Lacs unless otherwise stated)								
Description	India	Far East	South East	Europe	Middle East	Africa	Australia	Others	Total
Revenue from operations	-	-	-	2,337	-	-	-	127	2,464

For the six months ended 30 September 2018

Revenue from operations	-	-	-	2,323	-	-	-	-	2,323
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NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Assets and liabilities of reportable segments being geographies are as follows:

a. As at 30 September 2019

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Segment assets	5,044	245	1,232	659	1,470	667	414	329	10,060
Unallocated corporate assets									56,216
Total assets									66,276
Segment liabilities	6,323	297	2,814	810	2,428	912	1,679	230	15,493
Unallocated corporate liabilities									2,389
Total liabilities									17,882
Capital employed									48,394

b. As at 31 March 2019

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Segment assets	3,737	541	1,280	714	1,508	373	-	19	8,172
Unallocated corporate assets									55,044
Total assets									63,216
Segment liabilities	5,270	503	3,406	1,071	3,400	1,395	373	38	15,456
Unallocated corporate liabilities									747
Total liabilities									16,203
Capital employed									47,013

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

a (i) For the quarter ended 30 September 2019

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Capital expenditure (Unallocated)									345
Total capital expenditure									345
Depreciation expenditure (Unallocated)									245
Total depreciation									245
Segment non-cash expense other than depreciation	78	-	33	-	4	-	-	-	115
Total non cash expenditure other than depreciation	78	-	33	-	4	-	-	-	115

a (ii) For the quarter ended 30 September 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Capital expenditure (Unallocated)									409
Total capital expenditure									409
Depreciation expenditure (Unallocated)									181
Total depreciation									181
Segment non-cash expense other than depreciation	9	-	(5)	-	(2)	-	-	-	2
Total non cash expenditure other than depreciation	9	-	(5)	-	(2)	-	-	-	2

b (i) For the six months ended 30 September 2019

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Capital expenditure (Unallocated)									572
Total capital expenditure									572
Depreciation expenditure (Unallocated)									472
Total depreciation									472
Segment non-cash expense other than depreciation	88	-	44	-	6	-	-	-	138
Total non cash expenditure other than depreciation	88	-	44	-	6	-	-	-	138

b (ii) For the six months ended 30 September 2018

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Capital expenditure (Unallocated)									653
Total capital expenditure									653
Depreciation expenditure (Unallocated)									344
Total depreciation									344
Segment non-cash expense other than depreciation	13	0	0	-	(9)	-	-	-	4
Total non cash expenditure other than depreciation	13	0	0	0	(9)	0	-	-	4

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2.37 Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of the Company's revenues and cash flows are affected by industry, market and other economic factors.

(A) Revenues by geography*

a (i) **For the quarter ended 30 September 2019**

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Revenue from operations	4,263	407	1,229	1,009	1,858	409	673	697	10,545

a (ii) **For the quarter ended 30 September 2018**

Description	(Amount in Rupees Lacs unless otherwise stated)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Revenue from operations	3,783	722	1,541	1,194	1,923	552	242	9	9,966

b (i) **For the six months ended 30 September 2019**

Description	(Amount in Rupees)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Revenue from operations	7,708	1,059	2,830	2,390	3,958	952	1,046	827	20,770

b (ii) **For the six months ended 30 September 2018**

Description	(Amount in Rupees)								Total
	India	Far East	South East Asia	Europe	Middle East	Africa	Australia	Others	
Revenue from operations	7,450	1,274	3,192	2,338	3,569	817	501	30	19,171

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

(B) Revenues in products and services **

Description	(Amount in Rupees Lacs unless otherwise stated)			
	Products	Services	Total	
a. For the quarter ended 30 September 2019 Revenue		9,944	601	10,545
b. For the quarter ended 30 September 2018 Revenue		9,369	597	9,966
c. For the six months ended 30 September 2019 Revenue		19,492	1,278	20,770
d. For the six months ended 30 September 2018 Revenue		18,121	1,050	19,171

** Revenue from Products comprises revenue generated from Company's own developed software and from third party software supplied along with the Company's software. It also includes services such as enhancements to the product, maintenance of the product and any other related service in respect of the product. Revenue other than the above is categorized under Revenue from Services.

2.38 Employee Benefit Obligations

Defined contribution plans

An amount of Rs 597 lacs for the six months ended 30 September 2019 (Year ended 31 March 2019 Rs 1,076 lacs), has been recognized as an expense in respect of the Company's contribution towards Provident Fund and Rs.2 lac (Year ended 31 March 2019 Rs 7 lacs) has been recognized as an expense in respect of Employee State Insurance Fund deposited with the government authorities and has been shown under Employee Benefits expense in the standalone interim statement of Profit and Loss.

In relation to the judgement of the Honourable Supreme Court of India (SC) on 28 February 2019 related to provident fund, there are considerable interpretative challenges including its retrospective implications due to which the impact of the retrospective period cannot be reliably estimated. Pending further clarity, the Company has, based on this judgement, paid Rs 21 lacs during the period ending 30 September 2019 in respect of the year ended 31 March 2019. Further, with effect from 1 April 2019, the Company has aligned its salary structure in accordance with the (SC) judgement.

Defined benefit plans

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs. 20 lacs in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

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

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 30 September 2019 :

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	As at 30 September 2019	As at 31 March 2019
a. Change in defined benefit obligations (DBO)		
Obligation at beginning of the year	2,650	2,155
Current service cost	172	284
Past service cost	-	-
Interest on defined benefit obligation	85	144
Remeasurement due to:	-	-
Actuarial loss/(gain) arising from change in financial assumptions	42	59
Actuarial loss/(gain) arising from change in demographic assumptions	-	7
Actuarial loss/(gain) arising on account of experience changes	44	82
Benefits paid	(39)	(81)
Obligation at year end	2,954	2,650
b. Change in plan assets		
Plan Assets at year beginning, at fair value	2,755	1,783
Expected return on asset plan	93	123
Contributions by employer	-	907
Remeasurement due to :	-	-
Actuarial return on plan assets less interest on plan assets	10	23
Benefits paid	(39)	(81)
Plan assets at year end, at fair value	2,819	2,755
c. Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	2,954	2,650
Fair value of plan assets	2,819	2,755
Funded status- Surplus/ (Deficit)	135	(105)
Unrecognised past service costs	-	-
Net liability recognised in the Balance Sheet	135	(105)
d. Expected employer's contribution next year	200	200

e. Expense recognised in Profit or Loss

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the six months ended 30 September 2019	Year ended 31 March 2019
Current service cost	172	284
Past service cost	-	-
Interest cost	(7)	20
Net gratuity cost	165	304

f. Remeasurements income recognised in other comprehensive income:

Particulars	(Amount in Rupees Lacs unless otherwise stated)	
	For the six months ended 30 September 2019	Year ended 31 March 2019
Actuarial (gain) / loss on defined benefit obligation	86	148
Return on plan assets excluding interest income	(10)	(23)
	76	125

g. Economic assumptions :

Particulars	Actuarial assumptions for gratuity and long-term compensated absences	
	As at 30 September 2019	As at 31 March 2019
	Discount rate	6.75%
Salary escalation rate	8.00%	8.00%

Discount rate:

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

Salary escalation rate:

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

Expected return on plan assets:

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

h. Demographic assumptions

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

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

i. Withdrawal rates

Ages - Withdrawal Rate	
21-50 years - 16%	21-50 years - 20%
51-54 years - 2%	51-54 years - 2%
55-57 years - 1%	55-57 years - 1%

j. Category of asset

Insurer Managed Funds	2,819	2,755
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The company does not invest directly in any property occupied by the company nor in financial security issued by the company.

k Sensitivity analysis

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

Particulars :	For the six months ended 30 September 2019	Year ended '31 March 2019
	Change in defined benefit obligation Increase / (Decrease)	Change in defined benefit obligation Increase / (Decrease)
0.5% increase in discount rate	(83)	(74)
0.5% decrease in discount rate	88	78
0.5% increase in compensation level	65	59
0.5% decrease in compensation level	(64)	(58)

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

2.39 FUNCTION WISE CLASSIFICATION OF STATEMENT OF STANDALONE INTERIM PROFIT AND LOSS

Particulars	(Amount in Rupees Lacs unless otherwise stated)			
	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Six months ended 30 September 2019	Six months ended 30 September 2018
Income from software product and services	10,545	9,966	20,770	19,171
Software development expenses *	6,836	6,466	13,870	12,421
Operating profit from software product & services	3,709	3,500	6,900	6,750
Less :				
Selling and marketing expenses	1,123	790	2,050	1,691
General and administration expenses	1,074	1,156	2,053	1,944
Operating profit before depreciation	1,512	1,554	2,797	3,115
Less :				
Depreciation and amortisation expense	245	181	472	344
Operating profit after depreciation	1,267	1,373	2,325	2,771
Add :				
Other income	1,612	642	3,378	2,695
Profit before tax	2,879	2,015	5,703	5,466
Less :				
Tax expense:				
Net current tax expense	360	493	876	1,174
Deferred tax (credit) /charge	250	(54)	275	(64)
	610	439	1,151	1,110
Profit for the period	2,269	1,576	4,552	4,356

* Includes indirect expenses which have been allocated on a reasonable basis.

2.40 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Particulars	for the six months ended	
	30 September 2019	30 September 2018
a Gross amount required to be spent by Company during the year ended 31 March 2020 / 31 March 2019 :	139	108
b Amount spent during the period		
(i) Construction/acquisition of any asset	-	-
(ii) Purposes other than Construction/acquisition of any asset		
- Paid to Nucleus Software Foundation	75	54

NUCLEUS SOFTWARE EXPORTS LIMITED
NOTES FORMING PART OF THE STANDALONE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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 92-92F of the Income Tax Act, 1961. The law requires existence of such information and documentation to be contemporaneous in nature. 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 standalone interim financial statements, particularly on the amount of tax expense and that of provision for taxation.

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
NUCLEUS SOFTWARE EXPORTS LIMITED

ASHWIN BAKSHI
Partner
Membership number : 506777

UDIN : 19506777AAAABO3133

SIDDHARTHA MAHAVIR ACHARYA
Chairman

VISHNU R DUSAD
Managing Director

RAVI PRATAP SINGH
CEO & Whole-time Director

ASHISH NANDA
Chief Financial Officer

POONAM BHASIN
AVP (Secretarial) &
Company Secretary

Place : Gurugram
Date : 23 October 2019

Place : Noida
Date : 23 October 2019

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

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with read with Companies (Indian Accounting Standards) Rules as amended from time to time.

Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

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

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 endeavor demonstrates our passion for perfection and relentless commitment to deliver world class products to our customers. In this journey, we have been honoured and feel grateful for having received various accolades, a few of them to list would be:

- Ranked second in “**Corporate Governance and Sustainability Vision Awards 2019**” as held by Indian Chamber of Commerce, for the Best Practices followed in the Industry.
 - Annual Report for the year Ended March 31, 2018 won a **Gold award** for excellence within the Industry - Technology-Software and a ranking of # 33 amongst the top 100 Annual Reports worldwide by League of American Communications Professionals LLC (LACP)
 - “**Best Lending Technology Implementation of the Year**” award at the BFSI Innovative Technology Awards 2018 for project Lending on cloud for Sai Point Finance with FinnOne Neo.
 - Received an award in **Mid Corporate Segment-for Excellence in IT/ITES Sector**, at SME Business Excellence Awards, 2017 organized by Dun & Bradstreet Information Services India Pvt. Ltd (D&B).
 - Annual Report for the Year Ended March 31, 2017 won the **Platinum Award** for Excellence within the Technology-Software industry and ranked 7th amongst the World’s Top 100 Annual Reports within the Technology-Software industry and by the League of American Communications Professional (LACP).
 - **bob Finance and FinnOne win The Banking Technology Award 2016**, bob Finance AG, a financial service company in Switzerland deployed Nucleus Software’s FinnOne for offering an innovative and completely digitized loan service. This implementation won The Banking Technology Award 2016 - Highly Commended for Best Use of IT in Lending.
 - 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., 31st March 2011.
-

FINANCIAL PERFORMANCE

The consolidated financial results are as below:

(Rs. in crore)

For the Quarter Ended September 30,	2019	% of Revenue	Growth (%)	2018	% of Revenue
Revenue From Operations	128.22	100%	6%	121.49	100%
Expenses					
a) Employee benefits expense	80.62	63%	5%	76.71	63%
b) Operating and other expenses	26.75	21%	22%	21.85	18%
c) Finance cost (Bank Charges)	0.29	0%	123%	0.13	0%
Total Expenses	107.66	84%	9%	98.69	81%
Operating Profit (EBITDA)	20.56	16%	-10%	22.80	19%
Depreciation	3.20	2%	66%	1.93	2%
Operating Profit after Interest and Depreciation	17.36	14%	-17%	20.87	17%
Other Income	11.39	9%	200%	3.80	3%
Profit Before Tax	28.75	22%	17%	24.67	20%
Taxation	7.66	6%	38%	5.53	5%
Profit After Tax	21.09	16%	10%	19.14	16%
Other Comprehensive Income	(0.47)	0%	-85%	(3.08)	-3%
Total Comprehensive Income for the period	20.62	16%	28%	16.06	13%

Revenue from Operations

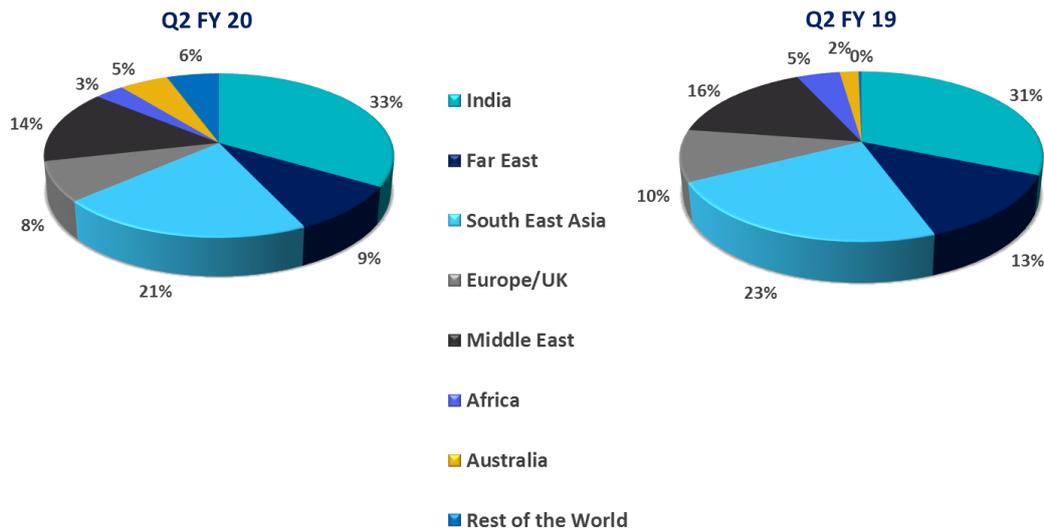
Our revenues from software development comprise of income from fixed price and time and material contracts. Revenue from fixed price contracts comprising of license, related customization and implementation is recognised in accordance with the output method based on percentage completion. Revenue from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

During the quarter the total revenue is Rs. 128.22 crore against Rs. 121.49 crore for the corresponding quarter previous year.

Revenue from Various Geographies

Your Group's parent Company is incorporated in India, and caters to customers situated all across the globe, and hence significant part of the revenue is derived from international sales. We operate in seven main geographical segments: India, Far East, South East Asia, Europe, Middle East, Africa and Australia, which represent the reportable segments. These segments are based on location of customers of the Company.

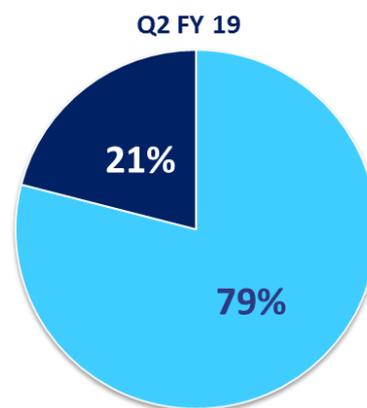
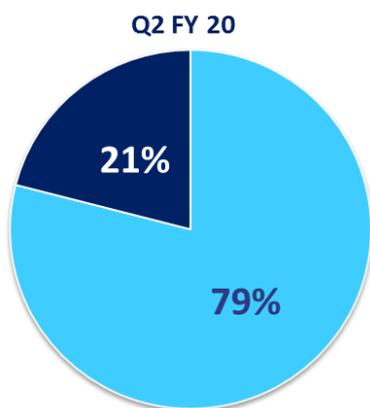
The graph below presents a geography-wise distribution for the quarter as well as the corresponding quarter previous year.



Revenue from Products and Services

Our Revenues are further disaggregated into Products and Services. “Products”, comprises of license fee, revenue from customization and implementation of products and postproduction maintenance support. Product revenue for the quarter is Rs. 101.28 crore, 79% of the total revenue, against Rs. 96.00 crore, 79% of total revenue, in the corresponding quarter previous year.

Software services rendered by the Company typically consist of development of software to meet specific customer requirements. These services consist of application development & maintenance, testing, consulting and infrastructure management services with a strong banking domain focus. Revenue from Software projects and services revenue for the quarter is Rs. 26.94 crore, 21% of the total revenue, against Rs. 25.49 crore, 21% of the total revenue in the corresponding quarter previous year.



EXPENDITURE

Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed, variable and incentives components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 5% to Rs. 80.62 crore. For the corresponding quarter previous year, they were at Rs. 76.71 crore. The increase is primarily due to increase in employee compensation, both fixed and variable pay and new hiring's.

For the Quarter Ended September 30,	% of			% of	
	2019	Revenue	Growth (%)	2018	Revenue
Salaries and bonus	73.92	58%	4%	70.74	58%
Contribution to provident and other funds	4.00	3%	12%	3.58	3%
Gratuity expense	0.82	1%	7%	0.76	1%
Staff welfare	1.88	1%	15%	1.63	1%
Total Employee Benefit Expenses	80.62	63%	5%	76.71	63%
Revenue	128.22	100%	6%	121.49	100%

Operating and Other Expenses

Operating and other expense primarily consist of expenses such as travel expenses to execute work at client site and sales and Marketing activities, cost of software purchased for delivery to clients, infrastructure charges, expenses on marketing activities, training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, contribution to CSR activities.

(Rs. in crore)

For the Quarter Ended September 30,	% of			% of	
	2019	Revenue	Growth (%)	2018	Revenue
Software and other development charges	1.48	1%	6%	1.39	1%
Cost of software purchased for delivery to clients	0.54	0%	-2%	0.55	0%
Power and fuel	1.28	1%	-6%	1.36	1%
Rent	0.81	1%	-64%	2.24	2%
Repair and maintenance	1.18	1%	-3%	1.22	1%
Insurance	0.15	0%	13%	0.13	0%
Rates and taxes	0.02	0%	-82%	0.11	0%
Travel expenses	6.08	5%	29%	4.69	4%
Advertisement and business promotion	0.55	0%	-6%	0.59	0%
Legal and professional	4.52	4%	128%	1.99	2%
Directors remuneration	0.31	0%	-9%	0.33	0%
Conveyance	0.49	0%	-13%	0.56	0%
Communication	0.55	0%	-21%	0.70	1%
Training and recruitment	1.28	1%	45%	0.89	1%
Conference, exhibition and seminar	1.73	1%	123%	0.78	1%
Information technology expenses	2.68	2%	32%	2.03	2%
Provision for doubtful debts/advances/other current assets	1.12	1%	5783%	0.02	0%
Commission to channel partners	0.34	0%	-33%	0.52	0%
Finance Cost	0.29	0%	123%	0.13	0%
Contribution to CSR Activities	0.41	0%	51%	0.27	0%
Miscellaneous expenses	1.23	1%	-17%	1.48	1%
Total Operating and Other Expenses	27.05	21%	23%	21.98	18%
Revenue	128.22	100%	6%	121.49	100%

- 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. 20.56 crore, 16% of revenue against Rs. 22.80 crore, 19% of revenue in the corresponding quarter previous year.

Depreciation

Depreciation on fixed assets was Rs. 3.20 crore, for the quarter against Rs. 1.93 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 September 30,	2019	2018
Dividend on investment in Mutual fund units	2.50	1.79
Interest income on financial assets- carried at amortised cost	4.12	4.68
Net Gain / (Loss) on foreign currency	3.07	(0.21)
Profit on sale of assets/ investments	1.22	0.40
Others	0.48	(2.86)
Total	11.39	3.80

Other income for the quarter is Rs. 11.39 crore, against Rs. 3.80 crore in 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 September 30,	2019	2018
- Current Tax	4.73	5.79
- Deferred Tax Credit (net)	2.93	(0.26)
Total	7.66	5.53

Profit after Tax

Our profit after tax for the quarter is Rs. 21.09 crore, 16% of revenue, against Rs. 19.14 crore, 16% of revenue, during the corresponding quarter previous year.

Other Comprehensive Income (OCI)

Total other comprehensive income for the quarter is Rs (0.47) crore, against Rs. (3.02) crore in the corresponding quarter previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up Share Capital as on Sep 30, 2019 is 29,040,724 equity shares of Rs. 10 each.

Subsidiaries

The Company has nine subsidiary companies, all over the world, all of which are wholly owned. Paid-up Share Capital of the Subsidiaries as on June 30, 2019 is as per the below table:

Name of Subsidiary Company	Currency	As at Sep 30, 2019		As at March 31, 2019	
		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.	SGD	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US\$ 0.35 cents each	USD	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaisha, Japan. 200 equity shares of JPY 50,000 each	JPY	10,000,000	0.41	10,000,000	0.41
Virstra i-Technology Services Ltd., India. 1,000,000 equity shares of Rs. 10 each	INR	-	1.00	-	1.00
Nucleus Software Netherlands B.V., Netherlands. 7500 equity shares of Euro 100 each	Euro	750,000	4.89	750,000	4.89
Nucleus Software Limited, India. 10,000,000 equity shares of Rs.10/- each	INR	-	11.94	-	11.94
Nucleus Software Australia. 100,000 Equity share of 1 AUD each	AUD	100,000	0.55	100,000	0.55
Nucleus Software South Africa (Pty.) Limited. 10 Equity shares of ZAR 61,200 each	ZAR	612,000	0.32	612,000	0.32
Avon Mobility Solutions Pvt Ltd. 11,110 equity shares of Rs 10 each	INR	-	3.50	-	3.50
Avon Mobility Solutions Private Limited. 4,000,000, 11% Preference shares of Rs. 10 each	INR	-	4.00	-	4.00

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

Other Equity

The movement in the components of Other Equity is as below:

(Rs. in crore)

Particulars	Opening Balance as on April 1, 2019	Additions/ (Deletions) during the period	Closing Balance as on Sep 30, 2018
General Reserve	6.61	-	6.61
Capital Reserve	0.89	-	0.89
Capital Redemption reserve	3.34	-	3.34
Retained Earnings	460.04	6.46	466.49
Other Comprehensive Income	8.63	(0.45)	8.18
Total	479.51	6.00	485.51

Property, plant and equipment and Intangible assets

As at Sep 30, 2019, Net carrying Amount of Property, Plant and Equipment and Intangible assets is Rs. 34.47 crore against Rs. 46.52 crore as on March 31, 2019.

(Rs. in crore)

As at	30-Sep-19	Inc/Dec (%)	31-Mar-19
Gross carrying Amount			
Freehold land	0.34	-	0.34
Leasehold land	10.26	(52.13)	21.44
Leasehold improvement	0.14	-	0.14
Building	11.89	(23.86)	15.61
Office and other equipment	3.96	14.85	3.45
Computers	21.12	22.21	17.28
Vehicles	3.99	22.04	3.27
Furniture and fixtures	1.87	0.44	1.86
Software	9.24	10.19	8.39
Total	62.81	(12.49)	71.78
Less: Accumulated Depreciation	28.35	12.22	25.26
Net Carrying Amount	34.47	(25.91)	46.52

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.

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. 0.67 Crore as of the Balance Sheet date.

Investments

a. **Non-current investments** totaling Rs. 226.79 crore as on Sep 30, 2019 against Rs. 248.37 crore as on March 31, 2019

- I. **Investment in equity shares of a listed company at FVOCI** - Rs. 7.87 crore.
- II. **Investment in preference shares** – Rs. 42.26 crore.
- III. **Investment in bonds** - Rs. 90.11 crore.
- IV. **Investment in fixed maturity plans of mutual funds at amortised cost** – Rs. 50.96 crore.
- V. **Investment in mutual funds at Fair value through profit or loss (FVTPL)** – Rs. 35.59 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 Sep 30, 2019 the cash and bank balances (including fixed deposits) stood at Rs. 67.62 crore and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs. 219.64 crore.

Total cash and current investments are thus at Rs. 287.27 crore on Sep 30, 2019.

(Rs. in crore)

Cash & Cash Equivalents as at	30-Sep-19	31-Mar-19
Balances with Bank		
In Current Accounts	22.61	24.31
In Fixed Deposit Account	45.01	58.63
Investments in Mutual Funds	219.64	176.06
Total	287.27	259.00

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-Sep-19	31-Mar-19
Days of sale receivable	57	51
Cash and Equivalents as % of assets	39.90%	38.42%
Cash and Equivalents as % of revenue (LTM)	57.20%	53.51%
Current investments as % of assets	30.51%	26.12%
Current investments as % of revenue (LTM)	43.74%	36.37%

Trade Receivables

Our trade receivables (net of provision) as on Sep 30, 2019 are Rs. 80.62 crore, against Rs. 71.13 crore as on March 31, 2019.

Days of sales receivables (DSR) are at 57 days as on Sep 30, 2019 against 51 days as on March 31, 2019.

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)

As at	30-Sep-19	31-Mar-19
Non - Current		
Staff Loans	0.04	0.07
Security deposits	3.81	3.71
Long-term bank deposits	0.19	0.19
Total	4.04	3.97
Current		
Staff Loans	0.12	0.28
Security deposits	0.06	0.04
Mark-to-market gain on forward contracts	-	1.83
Expenses recoverable from customers	1.03	0.40
Total	1.21	2.55
Total Loans and Advances	5.25	6.52

Security Deposits, utilized primarily for hiring of office premises and staff accommodation, amounts to Rs. 3.86 crore as on Sep 30, 2019 against Rs. 3.75 crore as on March 31, 2019.

Other Assets

Other Assets represents income tax asset, Employee advances, Service income accrued but not due, Balances with Government authorities, Supplier and capital advances, prepaid and deferred expenses. Other assets have been classified into Non Current and Current based on their period of realization.

As at	30-Sep-19	31-Mar-19
Non - Current		
Advance Tax	16.24	16.74
Employee Advances	0.38	0.38
Capital Advances	0.47	-
Lease asset	0.09	
Prepaid Expenses	0.09	0.05
Advance payment to gratuity trust	-	1.10
Deferred Expenses	-	0.37
Total	17.27	18.65
Current		
Service income accrued but not due	18.76	16.67
Employee Advances	0.91	1.01
Prepaid Expenses	6.01	3.44
Contract cost	0.14	0.70
Balances with Government authorities	1.38	0.62
Supplier advances	0.69	4.15
Deferred Expenses	0.04	0.05
Total	27.93	26.64
Total Other Assets	45.20	45.29

Current Liabilities

Current liabilities represent trade payables, short-term provisions, other financial liabilities and other current liabilities. As on Sep 30, 2019 the Current liabilities are Rs. 178.90 crore against Rs. 168.58 crore as on March 31, 2019.

	(Rs. in crore)	
As at	30-Sep-19	31-Mar-19
Financial liabilities		
Trade Payables	14.89	12.26
Lease liabilities	3.63	-
Unpaid dividends	0.33	0.39
Payable for purchase of fixed assets	0.20	-
Mark-to-market gain on forward contracts	0.12	-
Other Payable	40.25	43.71
Other current liabilities	-	
Advance from customers / Advance billings	58.06	49.91
Deferred Revenue	49.15	51.26
Payable to gratuity trust	-	-
Other Payables- statutory liabilities	7.51	7.10
Short term provisions	-	
Provision for compensated absences	2.87	2.11
Provision for gratuity	0.02	0.04
Provision for tax	1.87	1.81
Total	178.90	168.59

Non-Current Liabilities

Non-current Liabilities as on Sep 30, 2019 are Rs. 15.18 crore (Rs. 8.23 crore as on March 31, 2019). The breakup of Non-Current Liabilities at the quarter end is given below.

	(Rs. in crore)	
As at	30-Sep-19	31-Mar-19
Financial liabilities		
Annual incentive payable	1.19	0.39
Lease liability payable	3.74	-
Deferred tax liabilities	0.10	0.08
Long-term Provisions	-	
Provision for compensated absences	8.48	7.37
Provision for Gratuity	1.64	0.18
Provision for Asset retirement obligation	0.03	0.21
Total	15.18	8.23

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.

Additional Information to Shareholders

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 reporting for the third quarter between 20th to 31st of January 2020
Ending December 31, 2019
Financial reporting for the fourth quarter between 21st to 31st of April 2020
Ending March 31, 2019.
Financial reporting for the first quarter between 20th to 31st of July 2020
Ending June 30, 2019.
Financial results for the second quarter between 21st to 31st of October 2020
Ending September 30, 2019
 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.
 - 99.75 % of the Company's equity shares are in demat form.
 - 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
2018-19	90%	9.00	26.13
2017-18	80%	8.00	23.23
2016-17	50%	5.00	16.19
2015-16	50%	5.00	16.19
2014-15	50%	5.00	16.19
2013-14	60%	6.00	19.43
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 Fintech 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

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).

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**

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.

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.

9. **Legal Proceedings**

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

10. 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

11. Employee Strength of Nucleus

Nucleus employed 2,128 people as on September 31, 2019 as compared to 2,058 people as on June 30, 2019.

A. Distribution of the Employees:

	September 30, 2019	June 30, 2019
Technical Employee's	1,895	1,822
Non-Technical Employee's including Business Development Group	233	236
TOTAL	2,128	2,058
Male	1,568	1,523
Female	560	535
TOTAL	2,128	2,058

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

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

Ashish Nanda – CFO

Tel: +91 (120) 4031800

E Mail: ashish.nanda@nucleussoftware.com

Poonam Bhasin - Company Secretary

Tel: +91 (120) 4031400

E Mail: poonam@nucleussoftware.com

Consolidated segment Information



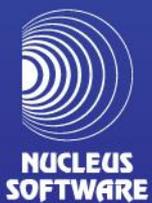
CONSOLIDATED SEGMENT INFORMATION

₹ In Lakhs

REVENUE BY	Quarter Ended						Half Year Ended				Year Ended	
	September 30, 2019	% of Revenue	June 30, 2019	% of Revenue	September 30, 2018	% of Revenue	Sep. 30, 2019	% of Revenue	Sep. 30, 2018	% of Revenue	March 31, 2019	% of Revenue
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited		Audited	
GEOGRAPHICAL SEGMENTS												
INDIA	4,293	33.5	3,474	28.0	3,794	31.2	7,767	30.8	7,475	31.9	14,898	30.8
FAR EAST	1,217	9.5	1,429	11.5	1,603	13.2	2,646	10.5	3,063	13.1	6,315	13.0
SOUTH EAST ASIA	2,645	20.6	2,953	23.8	2,804	23.1	5,598	22.2	5,563	23.8	11,289	23.3
EUROPE	1,009	7.9	1,381	11.1	1,193	9.8	2,390	9.5	2,337	10.0	5,047	10.4
MIDDLE EAST	1,858	14.5	2,100	17.0	1,923	15.8	3,958	15.7	3,569	15.2	7,627	15.8
AFRICA	408	3.2	543	4.4	552	4.6	951	3.8	817	3.5	2,154	4.5
AUSTRALIA	673	5.2	373	3.0	242	2.0	1,046	4.1	501	2.1	941	1.9
REST OF THE WORLD	719	5.6	152	1.2	38	0.3	871	3.4	85	0.4	132	0.3
TOTAL	12,822	100.0	12,405	100.0	12,149	100.0	25,227	100.0	23,410	100.00	48,403	100.0
BUSINESS SEGMENTS												
PRODUCTS	10,128	79.0	9,722	78.4	9,600	79.0	19,850	78.7	18,619	79.5	38,327	79.2
Own	10,056	78.4	9,656	77.8	9,522	78.4	19,712	78.1	18,453	78.8	38,027	78.6
Traded	72	0.6	67	0.5	78	0.6	138	0.5	166	0.7	300	0.6
PROJECTS & SERVICES	2,694	21.0	2,682	21.6	2,549	21.0	5,377	21.3	4,791	20.5	10,076	20.8
TOTAL	12,822	100.0	12,405	100.0	12,149	100.0	25,227	100.0	23,410	100.0	48,403	100.0

Ratio Analysis

Consolidated Performance					
Particulars	Quarter Ended			Half Year Ended	
	Sep-19	Jun-19	Sep-18	Sep-19	Sep-18
Ratios- Financial Performance					
Export Revenue/ Revenue (%)	66.52%	72.00%	68.77%	69.21%	68.07%
Domestic Revenue/ Revenue (%)	33.48%	28.00%	31.23%	30.79%	31.93%
Total Operating Expenses/ Revenue (%)	83.97%	85.55%	83.70%	84.75%	83.72%
Operating Profit/ Revenue (%)	16.03%	14.45%	16.30%	15.25%	16.28%
Depreciation/ Revenue (%)	2.49%	2.43%	1.58%	2.46%	1.57%
Other Income/ Revenue (%)	8.89%	5.25%	5.60%	7.10%	5.86%
Tax/ Revenue (%)	5.97%	3.91%	4.55%	4.96%	4.88%
Effective Tax Rate - Tax/ PBT (%)	26.63%	22.63%	22.41%	24.93%	23.73%
PAT from Ordinary Activities/ Revenue(%)	7.57%	8.11%	10.16%	7.83%	9.83%
PAT from Ordinary Activities/Net Worth(%) (LTM)	8.52%	8.88%	9.72%	8.52%	9.72%
Ratios- Return					
ROCE(PBIT/ Average Capital Employed) (%) (LTM)	19.10%	18.01%	19.64%	19.10%	19.64%
ROANW (PAT/Average Net Worth) (%) (LTM)	14.55%	14.25%	15.24%	14.55%	15.24%
Ratios - Balance Sheet					
Debt-Equity Ratio	-	-	-	-	-
Debtors Turnover (Days)	57	63	60	58	62
Asset Turnover Ratio (LTM)	0.70	0.70	0.67	0.70	0.67
Current Ratio	2.22	2.16	1.80	2.22	1.80
Cash and Equivalents/Total Assets (%)	39.90%	42.96%	32.25%	39.90%	32.25%
Cash and Equivalents/ Revenue (%) (LTM)	57.20%	61.41%	48.02%	57.20%	48.02%
Ratios - Growth (YoY)					
Growth in Export Revenue (%)	2.08%	17.83%	21.03%	9.57%	16.75%
Growth in Total Revenue (%)	5.54%	10.16%	20.95%	7.76%	20.20%
Operating Expenses Growth (%)	5.87%	12.53%	17.16%	9.08%	14.67%
Operating Profit Growth (%)	3.80%	-2.06%	45.07%	0.98%	59.88%
PAT Growth (%)	10.17%	-5.77%	22.30%	2.52%	35.24%
EPS Growth (%)	10.17%	-5.75%	33.70%	2.54%	49.26%
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (Rs.)	3.34	3.46	4.25	6.80	7.92
Earning Per Share (Including Other Income) (Rs.)	7.26	5.71	6.59	12.97	12.65
Cash Earning Per Share from Ordinary Activities (Rs.)	4.44	4.50	4.91	8.94	9.19
Cash Earning Per Share (Including Other Income)(Rs.)	8.36	6.75	7.26	15.11	13.91
Book Value Per Share (Rs.)	177.18	180.14	161.05	177.18	161.05
Price/Earning (Annualized)	10.92	15.07	13.85	12.24	14.44
Price/ Cash Earning (Annualized)	9.49	12.75	12.59	10.50	13.13
Price/Book Value	1.79	1.91	2.27	1.79	2.27



Global offices: Amsterdam | Chennai | Dubai | Jaipur | Johannesburg | London | Manila
Mumbai | New Delhi | New Jersey | Noida | Singapore | Sydney | Tokyo

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