

**NUCLEUS
SOFTWARE**

Quarterly Report

December 31, 2011

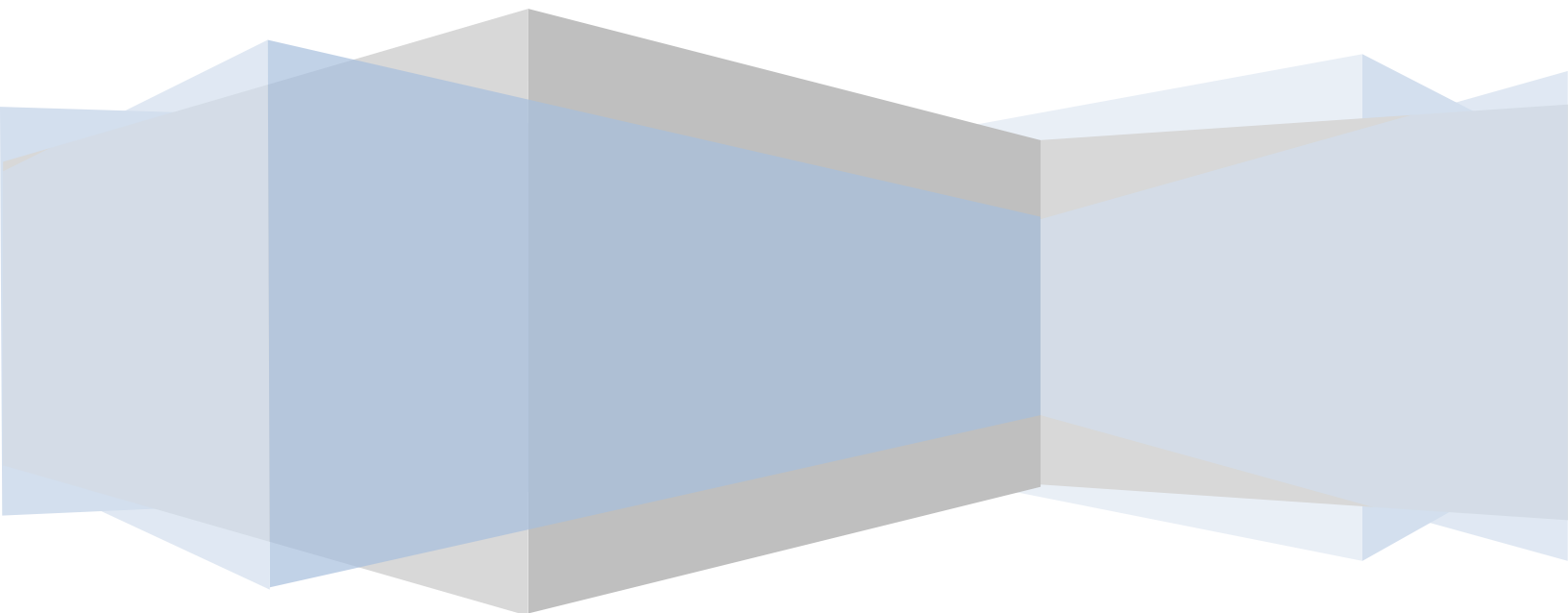


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FINANCIAL HIGHLIGHTS

Rs. in Crore except per share data

Particulars	Consolidated Performance					
	For the Quarter ended			Nine Month Ended		For the Year Ended
	Dec 31, 2011	Sept 30, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	March 31, 2011
Revenue from Operations	74.00	73.91	68.61	212.19	204.94	270.48
Operating Profit (EBITDA)	10.05	10.75	10.10	26.28	26.53	30.48
Profit after Tax (PAT)	10.07	11.45	7.71	26.55	21.90	26.34
EBITDA Margin	13.59%	14.54%	14.73%	12.39%	12.95%	11.27%
PAT Margin	13.60%	15.49%	11.23%	12.51%	10.69%	9.74%
EPS	3.11	3.54	2.38	8.20	6.77	8.13
Dividend Per Share	-	-	-	-	-	2.50
Dividend Payout	-	-	-	-	-	8.10

At the end of the Period	As at		
	Dec 31, 2011	Sept 30, 2011	March 31, 2011
Share Capital	32.38	32.39	32.38
Share application money pending allotment	0.02	0.07	0.22
Reserves and Surplus	276.76	268.01	255.57
Net Worth	309.16	300.46	288.17
Total Assets	309.18	300.49	288.23
Net Fixed Assets	49.94	50.17	49.89
Investments	129.37	129.83	126.02
Current Assets	189.44	180.94	167.23
Cash and Cash Equivalents	197.56	190.34	187.51
Working Capital	65.09	65.61	60.33
Market Capitalisation	198.35	213.57	277.03
No. of Shareholders	19,304	19,091	19,123
No. of Shares (Face Value of Rs.10.00)	32,383,454	32,383,454	32,382,524

Notes:

Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the year/quarter.

USD'000 except per share data

Particulars	Consolidated Performance					
	For the Quarter ended			Nine Month Ended		Year Ended
	Dec 31, 2011	Sept 30, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	March 31, 2011
Revenue from Operations	14,947	15,466	15,035	44,549	44,522	58,736
Operating Profit (EBITDA)	2,031	2,249	2,214	5,518	5,764	6,619
Profit after Tax (PAT)	2,033	2,395	1,689	5,574	4,758	5,720
EBITDA Margin	13.59%	14.54%	14.73%	12.39%	12.95%	11.27%
PAT Margin	13.60%	15.49%	11.23%	12.51%	10.69%	9.74%
EPS	0.06	0.07	0.05	0.17	0.15	0.18
Dividend Per Share	-	-	-	-	-	0.05
Dividend Payout	-	-	-	-	-	1,759

Particulars	As at		
	Dec 31, 2011	Sept 30, 2011	March 31, 2011
Share Capital	6,093	6,613	7,247
Reserves and Surplus	52,071	54,729	57,200
Net Worth	58,168	61,356	64,447
Total Assets	58,172	61,363	64,510
Net Fixed Assets	9,396	10,246	10,535
Investments	24,341	26,513	28,205
Current Assets	35,642	36,950	37,435
Cash and Cash Equivalents	37,170	38,868	41,967
Working Capital	12,246	13,399	23,926
Market Capitalisation	37,319	43,612	62,004

Note:

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the year/quarter.
- 2.) While calculating the figures of group, intergroup transactions have been ignored.
- 3.) For the Quarter ended December 31st 2011, the revenue and expenditure items have been translated at an average rate of Rs. 49.51/US \$ and balance sheet items at a quarter ended rate of Rs.53.15/US\$, against an average revenue and expenditure conversion rate of Rs. 47.79/US\$ and balance sheet rate of Rs. 48.97/US \$ for September 30th 2011 and an average revenue and expenditure conversion rate of Rs. 45.63/US\$ for December 31st 2010.

LETTER TO THE SHAREHOLDERS

Letter to the Shareholders

Dear Shareholder,

At the onset of this new year, please accept my wishes for a very happy and prosperous year.

Before I update you on the financial numbers, I would like to share some important recognitions received this quarter. Annual Report of the Company for year ended March 31, 2011 was adjudged as the BEST under the Category XI – Service Sector (other than financial services sector and transport services (Turn over less than Rs. 500 crore) of the 'ICAI Awards for Excellence in Financial Reporting'. Nucleus Software has won GOLD SHIELD for the fourth consecutive year. A GOLD SHIELD was awarded to the Company. Nucleus received the Gold Shield for the fourth consecutive year. South Asian Federation of Accountants (SAFA) adjudged Nucleus' Annual Report as the recipient of 'Certificate of Merit' for the Best Presented Accounts and Corporate Governance Disclosures Award 2010 in the category 'Communication & Information Technology'. The Company was also ranked amongst the Top 5 Companies for Best Corporate Governance Practices in India by IR Global Rankings (IRGR), a comprehensive ranking system for investor relations websites, online annual reports, corporate governance practices and financial disclosure procedures.

The above recognitions are a clear testimony of our commitment to a strong governance philosophy based on trust, accountability and ethics. Our endeavor is not only to comply with the statutory requirements, but also voluntarily formulate and adhere to a set of strong corporate governance practices. We aim to build stronger policies for corporate governance in the years to come and set new milestones for the industry.

Now let me share with you the financial performance, consolidated revenue for the quarter is at Rs. 74 crore against Rs.68.61 crore in the corresponding quarter of the previous year. With total expenses at Rs. 63.95 crore in comparison to Rs. 58.50 crore in the corresponding quarter of the previous year, the consolidated EBITDA is at Rs. 10.05 crore in comparison to Rs. 10.10 crore in the corresponding quarter of the previous year. Net profit after tax (PAT) is at Rs. 10.07 crore in comparison to Rs. 7.71 crore in the corresponding quarter of the previous year. EPS for the quarter is Rs. 3.11 against Rs. 2.38 in the corresponding quarter of the previous year.

For the nine month period ending December 31, 2011, consolidated revenue is at Rs. 212.19 crore in comparison to Rs. 204.94 crore in the corresponding period previous year. With total expenses at Rs. 185.90 crore in comparison to Rs. 178.41 crore in the corresponding period previous year, the consolidated EBITDA is at Rs. 26.28 crore in comparison to Rs. 26.53 crore in the corresponding period previous year. Net Profit after tax (PAT) is at Rs. 26.55 crore in comparison to Rs. 21.90 crore in the corresponding period previous year. EPS for the period is Rs 8.20 in comparison to Rs. 6.77 in the corresponding period previous year.

The Product business revenue is Rs. 52.33 crore against Rs. 51.11 crore in the corresponding quarter of the previous year. This includes Rs. 51.07 crore of product revenue from own business against Rs. 48.83 crore in the corresponding quarter of the previous year. For the nine month period ending December 31, 2011, Product business revenue is Rs. 154.59 crore against Rs. 144.65 crore in the corresponding period previous year, with Rs. 150.71 crore of product revenue from own business against Rs. 137.13 crore in the corresponding period previous year.

Operating cash flow after working capital changes was Rs. 17.37 crore. Receivables were at Rs. 38.32 crore against Rs. 40.02 crore as on September 30, 2011. The Company continues to enjoy a high level of liquidity. 'Cash and Bank balances' and 'Current Investments' were at Rs. 197.56 crore against Rs. 190.34 crore as on September 30, 2011. We had a hedging position of US \$ 11.75 million, December 31, 2011 at an average rate of Rs. 49.45. There is a mark-to-market loss of Rs. 5.41 crore which is taken to hedging reserve in the balance sheet.

We have been continuously investing in sales and marketing in existing and new markets. We have bagged some important orders this quarter based on our strength and ability to innovate and customize products. This quarter, we won 7 new product orders for 22 modules and added 5 new customers. For the nine months, 17 new product orders and 10 new customers have been added for 43 product modules.

During the quarter, we participated in the 8th Annual CEE Retail Banking event held at Budapest. The event provided an insight into banking strategies, potential growth areas and profitability in the CEE region with the best case studies on business strategies and retail banking products in this region. We also attended the Bank 2.0 organized by Computer Sweden and Business World and at Marketforce and the IEA's 14th Annual Conference, Future of Retail Banking.

The focus on the delivery front continues on streamlining the engineering process, bringing in engineering discipline and scanning the delivery structures to cater to the requirement of our customers.

We have been offering services around our products to the customers and are now planning to integrate our products with other products that customers might need as an end-to-end solution for the bank. We have re-organized our product teams and strengthened our product management function. We have also created working groups spanning across organization functions to stream line feature definition, organization and prioritization process. It is helping us leverage the knowledge and implementation experience from across the organization in a very collaborative way. We plan to improve our productivity and quality by using the best software development practices and introduction of the state of the art tools to the teams. We have already introduced such tools in the areas of feature management and regression testing automation areas and plan to add more in other areas going forward. The Manpower numbers are at 1677 as on December 31, 2011.

The new order wins in this quarter coupled with recognition by industry bodies, highlight our leadership position amongst the organizations that offer niche technology solutions to the banking and financial services sector in the industry. We are optimistic about receiving new opportunities from regions across the globe. We will further capitalize our reach in the emerging markets and new services in the coming quarters, with a continued investment in employee engagement.

We feel grateful and appreciate the hard-work and support of all Nucleites, guidance of our Board Members and well-wishers, support of our customers, business associates and shareholders. We thank all of you and request you to be with us in making this journey of Nucleus Software a very exciting and thrilling one.

Vishnu R Dusad

Chief Executive Officer & Managing Director

Date: January 29, 2012

FINANCIAL STATEMENTS OF NUCLEUS SOFTWARE EXPORTS LTD.

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF NUCLEUS SOFTWARE EXPORTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Nucleus Software Exports Limited** ("the Company"), which comprise the Balance Sheet as at 31 December, 2011, the Statement of Profit and Loss for the quarter and nine months ended on that date and the Cash Flow Statement for the nine months ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December, 2011;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the quarter and nine months ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the nine months ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

RASHIM TANDON
Partner
(Membership No. 95540)

Gurgaon, January 29, 2012

BALANCE SHEET

NUCLEUS SOFTWARE EXPORTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER, 2011

	Notes Ref.	As at 31 Dec 2011 (Rupees)	As at 31 March 2011 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
1. SHAREHOLDERS' FUNDS			
a. Share capital	2.1	323,849,540	323,840,240
b. Advance pursuant to stock option plan	2.2	168,540	2,182,720
c. Reserves and surplus	2.3	2,584,322,219	2,382,782,277
		2,908,340,299	2,708,805,237
2. NON-CURRENT LIABILITIES			
Long-term provisions	2.4	119,105,538	114,038,545
3. CURRENT LIABILITIES			
a. Trade payables	2.5	174,964,476	163,741,838
b. Other current liabilities	2.6	161,040,891	94,113,449
c. Short-term provisions	2.7	34,582,650	137,506,589
		370,588,017	395,361,876
		3,398,033,854	3,218,205,658
<u>ASSETS</u>			
4. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.8	301,856,462	328,506,588
- Intangible assets	2.8	8,855,101	13,111,259
- Capital work-in-progress		5,901,914	-
		316,613,477	341,617,847
b. Non-current investments	2.9	157,154,212	157,154,212
c. Deferred tax assets (net)	2.10	51,375,704	50,345,216
d. Long-term loans and advances	2.11	139,026,934	105,578,911
		664,170,327	654,696,186
5. CURRENT ASSETS			
a. Current investments	2.12	1,269,533,593	1,241,336,569
b. Trade receivables	2.13	345,303,100	261,268,962
c. Cash and bank balances	2.14	468,956,812	464,933,173
d. Short-term loans and advances	2.15	170,202,006	253,753,031
e. Other current assets	2.16	479,868,016	342,217,737
		2,733,863,527	2,563,509,472
		3,398,033,854	3,218,205,658

Notes forming part of the accounts 1 & 2

The notes referred to above form an integral part of the Balance Sheet

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

RASHIM TANDON
Partner
(Membership No. 95540)

Place : Gurgaon
Date : 29 January, 2012

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

JANKI BALLABH
Chairman

P K SANGHI
Chief Financial Officer

Place: Noida
Date : 29 January, 2012

VISHNU R DUSAD
Managing Director

POONAM BHASIN
Company Secretary

PROFIT & LOSS ACCOUNT

NUCLEUS SOFTWARE EXPORTS LIMITED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER, 2011

	Notes Ref.	For the quarter ended 31 Dec 2011 (Rupees)	31 Dec 2010 (Rupees)	For the nine months ended 31 Dec 2011 (Rupees)	31 Dec 2010 (Rupees)
1 REVENUE FROM OPERATIONS					
Income from software services and products	2.17	507,960,174	513,511,865	1,549,380,858	1,513,575,745
2 OTHER INCOME	2.18	71,028,377	20,066,047	205,061,900	145,263,736
3 TOTAL REVENUE		578,988,551	533,577,912	1,754,442,758	1,658,839,481
4 EXPENSES					
a. Employee benefit expenses	2.19	285,615,291	264,921,997	866,060,859	790,150,621
b. Operating and other expenses	2.20	153,185,287	158,293,138	471,326,956	486,950,559
c. Finance cost		510,480	517,117	1,567,455	1,687,263
d. Depreciation and amortisation expense	2.8	13,799,466	19,799,932	47,818,112	61,603,790
Total Expenses		453,110,524	443,532,184	1,386,773,382	1,340,392,233
5 PROFIT BEFORE TAX		125,878,027	90,045,728	367,669,376	318,447,248
6 TAX EXPENSE					
a. Current tax		34,900,000	14,800,000	84,100,000	37,641,464
b. Deferred tax credit	2.10	(3,668,871)	(3,031,845)	(1,030,488)	(14,087,545)
c. MAT Credit Entitlement		-	-	-	(3,000,000)
d. Income tax for earlier years		9,225,898	1,153,666	9,225,898	2,530,306
e. Provision for wealth tax		-	-	18,793	31,038
f. Withholding taxes (claimed)/charged off		8,860,814	(2,230,161)	8,860,814	1,861,689
7 PROFIT FOR THE PERIOD		76,560,186	79,354,068	266,494,359	293,470,296
8 EARNINGS PER EQUITY SHARE	2.29				
Equity shares of Rs. 10 each					
a. Basic		2.36	2.45	8.23	9.06
b. Diluted		2.36	2.45	8.23	9.06
Number of shares used in computing earnings per share					
a. Basic		32,383,454	32,382,524	32,382,846	32,382,524
b. Diluted		32,383,454	32,386,504	32,382,846	32,389,479

Notes forming part of the accounts 1 & 2

The notes referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

RASHIM TANDON
Partner
(Membership No. 95540)

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

JANKI BALLABH
Chairman

P K SANGHI
Chief Financial Officer

VISHNU R DUSAD
Managing Director

POONAM BHASIN
Company Secretary

Place : Gurgaon
Date : 29 January, 2012

Place: Noida
Date : 29 January, 2012

STATEMENT OF CASH FLOW

NUCLEUS SOFTWARE EXPORTS LIMITED
CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER, 2011

	For the nine months ended 31 Dec 2011 (Rupees)	For the year ended 31 March 2011 (Rupees)
A. Cash flow from operating activities		
Net profit before tax	367,669,376	481,934,348
Adjustment for:		
Depreciation	47,818,112	81,000,759
Exchange Loss/(gain) on translation of foreign currency accounts	(66,705,491)	(9,834,009)
Dividend received from non-trade investments	(58,021,069)	(56,384,965)
Dividend received from subsidiary	(36,000,000)	(210,000,000)
Interest on fixed deposits and others	(28,389,253)	(25,798,546)
Profit on sale of investments	21,973	27,625
Amortisation of employees stock compensation expenses	(6,230,635)	(1,973,593)
Loss / (profit) on sale of fixed assets (net)	473,176	229,281
Advances and other current assets written off	8,116,980	8,031,279
Provision for doubtful debts / advances / other current assets	18,792,143	41,395,249
Provisions written back	(8,355,612)	(1,156,410)
Operating profit before working capital changes	239,189,700	307,471,018
(Increase) / Decrease in sundry debtors	(54,895,179)	166,329,926
(Increase) / Decrease in loans and advances	7,607,898	(22,661,023)
(Increase) / Decrease in other current assets	(139,731,213)	(77,456,881)
Increase / (Decrease) in current liabilities and provisions	30,606,625	(7,600,395)
	82,777,831	366,082,645
Income tax paid (net)	(23,760,679)	(112,052,209)
Wealth tax paid	(18,793)	(31,038)
Net cash from operating activities (A)	58,998,359	253,999,398
B. Cash flow from investing activities		
Purchase of fixed assets/capital work in progress	(21,161,751)	(17,767,842)
Sale of fixed assets	43,489	382,253
Purchase of current investments	(3,018,493,366)	(4,550,477,202)
Proceeds from sale of current investments	2,990,274,367	4,161,141,885
Investments in shares of subsidiaries	-	(5,663,000)
Loans and advances to subsidiaries (net)	(29,803,126)	(17,810,968)
Interest on fixed deposits and others	21,281,911	27,398,126
Income tax paid	(9,430,200)	(8,768,926)
Dividend received from non-trade investments	58,021,069	56,384,965
Dividend received from subsidiary	36,000,000	210,000,000
Net cash from / (used in) investing activities (B)	26,732,393	(145,180,709)
C. Cash flow from financing activities		
Dividend paid (including corporate dividend tax)	(88,251,778)	(81,117,418)
Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised	124,620	885,600
Net cash used in financing activities (C)	(88,127,158)	(80,231,818)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(2,396,406)	28,586,871
Opening cash and cash equivalents	464,933,173	437,777,347
Exchange difference on translation of foreign currency bank accounts	6,420,045	(1,431,045)
Closing cash and cash equivalents (Refer note 2.14)	468,956,812	464,933,173

Notes:

1. The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 on "Cash Flow Statements" prescribed under Companies (Accounting Standard) Rules, 2006.

2. Cash and cash equivalents consist of cash in hand, cheques in hand, remittance in transit, balances in current accounts and fixed deposits with scheduled banks / non scheduled banks.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 015125N)

RASHIM TANDON
Partner
(Membership No. 95540)

Place : Gurgaon
Date : 29 January, 2012

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

JANKI BALLABH
Chairman

P K SANGHI
Chief Financial Officer

Place : Noida
Date : 29 January, 2012

VISHNU R DUSAD
Managing Director

POONAM BHASIN
Company Secretary

NOTES

Note 1:**Significant accounting policies and notes to the accounts****1.1. Company Overview**

Nucleus Software Exports Ltd. ('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 September 2011, the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange. The Company has wholly owned subsidiaries in Singapore, USA, Japan, Netherlands and India. The Company's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

The shares of the Company have been voluntarily delisted from Madras Stock Exchange w.e.f. 16 September, 2011.

1.2. Significant accounting policies**(i) Basis of preparation**

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as prescribed in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India ("SEBI"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

(ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete contracts, provision for doubtful debts, future obligations under employee retirement benefit plans and estimated useful life of fixed assets. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

(iii) Revenue recognition

Revenue from software development services comprises income from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the services are rendered. Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision

for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates.

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

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

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Interest on deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction. Dividend income is recognised when the right to receive the same is established.

(iv) Expenditure

The cost of software purchased for use in software development and services is charged to cost of revenues in the year of acquisition. Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(v) Fixed assets and capital work in progress

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as capital work-in-progress.

(vi) Depreciation

Depreciation on fixed assets, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

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

Asset category	Useful life (in years)
Tangible asset	
Building	30
Plant and machinery (including office equipment)	5
Computers	4
Vehicles	5
Furniture and fixtures	5
Temporary wooden structures (included in furniture and fixtures)	1
Intangible asset	
Software	3

Such rates are higher than the rates specified in Schedule XIV of the Companies Act, 1956.

(vii) Investments

Investments are classified into long term and current investments based on the intent of management at the time of acquisition. Long-term investments including investment in subsidiaries are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and the fair value.

(viii) Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

(ix) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Profit and Loss Account. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Profit and Loss Account.

The Company uses foreign exchange forward contracts and options to hedge its exposure for movement in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

The Company follows Accounting Standard (AS) 30 – “Financial Instruments: Recognition and Measurement” to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements.

The Company follows hedge accounting in accordance with principles set out in AS 30. The Company records the gain or loss on effective hedges in the hedging reserve until the transactions are complete. On completion, the gain or loss is transferred to the Profit and Loss Account of that period. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the Profit and Loss Account.

(x) Employee stock option based compensation

The excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option plan is recognised as deferred stock compensation cost and is amortised on graded vesting basis over the vesting period of the options.

(xi) Employee benefits***Short-term employee benefits***

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus etc. are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

Long-term employee benefits***Defined contribution plans***

The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Profit and Loss Account in the financial year to which they relate.

Defined benefit plans***Gratuity***

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

Other employee benefits

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(xii) Operating leases

Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(xiii) 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.

(xiv) Taxation

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is

made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowance or other matters is probable. Minimum Alternate Tax ("MAT") paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognised in the period in which the timing difference originate.

(xv) Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

(xvi) Contingencies

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

**NOTES FORMING PART OF THE ACCOUNTS FOR THE
QUARTER AND NINE MONTHS ENDED 31 DECEMBER, 2011**

2.1 SHARE CAPITAL

a. Particulars	As at 31 Dec 2011	As at 31 March 2011
Authorized		
Equity shares		
40,000,000 (40,000,000) equity shares of Rs.10 each	400,000,000	400,000,000
Issued, Subscribed and Paid-Up		
Issued		
32,386,254 (32,385,324) equity shares of Rs.10 each	323,862,540	323,853,240
Subscribed and paid up		
32,383,454 (32,382,524) equity shares of Rs.10 each, fully paid up	323,834,540	323,825,240
Add: 2,800 (2,800) forfeited equity shares pending reissue	15,000	15,000
	323,849,540	323,840,240
b. Subscribed and paid up Share capital includes 16,185,012 equity shares of Rs. 10 each issued as bonus shares by capitalisation of securities premium account during the year ended 31 March 2008.		
c. Number of shares held by each Share Holders holding more than 5% shares:		
Karmayogi Holdings Private Ltd	9,000,000	9,000,000
Vishnu R Dusad	3,603,492	3,603,492
Nucleus Software Engineers Pvt Ltd	2,385,882	2,385,882
Madhu Dusad	2,036,248	2,036,248
d. During quarter and nine months ended 31 December, 2011 , the Company has allotted Nil ; 930 shares respectively under Employee Stock Option Plans.		

2.2 EMPLOYEES STOCK OPTION PLAN ("ESOP")

- a. Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999, issued by the SEBI, is effective for all stock option schemes established after 19 June 1999. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- b. The Company currently has three ESOP schemes, ESOP scheme- 2002 (instituted in 2002), ESOP scheme-2005 (instituted in 2005) and ESOP scheme-2006 (instituted in 2006). These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 2002 scheme provides for the issue of 225,000 options, 2005 scheme for 600,000 options and 2006 scheme for 1,000,000 options to eligible employees. These schemes are administered by the Compensation Committee comprising four members, the majority of whom are independent directors.

- c. **Details of options granted, exercised, forfeited and closing balance in the above mentioned scheme are as follows:**

Particulars	As at 31 Dec 2011	As at 31 March 2011
2002 Stock Option Scheme		
Options outstanding at the beginning of the period	49,550	73,300
Options granted	-	-
Options forfeited	(49,550)	(17,500)
Options exercised	-	(6,250)
Balance carried forward	-	49,550
2005 Stock Option Scheme		
Options outstanding at the beginning of the period	43,920	85,400
Options granted	-	3,560
Options forfeited	(41,200)	(45,040)
Options exercised	(930)	-
Balance carried forward	1,790	43,920
2006 Stock Option Scheme		
Options outstanding at the beginning of the period	84,002	101,074
Options granted	-	-
Options forfeited	(68,938)	(17,072)
Options exercised	-	-
Balance carried forward	15,064	84,002
Total stock options outstanding at end of the period (in No.s)	16,854	177,472
Total advance pursuant to stock option plan (in Rs.)	168,540	2,182,720

- d. During the quarter and nine month ended 31 December, 2011 48,538 shares and 159,688 shares (250 shares; 71,432 shares) respectively were forfeited and the amount paid up as application money aggregating to Rs. 485,380 and Rs 2,004,880 (Rs. 2,500; Rs. 1,080,320) respectively has been transferred to the Capital reserve account, Also refer note 2.3(a)
- e. The Share based compensation expense reversal for the quarter and nine months ended 31 December, 2011 is Rs. 4,974,105; Rs. 6,230,635 (Rs. Nil ; Rs. 1,973,593) respectively.

		(Amount in Rupees)	
Particulars	As at 31 Dec 2011	As at 31 March 2011	
2.3 RESERVES AND SURPLUS			
a. Capital reserve			
Opening balance	6,729,510	5,487,390	
Add: Amount forfeited against employees stock option plan	2,004,880	1,242,120	
Closing balance	8,734,390	6,729,510	
b. Securities premium reserve			
Opening balance	21,740,689	20,953,189	
Add : On conversion of stock options issued to employees	124,620	787,500	
Closing balance	21,865,309	21,740,689	
c. Employee stock options outstanding account			
Opening balance	6,230,635	8,204,228	
Less: Reversal on forfeiture of stock options granted	6,230,635	1,973,593	
Closing balance	-	6,230,635	
d. General reserve			
Opening balance	697,890,345	652,128,115	
Add: Transferred from Profit and Loss account	-	45,762,230	
Closing balance	697,890,345	697,890,345	
e. Hedging reserve [see note 2.33]			
Opening balance	14,565,858	11,064,760	
Add: Movement during the period	(66,692,975)	3,501,098	
Closing balance	(52,127,117)	14,565,858	
f. Profit and Loss Account			
Balance as at 1 April	1,635,625,240	1,304,608,153	
Add: Profit for the period/Year	266,494,359	457,622,303	
Less: Transferred to general reserve	-	45,762,230	
Less: Proposed dividend	-	80,989,444	
Add: Corporate dividend tax credit [see note 2.36]	5,839,693	146,458	
Closing balance	1,907,959,292	1,635,625,240	
	2,584,322,219	2,382,782,277	

For the year ended 31 March 2011, the Company has declared Dividend of Rs. 2.50 per Share (25% of equity share of par value of Rs. 10) which was approved by shareholder poll in Annual General Meeting held on 08 July 2011.

2.4 LONG-TERM PROVISIONS

Provision for employee benefits

a. Leave encashment	35,011,975	38,369,761
b. Gratuity	84,093,563	75,668,784
Total	119,105,538	114,038,545

2.5 TRADE PAYABLES

a. Trade Payables		
- Micro and small enterprises	-	-
- Others	167,945,768	155,282,368
b. Due to Subsidiaries	7,018,708	8,459,470
Total	174,964,476	163,741,838
c. The Company has no amounts payable to micro, small and medium 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 from the available information.		

2.6 OTHER CURRENT LIABILITIES

a. Advances from customer	79,774,246	56,430,118
b. Mark-to-market loss on forward and options contracts (see note 2.33)	50,753,312	-
c. Unclaimed dividends	1,954,186	1,771,309
d. Book overdraft	-	5,357,497
e. Payable for purchase of fixed assets	2,776,138	-
f. Other payables - statutory dues	25,783,009	30,554,525
Total	161,040,891	94,113,449

2.7 SHORT-TERM PROVISIONS

a. Provision for employee benefits	34,582,650	43,415,118
b. Proposed dividend	-	80,956,310
c. Tax on dividend (see note 2.36)	-	13,135,161
Total	34,582,650	137,506,589

<p style="text-align: center;">NUCLEUS SOFTWARE EXPORTS LIMITED NOTES FORMING PART OF THE ACCOUNTS</p>									
2.8 Fixed Assets (At Cost)									
(Amount in Rupees)									
	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK
	As at 1 Apr 2011	Additions	Deductions / adjustments	As at 31 Dec 2011	As at 1 Apr 2011	Depreciation for the Nine months	Deductions / adjustments	As at 31 Dec 2011	As at 31 Dec 2011 As at 31 March 2011
Tangible assets									
Freehold land	3,360,720	-	-	3,360,720	-	-	-	-	3,360,720
Leasehold land	66,395,000	-	-	66,395,000	6,631,849	563,667	-	7,195,516	59,763,151
Leasehold improvements	12,758,283	-	-	12,758,283	11,521,316	1,236,967	-	12,758,283	1,236,967
Buildings	242,275,991	-	-	242,275,991	43,376,230	6,001,329	-	49,377,559	198,899,761
Plant and equipment	113,717,275	80,583	-	113,797,858	91,457,794	10,677,866	-	102,135,660	22,259,481
Office equipment	25,506,875	2,566,727	173,600	27,900,002	18,957,911	2,289,064	16,618	21,230,357	6,548,964
Computers	222,661,164	10,732,573	6,286,541	227,107,196	196,064,885	14,238,149	6,286,541	204,016,493	26,596,279
Vehicles	16,752,729	-	1,636,276	15,116,453	11,873,459	1,839,278	1,502,092	12,210,645	4,879,270
Furniture and fixtures	36,608,233	870,248	262,096	37,216,385	31,646,238	3,537,272	36,597	35,146,913	4,961,995
	740,036,270	14,250,131	8,358,513	745,927,888	411,529,682	40,383,592	7,841,848	444,071,426	328,506,588
Intangible assets									
Softwares	116,229,087	3,178,362	-	119,407,449	103,117,828	7,434,520	-	110,552,348	13,111,259
	116,229,087	3,178,362	-	119,407,449	103,117,828	7,434,520	-	110,552,348	13,111,259
Total	856,265,357	17,428,493	8,358,513	865,335,337	514,647,510	47,818,112	7,841,848	554,623,774	341,617,847
Previous year	889,880,166	17,272,747	50,887,556	856,265,357	483,922,774	81,000,759	50,276,023	514,647,510	341,617,847

Particulars	(Amount in Rupees)	
	As at 31 Dec 2011	As at 31 March 2011
2.9 NON CURRENT INVESTMENTS (at cost)		
Trade (unquoted)		
250,000 (250,000) equity shares of Rs. 10 (Rs. 10) each, fully paid up, in Ujjivan Financial Services Private Limited	2,500,000	2,500,000
Others (unquoted)		
Investments in equity instruments of subsidiaries		
a. 625,000 (625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore, a wholly owned subsidiary	16,319,950	16,319,950
b. 1,000,000 (1,000,000) equity shares of US Dollar 0.35 each, fully paid up, in Nucleus Software Inc., USA, a wholly owned subsidiary	16,293,150	16,293,150
c. Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	(16,293,150)	(16,293,150)
d. 200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha, Japan, a wholly owned subsidiary	4,092,262	4,092,262
e. 1,000,000 (1,000,000) equity shares of Rs 10 each, fully paid up, in VirStra i-Technology Services Limited, India, a wholly owned subsidiary [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	10,000,000	10,000,000
f. 4,000 (4,000) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands, a wholly owned subsidiary	24,242,000	24,242,000
g. 10,000,000 (10,000,000) equity shares of Rs. 10 each, fully paid up, in Nucleus Software Limited, India a wholly owned subsidiary [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	100,000,000	100,000,000
Total	154,654,212	154,654,212
Aggregate amount of non current investments	157,154,212	157,154,212

2.10

Particulars	Opening as at 1 April 2011	(Charged)/ Credited to P&L account during the nine months ended 31 Dec, 2011	Closing as at 31 Dec 2011
a. Deferred tax assets			
Employee Benefits	36,999,806	1,643,986	38,643,792
Doubtful debts and income accrued, provided but not written off	18,480,918	(4,761,168)	13,719,750
	55,480,724	(3,117,182)	52,363,542
b. Deferred tax liabilities			
Difference of depreciation as per Income-tax laws and books of accounts	5,135,508	4,147,670	987,838
c. Net deferred tax (liability) / asset	50,345,216	1,030,488	51,375,704

(Amount in Rupees)

Particulars	As at 31 Dec 2011	As at 31 March 2011
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2.11 LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)

a. Security Deposits	10,914,687	10,723,783
b. Loans to subsidiaries (see note 2.30)*	106,891,318	67,032,356
c. Advance tax	-	-
d. Mat Credit Entitlement (see note 2.23)	11,337,715	12,698,619
e. Prepaid expenses	6,944,719	12,594,047
f. Staff Loans	2,938,495	2,530,106
Total	139,026,934	105,578,911

*Disclosure under section 370 (1B) of the companies Act, 1956 is given below

Amount outstanding at the end of period

-	Long Term		
a.	Nucleus Software Limited, India	90,946,318	49,160,356
b.	Nucleus Software Inc., USA	15,945,000	17,872,000
-	Short Term		
a.	Nucleus Software Limited, India	-	-
b.	Nucleus Software Inc., USA	5,315,000	4,468,000
	Maximum amount outstanding during the period		
a.	Nucleus Software Limited, India	90,946,318	49,160,356
b.	Nucleus Software Inc., USA	26,015,000	22,340,000

2.12 Current investments - (At the lower of cost and fair value)

Investments in bonds and mutual funds - Non trade

Name of the Mutual Fund Scheme	No. of units as at 01 April 2011*	Value of units as at 01 April 2011 (Rs.)	No. of units purchased	Purchase value (Rs.)	No. of unit sold	Sale Value (Rs.)	No. of units as at 31 Dec 2011	Value of units as at 31 Dec 2011* (Rs.)	Market value of Investment as at 31 Dec 2011 (Rs.)
Liquid Schemes of Mutual Funds (Quoted)									
a. Axis Liquid Fund- Institutional-Daily Dividend-Reinvestment	86,329	86,331,943	138,851	138,865,504	77,492	77,499,999	147,688	147,702,392	147,702,392
b. Birla Sun Life Cash Plus-Inst. Prem. -Daily Dividend-Reinvestment	5,761,098	57,723,320	16,538,373	256,559,600	21,790,980	263,334,728	508,490	50,948,193	50,948,193
c. DSP BlackRock Liquidity Fund-Institutional Plan-Daily Dividend	-	-	129,725	129,766,078	128,208	128,248,193	1,517	1,517,885	1,517,885
d. DSP BlackRock Money Manager Fund-Regular-Daily Dividend	10,975	11,000,000	11	11,043	10,986	11,011,043	-	-	-
e. HDFC Liquid Fund Premium Plan-Dividend-Daily Reinvest	6,434,615	78,887,094	23,942,877	293,534,887	26,183,135	321,000,000	4,194,357	51,421,981	51,421,981
f. ICICI Prudential Liquid Super Institutional Plan-Div-Daily	695,723	69,587,478	2,899,304	289,995,919	3,309,252	331,000,000	285,774	28,583,396	28,583,396
g. JM High Liquidity Fund-Super Institutional Plan -Daily Dividend	2,218,899	22,225,603	8,591,622	86,057,975	10,810,521	108,283,582	-	-	-
h. Kotak Liquid (Institutional Premium)-Daily Dividend	3,722,102	45,514,242	23,126,800	282,796,819	19,875,883	243,044,281	6,973,019	85,266,779	85,266,779
i. UTI Liquid Cash Plan Institutional- Daily Income Option- Re-investment	32,174	32,799,307	150,012	152,929,175	178,528	181,999,998	3,657	3,728,483	3,728,483
j. JP Morgan India Liquid Fund-Super IP-Daily Dividend-Reinvestment	-	-	19,833,453	198,491,211	499,605	5,000,000	19,333,847	193,491,211	193,491,211
k. Tata Liquidity Management Fund-Daily Dividend-Reinvestment	-	-	30,160	30,238,507	30,160	30,238,507	-	-	-
Reliance Liquidity Fund-Super IP-Daily Dividend-Reinvestment	-	-	3,531,040	35,328,408	499,745	5,000,000	3,031,295	30,328,408	30,328,408
Fixed Maturity Plans/Interval Plans (Quoted)									
a. Axis Fixed Term Plan- Series 13 (370 Days)-Growth Plan	5,000,000	50,000,000	-	-	-	-	5,000,000	50,000,000	53,800,500
b. Birla Sun Life Interval Income Fund-INSTL-Quarterly-Series 1-Dividend-Payout	-	-	1,998,961	20,000,000	1,998,961	19,989,605	-	-	-
c. Birla Sun Life Short Term FMP Series 14 Dividend-Payout	-	-	10,000,000	100,000,000	10,000,000	100,000,000	-	-	-
d. Birla Sun Life Short Term FMP Series 4 Dividend-Payout	6,000,000	60,000,000	-	-	6,000,000	60,000,000	-	-	-
e. Birla Sun Life Short Term FMP Series 6 Dividend-Payout	2,165,001	21,650,010	-	-	2,165,001	21,650,010	-	-	-
f. Birla Sun Life Short Term FMP Series 20 Dividend - Payout	-	-	4,833,472	48,334,727	1	7	4,833,471	48,334,720	49,560,005
g. Birla Sun Life Short Term FMP Series 19 Dividend - Payout	-	-	5,000,000	50,000,000	-	-	5,000,000	50,000,000	50,948,193
h. BNP Paribas Fixed Term Fund Ser 21J Dividend	-	-	2,000,000	20,000,000	2,000,000	20,000,000	-	-	-
i. DSP BlackRock FMP- Series 2 3M-Dividend-Payout	-	-	3,987,614	39,876,141	3,987,614	39,876,141	-	-	-
j. DSP BlackRock FMP-3M-Series 28-Dividend-Payout	4,000,000	40,000,000	-	-	4,000,000	40,000,000	-	-	-
k. DSP BlackRock FMP-3M-Series 29-Dividend-Payout	6,000,000	60,000,000	-	-	6,000,000	60,000,000	-	-	-
l. DSP BlackRock FMP-3M-Series 33-Dividend-Payout	3,987,614	39,876,141	-	-	3,987,614	39,876,141	-	-	-
m. DSP BlackRock FMP -6M-Series 9-Dividend Payout	-	-	4,916,587	49,165,865	-	-	4,916,587	49,165,865	51,300,647
n. DSP BlackRock Half Yearly FMP - 6M Series 10 Dividend Payout	-	-	5,000,000	50,000,000	-	-	5,000,000	50,000,000	51,768,000
o. DSP BlackRock FMP 6M-Series 11-Dividend-Payout	-	-	5,000,000	50,000,000	-	-	5,000,000	50,000,000	51,620,000
p. DSP BlackRock FMP 3M-Series 22-Dividend-Payout	-	-	4,500,000	45,000,000	-	-	4,500,000	45,000,000	45,261,450
q. HDFC FMP 3700 March 2011(4)-Growth-Series XVI	5,000,000	50,000,000	-	-	-	-	5,000,000	50,000,000	53,805,500
r. HDFC FMP 920 May 2011(1)-Dividend-Series XVIII	-	-	2,000,000	20,000,000	2,000,000	20,000,000	-	-	-
s. ICICI Prudential Interval Fund II Quarterly Interval Plan A Institutional Dividend	2,526,200	25,262,000	-	-	2,526,200	25,262,000	-	-	-
t. ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend	-	-	3,000,000	30,000,000	-	-	3,000,000	30,000,000	30,761,100
u. IDFC FMP 200 Days-Series-1-Dividend	-	-	5,000,000	50,000,000	5,000,000	50,000,000	-	-	-
v. IDFC FMP Half Yearly-Series-12-Dividend	700,000	7,000,000	-	-	700,000	7,000,000	-	-	-
w. IDFC Quarterly FMP 66 -Dividend	-	-	5,000,000	50,000,000	-	-	5,000,000	50,000,000	50,467,000
x. Kotak FMP 6M Series 11-Dividend	4,999,980	49,999,800	-	-	4,999,980	49,999,804	-	-	-
y. Kotak Quarterly Interval Plan Series 10-Dividend	3,499,055	35,000,000	-	-	3,499,055	34,990,553	-	-	-
z. Kotak Quarterly Interval Plan Series 5-Dividend	5,000,000	50,000,000	2,999,220	30,000,000	7,999,220	79,998,800	-	-	-
aa. Kotak Quarterly Interval Plan Series 6-Dividend	-	-	2,998,681	30,000,000	2,998,681	29,986,806	-	-	-
ab. Kotak Quarterly Interval Plan Series 7-Dividend	-	-	1,999,020	20,000,000	1,999,020	19,990,205	-	-	-
ac. Kotak FMP Series 59-Dividend	-	-	9,654,428	96,544,280	-	-	9,654,428	96,544,280	98,676,943
ad. Reliance Fixed Horizon Fund-XVIII Series- 1-Dividend Plan	3,142,228	31,422,280	-	-	3,142,228	31,422,280	-	-	-
ae. Reliance Fixed Horizon Fund-XVIII Series- 7-Dividend Plan	2,700,000	27,000,000	-	-	2,700,000	27,000,000	-	-	-
af. Reliance Fixed Horizon Fund-XVIII Series- 9-Dividend Plan	-	-	1,000,000	10,000,000	1,000,000	10,000,000	-	-	-
ag. Reliance Fixed Horizon Fund-XX Series- 5-Dividend Plan	-	-	3,000,000	30,000,000	-	-	3,000,000	30,000,000	30,761,100
ah. SBI Debt Fund Series-180 Days-14-Dividend	5,000,000	50,000,000	-	-	5,000,000	50,000,000	-	-	-
ai. SBI Debt Fund Series-180 Days-15-Dividend	5,750,000	57,500,000	-	-	5,750,000	57,500,000	-	-	-
aj. SBI Debt Fund Series-180 Days-17-Dividend	-	-	4,150,000	41,500,000	4,150,000	41,500,000	-	-	-
ak. SBI Debt Fund Series-90 Days-38-Dividend	4,150,000	41,500,000	-	-	4,150,000	41,500,000	-	-	-
al. SBI Debt Fund Series-90 Days-42-Dividend	5,000,000	50,000,000	-	-	5,000,000	50,000,000	-	-	-
am. SBI Debt Fund Series-90 Days-45-Dividend	-	-	10,000,000	100,000,000	10,000,000	100,000,000	-	-	-
an. SBI Debt Fund Series-180 Days-21-Dividend	-	-	5,750,000	57,500,000	-	-	5,750,000	57,500,000	59,255,475
ao. SBI Magnum Income Fund FR Savings Plus Bond Plan-Dividend	-	-	4,592,043	50,000,000	-	-	4,592,043	50,000,000	50,037,655
ap. TATA Fixed Income Portfolio Fund Scheme C2 Inst Hal Yearly	2,486,226	25,000,000	-	-	2,486,226	25,000,000	-	-	-
aq. TATA Fixed Maturity Plan Series 33 Scheme A Dividend	-	-	1,500,000	15,000,000	1,500,000	15,000,000	-	-	-
ar. TATA Fixed Maturity Plan Series 28 Scheme A Dividend	1,500,000	15,000,000	-	-	1,500,000	15,000,000	-	-	-
as. UTI Fixed Income Interval Fund - Half Yearly Interval Plan-Series I - Institutional	5,105,720	51,057,350	64,207	642,255	5,169,927	51,727,706	-	-	-
at. UTI Fixed Income Interval Fund- Quarterly Plan Series III-Institutional Dividend Plan-Re	-	-	2,034,398	20,354,971	2,034,398	20,343,977	-	-	-
Aggregate amount of current investment	102,673,939	1,241,336,569	210,890,858	3,018,493,366	211,838,621	2,990,274,367	101,726,173	1,269,533,593	1,290,251,196

* All Mutual fund Investment are valued at cost as NAV is equal or higher then cost

		(Amount in Rupees)	
Particulars	As at 31 Dec 2011	As at 31 March 2011	
2.13 TRADE RECEIVABLES *			
Debts outstanding for a period exceeding six months			
a. Unsecured			
- Considered good	8,733,872	1,443,954	
- Considered doubtful	24,415,140	49,906,099	
b. Less: Provision for doubtful debts	(24,415,140)	(49,906,099)	
c. Other debts (Unsecured, Considered good)	336,569,228	259,825,008	
Total	345,303,100	261,268,962	

* includes debt due from companies under the same management within the meaning of section 370(1B) of Companies Act, 1956.

a. Nucleus Software Japan Kabushiki Kaisha, Japan	9,055,769	59,745,455
b. Nucleus Software Solutions Pte Ltd., Singapore	4,492,680	7,287,560
c. VirStra i -Technology Services Limited, India	-	328,087
d. Nucleus Software Inc., USA	16,449,081	625,609
e. Nucleus Software Netherlands B.V, Netherlands	20,235,803	22,673,628
f. Nucleus Software Limited, India	11,080	-

2.14 CASH AND BANK BALANCES

Cash and cash equivalents

a. Cash on hand	54,934	-
b. Balances with scheduled banks:		
- in current accounts	57,784,563	59,247,314
c. Balance with non scheduled banks:		
- in current account (Citibank, United Kingdom)	666,616	1,011,098
- in current account (Citibank, U.A.E)	1,388,271	1,265,987
- in current account (Citibank, Spain)	213,664	-
Total	60,108,048	61,524,399

Other bank balances

Fixed deposit accounts		
- more than 12 month maturity	570,000	4,300,000
- less than 12 month maturity	408,278,764	399,108,774
Total	408,848,764	403,408,774
Total	468,956,812	464,933,173

Particulars	(Amount in Rupees)	
	As at 31 Dec 2011	As at 31 March 2011
Details of balances as on balance sheet dates with scheduled banks in current accounts:-		
- Canara Bank	1,800	1,800
- Citi Bank	13,186,504	1,075,116
- Citi Bank *	30,127,432	46,308,360
- DBS Bank	1,568,939	94,338
- HDFC Bank *	4,302,211	2,582,072
- HDFC Bank	4,863,598	5,780,030
- HDFC Bank **	1,770,393	1,436,667
- HSBC Bank **	188,926	339,775
- ICICI Bank	1,232,793	612,290
- State Bank of India	541,967	1,016,866
Total	57,784,563	59,247,314

* EEFC account

** Earmarked for unclaimed dividend

Details of fixed deposit as on balance sheet dates with scheduled banks :-

- HDFC Bank	892,764	892,774
- Citi Bank	6,541,000	6,716,000
- Bank of India	200,200,000	200,200,000
- State Bank of Travancore	-	165,900,000
- State bank of Bikaner and Jaipur	-	9,900,000
- Syndicate Bank	-	19,800,000
- Corporation Bank	199,000,000	-
- State Bank of India	2,215,000	-
Total	408,848,764	403,408,774

Detail of fixed deposit under lien

- HDFC Bank	892,764	892,774
- Citi Bank	6,541,000	6,716,000
- State Bank of India	2,215,000	-
Total	9,648,764	7,608,774

(Amount in Rupees)

Particulars	As at 31 Dec 2011	As at 31 March 2011
2.15 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
a. Prepaid expenses	20,596,534	9,524,733
b. Supplier advances	5,383,728	13,679,446
c. Advance tax [net of provision of Rs. 195,512,932 (Rs. 148,497,708)] (see note 2.23)	99,781,280	132,016,209
d. Advance fringe benefit tax [net of provision Rs. 24,915,859 (Rs 24,915,859)]	2,732,275	2,732,275
e. Service tax receivable	1,030,267	2,294,985
f. Mat credit entitlement (see note 2.23)	12,600,000	48,000,000
g. Security deposit	793,858	730,661
h. Staff loans	5,600,260	16,587,998
i. Employee advances	9,646,329	9,513,491
j. Mark-to-market gain on forward and options contracts (see note 2.33)	-	14,205,233
k. Expenses recoverable from Customers	6,722,475	-
l. Loans to subsidiaries (see note 2.11)	5,315,000	4,468,000
Total	170,202,006	253,753,031

2.16 OTHER CURRENT ASSETS

a. Service Income accrued but not due		
Unsecured		
- Considered good	460,064,288	329,521,351
- Considered doubtful	17,871,038	16,799,742
	477,935,326	346,321,093
Less : Provision for service income accrued but not due	17,871,038	16,799,742
	460,064,288	329,521,351
b. Interest accrued but not due	19,803,728	12,696,386
Total	479,868,016	342,217,737

Particulars	(Amount in Rupees)			
	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Nine months ended 31 Dec 2011	Nine months ended 31 Dec 2010
2.17 INCOME FROM SOFTWARE SERVICES AND PRODUCTS				
Software development services and Products				
a. Domestic	128,451,705	112,910,875	380,322,690	299,037,239
b. Overseas	379,508,469	400,600,990	1,169,058,168	1,214,538,506
Total	507,960,174	513,511,865	1,549,380,858	1,513,575,745
2.18 OTHER INCOME				
a. Interest on deposits with banks and others	9,968,642	6,097,580	28,389,253	21,215,105
b. Dividend on investment in mutual fund units	19,429,761	11,875,829	58,021,069	32,259,595
c. Dividend from subsidiary	-	-	36,000,000	80,000,000
d. Profit on sale of investments				
- Long term trade investment	-	-	-	-
- Current non trade investments	-	(38,122)	28,101	(31,314)
e. Profit on sale of fixed assets (net)	-	-	-	-
f. Provisions written back	1,723,032	-	8,355,612	1,156,410
g. Reversal of employee's stock compensation expense (net)	4,974,105	-	6,230,635	1,973,593
h. Miscellaneous income	790,723	42,568	1,331,739	335,985
i. (Loss) / gain on foreign currency (net)				
- (Loss) / gain on exchange fluctuation	32,823,518	2,088,192	65,331,686	8,354,362
- (Loss)/ gain on ineffective hedges (see note 2.33)	1,318,596	-	1,373,805	-
Total	71,028,377	20,066,047	205,061,900	145,263,736

		(Amount in Rupees)		
Particulars	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Nine months ended 31 Dec 2011	Nine months ended 31 Dec 2010
2.19 EMPLOYEE BENEFIT EXPENSES				
a. Salaries and bonus including overseas staff expenses	266,393,075	245,708,214	808,242,250	737,932,465
b. Contribution to provident and other funds	14,290,973	13,359,934	44,367,644	38,761,809
c. Staff welfare	4,931,243	5,853,849	13,450,965	13,456,347
Total	285,615,291	264,921,997	866,060,859	790,150,621
Employee benefit expenses includes Managing Director remuneration as follows :				
a. Salary and perquisites	1,500,000	1,500,000	4,500,000	4,500,000
b. Contribution to provident and other funds	90,000	90,000	270,000	270,000
c. Commission	-	-	-	-
d. Perquisites	212,277	165,090	446,178	440,590
Total	1,802,277	1,755,090	5,216,178	5,210,590
2.20 OPERATION AND OTHER EXPENSES				
a. Software and other development charges	21,682,175	49,784,518	114,766,815	115,286,482
b. Cost of software purchased for delivery to clients	4,954,642	3,699,061	23,738,159	20,798,260
c. Power and fuel	7,763,259	6,233,270	23,187,469	20,607,443
d. Rent (see note 2.21)	7,297,330	5,821,376	19,522,143	14,926,027
e. Repair and maintenance				
- Buildings	257,897	321,492	1,007,870	936,961
- Others	4,524,652	4,325,796	13,260,018	12,642,213
f. Insurance	952,697	1,165,805	2,985,727	3,722,351
g. Rates & taxes	580,896	441,837	1,637,618	1,671,890
h. Travelling				
- Foreign	47,049,565	36,063,463	118,028,380	107,864,820
- Domestic	2,860,334	3,407,796	9,393,705	7,870,931
i. Advertisement and business promotion	2,370,670	1,278,880	5,778,205	5,112,292
j. Legal and professional (see note 2.25)	11,027,446	17,583,141	31,103,375	50,494,923
k. Directors remuneration	2,080,000	1,500,000	5,220,000	4,240,000
l. Conveyance	2,869,274	3,555,728	8,674,682	7,471,871
m. Communication	3,594,925	3,776,090	10,783,858	11,805,697
n. Training and recruitment	2,262,635	3,439,529	8,032,553	12,334,457
o. Loss on sale of fixed assets (net)/Loss on Discarded Assets	101,684	-	473,176	595,188
p. Loss on Current non trade investments	10,647	-	50,074	-

Particulars	(Amount in Rupees)			
	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Nine months ended 31 Dec 2011	Nine months ended 31 Dec 2010
q. Conference, exhibition and seminar	2,129,641	6,583,720	8,364,590	9,477,696
r. Information technology expenses	3,771,351	3,940,860	10,943,979	13,171,067
s. Advances and other current assets written off				
t. Provision for doubtful debts/advances/other current assets	16,480,049	3,303,545	26,909,123	21,450,823
u. Commission to channel partners	1,525,488	247,234	7,259,265	4,973,033
v. Customer claim	-	(4,375,550)	-	22,157,950
w. Miscellaneous expenses	7,038,030	6,195,547	20,206,172	17,338,182
Total	153,185,287	158,293,138	471,326,956	486,950,559

Directors Remuneration includes

Non Executive Directors

a. Commission	1,500,000	1,000,000	3,300,000	3,000,000
b. Sitting fees	580,000	500,000	1,920,000	1,240,000
Total	2,080,000	1,500,000	5,220,000	4,240,000

Notes:

- The limits for the purpose of computing managerial remuneration as per Section 349 of the Companies Act, 1956 apply only with reference to the financial year of the Company for the purpose of the Companies Act, 1956, which ends on 31 March 2012.
- The above remuneration does not include expense towards retirement benefits since the same is based on actuarial valuations carried out for the Company as a whole.

2.21 Operating Lease

Obligations on long-term, non-cancelable operating leases

The Company has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the quarter and nine month ended 31 December, 2011 is Rs. 7,297,330; Rs. 19,522,143 (Rs. 5,821,376; Rs.14,926,027) respectively. The future minimum lease expense in respect of non-cancellable leases is as follows:

Particulars	(Amount in Rupees)	
	As at 31 Dec 2011	As at 31 March 2011
Lease obligations payable		
a. Not later than 1 year	1,250,000	2,900,900
b. Later than 1 year but not later than 5 years	-	-
Total	1,250,000	2,900,900

2.22 Tax Expense

- a. Most of the operations of the company were conducted through units under Software Technology Park ('STP') scheme. Income from STP was exempt from Income tax for 10 years commencing from the fiscal year in which the unit commences software development or 31 March 2011, whichever is earlier. The income tax holiday for all of STP units of the Company expired on 31 March, 2011. This has resulted in an increase in tax liability as the significant income is subject to normal tax under Income tax Act, 1961.
- b. During the earlier years, the Company had calculated its tax liability under Minimum Alternative Tax (MAT) as its liability under MAT was higher than normal tax liability. The excess of tax payable under MAT over normal tax payable (MAT Credit entitlement) was carried forward to be set off against the future tax liabilities. During the nine months ended 31 December, 2011, the Company is liable to Normal Tax as its normal tax is higher than MAT tax liability. The Company has utilised MAT Credit Entitlement of Rs. 26,100,000 in the current period, to set off its liability for payment of Income Tax.

2.23 Advance Tax (Net of provision) and MAT Credit Entitlement

- a. Advance Tax (Net of provision) aggregating to Rs. 99,781,280 has been classified as Short-Term Loans and Advances as the same represents income tax recoverable from Income Tax Department for return of income filed / to be filed within the next 12 months.
- b. MAT Credit Entitlement balance aggregating to Rs. 12,600,000 which the Company expects to set off against Income Tax Payable for the year ended 31 March, 2012 has been considered to be Short-Term Loans and Advances. The remaining balance MAT Credit Entitlement aggregating to Rs. 11,337,715 has been classified as Long-Term Loans and Advances.

2.24 Capital commitments and contingent liabilities

Particulars	(Amount in Rupees)	
	As at 31 Dec 2011	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances).	2,547,729	1,798,667

(Amount in Rupees)

Particulars	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Nine months ended 31 Dec 2011	Nine months ended 31 Dec 2010
2.25 Auditors Remuneration *				
a. Audit fees	450,000	450,000	1,350,000	1,375,000
b. Other services	325,000	-	325,000	-
c. Out of pocket expenses	256,584	-	256,584	-
Total	1,031,584	450,000	1,931,584	1,375,000
*excluding service tax				
2.26 CIF value of imports				
Capital goods	3,701,799	-	10,489,742	977,692
2.27 Earnings in foreign currency				
a. Software development services and products	379,508,469	400,600,990	1,169,058,168	1,214,538,506
b. Others	223,910	66,437	628,518	66,437
Total	379,732,379	400,667,427	1,169,686,686	1,214,604,943
2.28 Expenditure in foreign currency				
a. Travel expenses	37,893,577	27,138,996	88,143,152	81,276,719
b. Legal and professional	1,910,147	2,515,717	6,038,237	5,081,258
c. Cost of software purchased for delivery to clients	2,714,455	2,210,114	6,222,984	10,754,160
d. Conference, exhibition and seminar	1,651,617	6,896,123	7,746,168	9,250,651
e. Software and other development charges	6,020,290	27,569,064	67,732,888	72,132,971
f. Salary in foreign currency	8,982,591	8,391,867	28,767,357	25,209,670
g. Others	8,694,401	4,132,394	25,648,496	16,851,056
Total	67,867,078	78,854,275	230,299,282	220,556,485
2.29 Earnings per share				
a. Profit after taxation available to equity shareholders (Rupees)	76,560,186	79,354,068	266,494,359	293,470,296
b. Weighted average number of equity shares used in calculating basic earnings per share	32,383,454	32,382,524	32,382,846	32,382,524
c. Effect of dilutive issue of shares	-	3,980	-	6,955
d. Weighted average number of equity shares used in calculating diluted earnings per share	32,383,454	32,386,504	32,382,846	32,389,479
e. Basic earnings per share (Rupees)	2.36	2.45	8.23	9.06
f. Diluted earnings per share (Rupees)	2.36	2.45	8.23	9.06

2.30 RELATED PARTY TRANSACTIONS**List of related parties – where control exists****a. Wholly owned subsidiary companies**

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan
- Nucleus Software Inc., USA
- Nucleus Software (Australia) Pty Ltd., Australia (de-registered w.e.f. 5 April, 2010)
- VirStra i -Technology Services Limited, India
- Nucleus Software Netherlands B.V, Netherlands
- Nucleus Software Limited, India

b. Other subsidiary company (wholly owned subsidiary of VirStra i Technology Services Limited)

- VirStra i -Technology (Singapore) Pte Ltd., Singapore

c. Other related parties:

Key managerial personnel:

- Vishnu R Dusad (Managing director)

<i>(Amount in Rupees)</i>				
Particulars	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Nine months ended 31 Dec 2011	Nine months ended 31 Dec 2010
Transactions with related parties				
a. Software development, services and products				
- Nucleus Software Japan Kabushiki Kaisha	51,190,625	37,285,538	99,727,256	105,789,292
- Nucleus Software Solutions Pte Ltd.	13,400,125	11,909,503	38,202,703	45,313,430
- Nucleus Software Netherlands B.V	5,486,240	4,262,768	41,079,934	6,908,866
- Nucleus Software Inc.	3,120,637	-	8,694,892	-
- VirStra i -Technology Services Limited	-	-	-	3,750,000
b. Other income				
Dividend income				
- VirStra i -Technology Services Limited	-	-	36,000,000	80,000,000
Others				
- VirStra i -Technology Services Limited	-	-	-	40,170
c. Managerial remuneration				
- Vishnu R Dusad (Managing director)	1,802,277	1,755,090	5,216,178	5,210,590

Particulars	(Amount in Rupees)			
	Quarter ended 31 Dec 2011	Quarter ended 31 Dec 2010	Nine months ended 31 Dec 2011	Nine months ended 31 Dec 2010
d. Reimbursement of expenses				
From wholly owned subsidiary companies :				
- VirStra i -Technology Services Limited	9,900	-	75,850	45,472
- Nucleus Software Solutions Pte Ltd	1,650,868	3,786,772	4,459,472	10,811,920
- Nucleus Software Japan Kabushiki Kaisha	(84,185)	-	37,909	373,559
- Nucleus Software Inc.	245,861	-	245,861	76,545
- Nucleus Software Limited	-	1,993	43,645	40,679
- Nucleus Software Netherlands B.V	-	61,021	198,443	390,593
To wholly owned subsidiary companies:				
- Nucleus Software Solutions Pte Ltd.	399,756	1,037,994	944,130	1,456,059
- Nucleus Software Japan Kabushiki Kaisha	364,993	-	364,993	112,182
- VirStra i -Technology Services Limited	216,156	-	216,156	-
e. Cost of services hired				
- Nucleus Software Solutions Pte Ltd.	1,508,592	185,591	2,799,492	933,647
f. Software and Other Development Charges				
To wholly owned subsidiary companies:				
- Nucleus Software Solutions Pte Ltd.	2,673,770	14,341,764	17,403,426	29,945,279
g. Loans and advances				
Given to wholly owned subsidiary company				
- Nucleus Software Limited	2,000,000	3,800,000	41,700,000	7,338,686
- Nucleus Software Inc.	-	22,445,000	-	22,445,000
h. Investments				
- Nucleus Software Netherlands B.V	-	-	-	5,663,000
i. Interest received				
- Nucleus Software Inc.	223,910	66,437	628,518	66,437
j. Lease Rent Paid				
To wholly owned subsidiary company				
- Nucleus Software Limited	2,064,414	-	4,128,828	-
k. Capital Assets Purchased				
From wholly owned subsidiary company				
- Nucleus Software Limited	-	-	1,451,944	-
l. Bad Debts Written off				
- Nucleus Software Japan Kabushiki Kaisha	-	-	4,685,318	-

Outstanding balances as at period/ year end
(Amount in Rupees)

Particulars	As at 31 Dec 2011	As at 31 March 2011
a. Loans and advances		
To wholly owned subsidiaries		
- Nucleus Software Limited	90,946,318	49,160,356
- Nucleus Software Inc.	21,260,000	22,340,000
b. Debtors		
Wholly owned subsidiaries		
- Nucleus Software Japan Kabushiki Kaisha	9,055,769	59,745,455
- Nucleus Software Solutions Pte Ltd.	4,492,680	7,287,560
- VirStra i -Technology Services Limited	-	328,087
- Nucleus Software Inc.	16,449,081	625,609
- Nucleus Software Netherlands B.V	20,235,803	22,673,628
- Nucleus Software Limited	11,080	-
c. Sundry creditors		
Due to wholly owned subsidiaries		
- Nucleus Software Solutions Pte Ltd.	4,947,440	8,459,470
- Nucleus Software Limited	2,071,268	-
- VirStra i -Technology Services Limited	174,245	-
d. Service income accrued but not due		
Wholly owned subsidiaries		
- Nucleus Software Netherlands B.V	14,909,314	-
- Nucleus Software Japan Kabushiki Kaisha	32,198,018	-
e. Interest income accrued but not due		
Wholly owned subsidiaries		
- Nucleus Software Inc.	-	255,838
f. Interest received in advance		
Wholly owned subsidiaries		
- Nucleus Software Inc.	45,671	-

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

CONSOLIDATED FINANCIAL STATEMENTS

Nucleus Software Exports Ltd. Consolidated Balance Sheet as at 31 Dec, 2011

	Schedule	As at 31 Dec 2011 (Rupees)	As at 31 March 2011 (Rupees)
Sources of funds			
Shareholders' funds			
Share capital	1	323,849,540	323,840,240
Advance pursuant to stock option schemes		168,540	2,182,720
Reserves and surplus	2	2,767,588,377	2,555,690,825
		3,091,606,457	2,881,713,785
Deferred tax liability (refer note 2, schedule 16)		220,287	591,954
		3,091,826,744	2,882,305,739
Application of funds			
Fixed assets			
Gross block	3	1,186,256,684	1,103,242,895
Less: Accumulated depreciation		(692,767,282)	(632,473,401)
Net block		493,489,401	470,769,494
Add: Capital work in progress (including capital advances)		5,901,914	28,164,559
		499,391,315	498,934,053
Investments	4	1,293,728,489	1,260,160,157
Deferred tax asset (refer note 2, schedule 16)		55,224,351	54,193,864
Current assets, loans and advances			
Sundry debtors	5	383,213,637	323,533,411
Cash and bank balances	6	684,400,093	617,467,102
Loans and advances	7	293,865,151	371,715,930
Other current assets	8	532,903,539	359,602,107
		1,894,382,420	1,672,318,550
Less: Current liabilities and provisions			
Current liabilities	9	523,456,935	387,350,845
Provisions	10	127,442,897	215,950,040
		650,899,832	603,300,885
Net current assets		1,243,482,589	1,069,017,665
Miscellaneous expenditure	11	-	-
		3,091,826,744	2,882,305,739
Significant accounting policies and notes to the accounts	16		

The schedules referred to above form an integral part of the consolidated financial statements.

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

JANKI BALLABH
Chairman

VISHNU R DUSAD
Managing Director

P K SANGHI
Chief Financial Officer

POONAM BHASIN
Company Secretary

Place: Noida
Date : 29 January, 2012

Nucleus Software Exports Ltd.
Consolidated Profit and Loss Account for the quarter and half year ended 31 December , 2011

	Schedule	For the quarter Ended 31 Dec 2011 (Rupees)	31 Dec 2010 (Rupees)	For the nine months ended 31 Dec 2011 (Rupees)	31 Dec 2010 (Rupees)
Sales and services	11	740,008,496	686,057,025	2,121,873,254	2,049,366,820
Software development expenses	12	504,018,632	462,002,307	1,444,517,724	1,375,567,244
Gross profit		235,989,864	224,054,718	677,355,530	673,799,576
Selling and marketing expenses	13	64,924,976	78,117,313	221,883,238	223,731,405
General and administration expenses	14	70,529,329	44,892,008	192,647,442	184,771,189
Operating profit before depreciation		100,535,559	101,045,397	262,824,850	265,296,982
Depreciation	3	17,394,066	22,425,122	56,896,235	70,828,270
Operating profit after depreciation		83,141,493	78,620,275	205,928,615	194,468,712
Other income	15	39,748,955	20,931,837	103,898,494	63,203,031
Profit before tax and prior period adjustments		122,890,447	99,552,112	309,827,108	257,671,741
Gain / (Loss) on foreign exchange fluctuation (net)		32,863,537	(155,502)	73,906,395	(1,938,094)
Profit before taxation		155,753,985	99,396,610	383,733,504	255,733,648
Withholding taxes charged off		10,529,695	10,702,135	10,529,695	14,793,985
Provision for tax - current income tax		38,994,277	18,013,303	99,515,680	50,051,939
- MAT credit entitlement (refer note 8, schedule 16)		-	(4,500,000)	-	(16,600,000)
- fringe benefit tax		-	-	-	-
- deferred tax credit (refer note 2, schedule 16)		(3,668,871)	(3,031,845)	(1,030,488)	(14,087,545)
- income tax for earlier year		9,225,898	1,153,666	9,225,898	2,530,306
Provision for wealth tax		-	-	18,793	31,038
Profit after taxation		100,672,986	77,059,351	265,473,926	219,013,925
Profit available for appropriation					
Profit for the period / year		100,672,986	77,059,351	265,473,926	219,013,925
Add: Balance brought forward		1,858,859,105	1,744,774,245	1,704,749,445	1,602,858,186
Total amount available for appropriation		1,959,532,091	1,821,833,595	1,970,223,371	1,821,872,111
Proposed dividend		-	-	2,061	33,134
Interim dividend		-	-	-	-
Corporate dividend tax		-	-	(1,654)	5,381
Transferred to general reserve		-	-	-	-
Balance carried forward to the Balance Sheet		1,959,532,091	1,821,833,595	1,970,222,964	1,821,833,596
Earnings per share (par value Rs. 10 each) (refer note 13, schedule 16)					
Basic		3.11	2.38	8.20	6.77
Diluted		3.11	2.38	8.20	6.76
Number of shares used in computing earnings per equity share					
Basic		32,383,454	32,382,524	32,382,846	32,370,024
Diluted		32,383,454	32,386,504	32,382,846	32,378,167

Significant accounting policies and notes to the accounts 16

The schedules referred to above form an integral part of the consolidated financial statements.

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

JANKI BALLABH
Chairman

VISHNU R DUSAD
Managing Director

P K SANGHI
Chief Financial Officer

POONAM BHASIN
Company Secretary

Place: Noida
Date : 29 January, 2012

Nucleus Software Exports Ltd.
Consolidated Cash Flow Statement for the quarter ended 31 Dec 2011

	For the Nine months ended 31 Dec 2011	For the year ended 31 March 2011
A. Cash flow from operating activities		
Net profit before tax	383,733,504	298,651,529
<i>Adjustment for:</i>		
Depreciation	56,896,235	92,806,435
Exchange difference on translation of foreign currency accounts	(46,270,858)	8,191,442
Dividend received from non trade investments	(58,892,377)	(61,325,014)
Interest on fixed deposits	(27,791,111)	(25,965,711)
Profit on sale of investments	(28,101)	27,625
Amortisation of employees compensation expenses	(6,230,635)	(1,973,593)
Profit on sale of fixed assets (net)	101,684	229,281
Loss on assets discarded	-	-
Bad debts / advances written off	-	-
Advances and other current assets written off	8,116,980	8,031,279
Provision for doubtful debts / advances	30,277,385	40,236,812
Provision for diminishing in value of investment	-	-
Operating profit before working capital changes	339,912,706	358,910,086
Decrease / (increase) in debtors	(42,026,509)	216,331,730
Increase in loans and advances	18,366,965	2,031,354
Decrease / (increase) in other current assets	(175,072,963)	(62,912,150)
(Decrease) / increase in current liabilities	70,333,640	(62,653,603)
	211,513,840	451,707,416
Direct taxes paid	(38,013,662)	(134,348,163)
Fringe benefit tax paid	-	-
Net cash from operating activities (A)	173,500,178	317,359,254
B. Cash flow from investing activities		
Purchase of fixed assets/capital work in progress	(55,184,842)	(45,540,104)
Sale of fixed assets	(101,684)	592,508
Purchase of current investments	(33,568,332)	(5,340,842,827)
Proceeds on sale of current investments	-	5,039,722,690
Proceeds on sale of non trade investments	-	-
Purchase of fixed deposits	-	-
Interest on fixed deposits	20,374,365	27,825,639
Tax paid	(9,430,200)	(8,759,536)
Dividend received from non trade investments	58,892,377	61,325,014
Net cash from/ (used in) investing activities (B)	(19,018,317)	(265,676,616)
C. Cash flow from financing activities		
Dividend paid (including corporate dividend tax thereon)	(94,093,532)	(102,554,724)
Advance pursuant to employee stock option scheme	124,620	885,600
Net cash used in financing activities (C)	(93,968,912)	(101,669,124)
Net (decrease) / increase in cash and cash equivalents	60,512,949	(49,986,487)
Opening cash and cash equivalents	617,467,102	667,453,589
Effect of exchange rate change	6,420,042	-
Closing cash and cash equivalents *	684,400,093	617,467,102

Notes:

- The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard - 3 on 'Cash Flow Statements' prescribed under Companies (Accounting Standard) Rules, 2006.
- Cash and cash equivalents consist of cash in hand, remittance in transit, balances in current accounts and fixed deposits with scheduled banks / non scheduled banks.

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

JANKI BALLABH
Chairman

VISHNU R DUSAD
Managing Director

P K SANGHI
Chief Financial Officer
Place: Noida
Date : 29 January, 2012

POONAM BHASIN
Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS- CONSOLIDATED

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

The financial statements have been prepared under the historical cost convention in compliance with the requirements of the Companies Act, 1956, the Generally Accepted Accounting Principles (GAAP) in India and mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"). All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid under Accounting Standard 21 on "Consolidated Financial Statements" issued by the ICAI.

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

Overview

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited with its registered office at 33-35 Thyagraj Nagar Market, New Delhi-110003. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Madras Stock Exchange Ltd.

Nucleus provides software solutions to the Banking and Financial Services Industry. For over 20 years, we have developed solutions spanning from Retail Banking to Corporate Banking, Cash Management, Internet Banking and Credit Cards. FinnOne™, the Flagship product of Nucleus Software is a comprehensive suite for Retail Banking applications comprising of modules like Customer Acquisition System, Loan Management, Delinquency and Recovery Management, Deposits and Finance Against Securities. Cash@Will™ and BankONet™ are the offerings from Nucleus Software in the area of Cash Management and Internet Banking respectively. Over the years, our committed professionals have provided solutions par excellence and with the experience and skills, we have been able to create a global footprint of clients 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 and USA and subsidiary branch offices in India, Korea, Philippines, UAE and UK. 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 Company'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 Company has chosen the product route to bring value to customers not only with the domain expertise acquired over the years with relentless hard-work, but also by following the best operational practices. Today Nucleus is renowned as a major player in the "Banking Products" industry and is one of the few Indian Companies whose products are installed at multiple locations internationally.

Our flagship product has been rated as the world's number 1 selling lending product by IBS Publishing consecutively for the past three years, and this affirms the faith that over one hundred and fifty of our esteemed customers both banks and financial institution, across hundred countries have shown in us. We have with us today, dedicated associates with expert domain knowledge and thorough leadership on trends. Our single-minded focus on products helps us translating our vision in the form of innovative features in our products. We not only believe in installation of our product, but also ensure that customers are able to reap the benefits of their investment with us, at the earliest. Risk, operational excellence, flexibility and cost are some of the challenges the industry is facing these days.

With increased salaries in India and with cost pressures worldwide, the cost differential as an advantage to Indian IT is evaporating quickly. Now, the mantra to excel is 'Value for each Penny Spent'. Nucleus believes that the only way to survive and bring value in this context to the customers is to deliver quality and innovative solutions. We believe growth in terms of numbers is a by-product of doing right things and contributing to the society and through our customers, changing the lives of billions of people. Abiding by a futuristic approach with innovative solutions, has been our ethos, and with this in mind, Nucleus chose the path of investing heavily in product, which positioned us globally as a "Product Company" and a 'Leader' in the global lending landscape.

Various accolades have been won by us, a few of them are:

- **Annual Report and Accounts of the Company for year ended March 31, 2011, have been adjudged as the BEST** under the Category XI – Service Sector (other than financial services sector and transport services (Turn over less than Rs. 500 crore) of the 'ICAI Awards for Excellence in Financial Reporting'. Nucleus Software has won **GOLD SHIELD** for the **fourth consecutive year**.
- **South Asian Federation of Accountants (SAFA) adjudged Nucleus' Annual Report as the recipient of 'Certificate of Merit'** for the Best Presented Accounts and Corporate Governance Disclosures Award 2010 in the category 'Communication & Information Technology'.
- The Company was ranked amongst the **Top 5 Companies for Best Corporate Governance Practices** in India by IR Global Rankings (IRGR), a comprehensive ranking system for investor relations websites, online annual reports, corporate governance practices and financial disclosure procedures.
- **Forrester recognized Nucleus as a "Global Pursuer" and stated it "regained traction in 2010"**. Based on the number of deals and regions covered, Nucleus was ranked among top Banking Platform providers. Source: Global Banking Platform Deals 2010, Forrester Research, Inc., 31 March 2011.
- **FinnOne™ was ranked for the third consecutive year as the 'World's No 1 Selling Lending Software Product' (for year 2010) by IBS Publishing, UK** | 2011 & ranked third in global sales across all banking products.
- **Annual Report and Accounts of the Company for year ended March 31, 2010 were adjudged as the BEST** under the Category VIII – Service Sector (Other Than Banking & Insurance) (Turnover Less Than Rs. 500 Crore) of the 'ICAI

Awards for Excellence in Financial Reporting'. A GOLD SHIELD was awarded to the Company, for the third consecutive year.

- **South Asian Federation of Accountants (SAFA) adjudged Annual Report of the Company as the recipient of the joint first runner's up position** for the Best Presented Accounts Award for the year 2009 under the Communication and Information Technology Sector Category.
- HDFC Bank, Nucleus Software customer, won the prestigious Celent 2010 Model Bank Award for its loan origination system, FinnOne™.
- Nucleus Software ranked among the Top 25 companies adopting "Good Corporate Governance Practices" by ICSI for fourth consecutive year in 2009.
- South Asian Federation of Accountants (SAFA) adjudged Nucleus' Annual Report as the recipient of the Merit Position for the Best Presented Accounts and Corporate Governance Disclosures Award 2008 under the category of Corporate Governance Disclosure.
- Forrester Research, a leading independent analyst firm, recognized Nucleus Software as an industry vertical specialist in their recent report "Working With Tier Two Offshore Providers".
- Nucleus Software Ranked Amongst India's Top 15 Exciting Emerging Companies to Work For by Nasscom.
- Nucleus Software recognized under "Best Practices" for Performance Management System by NASSCOM, 2008.
- Nucleus selected as one of Forbes ASIA's 200 Best Under A Billion companies, for the second consecutive year, list released in September 2008.
- Nucleus Software was conferred the Best Independent Software Vendor (ISV) Partner (North India for 2008) award by IBM.
- Nucleus Software awarded the "D&B - ECGC Indian Exporters' Excellence Award" by Dun & Bradstreet India (D&B India) and Export Credit Guarantee Corporation of India Ltd (ECGC) for the year 2007.
- Nucleus Software adjudged as one of the fastest growing companies in Asia Pacific under Deloitte Technology Fast 500 - 2007.
- Nucleus Software conferred with Oracle Partner of the Year Award in Fusion Middleware category at an APAC level.
- Nucleus Software awarded for being the Fastest Growing ISV in 2007 by Oracle Corporation.
- Nucleus Software ranked 13th in Dataquest Top 20 Best Employers Survey 2006. Survey was conducted by IDC-Dataquest amongst 200 IT employers across India.

FINANCIAL PERFORMANCE

Financial statements of the Company are prepared in compliance with the Companies Act, 1956 and generally accepted accounting principles in India (Indian GAAP). The Company has six subsidiary companies, all over the world, all of which are wholly-owned subsidiaries.

The consolidated financial results are as below:

(Rs. in crore)

Quarter Ended December 31st					
	2011	% of Revenue	2010	% of Revenue	Growth %
Income from Software Services and Products	74.00	100.00	68.61	100.00	7.86
Software Development Expenses	50.40	68.11	46.20	67.34	9.09
Gross Profit	23.60	31.89	22.41	32.66	5.33
Selling and Marketing Expenses	6.49	8.77	7.81	11.39	(16.89)
General and Administration Expenses	7.05	9.53	4.49	6.54	57.11
Operating Profit before Interest, Depreciation and Withholding Taxes	10.05	13.59	10.10	14.73	(0.51)
Depreciation	1.74	2.35	2.24	3.27	(22.43)
Operating Profit after Interest, Depreciation and Withholding Taxes	8.31	11.24	7.86	11.46	5.75
Other Income	3.97	5.37	2.09	3.05	89.90
Foreign Exchange Gain/ (Loss)	3.29	4.44	(0.02)	(0.02)	NA
Profit before Tax	15.58	21.05	9.94	14.49	56.70
Provision for Taxation					
Withholding Taxes	1.05	1.42	1.07	1.56	(1.61)
-Current	3.90	5.27	1.80	2.63	NA
- MAT credit entitlement	0.00	0.00	(0.45)	(0.66)	NA
-Deferred	(0.37)	(0.50)	(0.30)	(0.44)	21.01
-Earlier year tax	0.92	0.01	0.12	0.00	NA
Profit after Tax	10.07	13.60	7.71	11.23	30.64

Revenue from Operations

We derive our revenue from the following business segments:

- Products
- Projects and Services

During the quarter the total revenue is Rs.74 crore against Rs.68.61 crore for the corresponding quarter previous year, representing an increase of 7.86%.

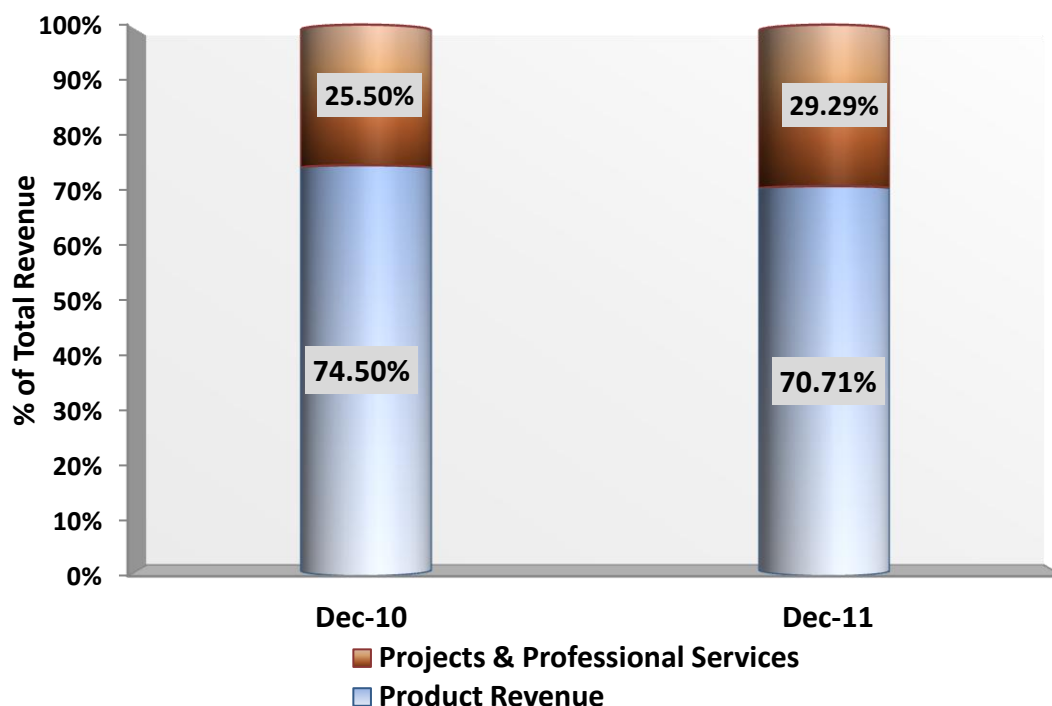
Revenue from Products

Product revenue arises from Products and related services comprising of license fees, revenue from customization and implementation of products and post production and maintenance support. Product revenue is Rs.52.33 crore during the quarter, constituting 70.71% of the total revenue against Rs.51.11 crore, 74.50% of total revenue, in the corresponding quarter previous year. This has grown by 2.38% during the quarter. We are a Company focused on Product business.

Revenue from Projects and Services

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

Revenue from software projects and services segment during the quarter is Rs.21.67 crore constituting 29.29% of the total revenue against Rs.17.49 crore, constituting 25.50% of total revenue in the corresponding quarter previous year. This has increased by 23.89%.



EXPENDITURE**Software Development Expenses**

Software development expenses primarily consist of compensation to our software professionals, expenses on travel to execute work at client site, direct consultancy charges, cost of software purchased for delivery to clients, bandwidth and communication expense and proportionate infrastructure charges.

During the quarter, our software development expenses are Rs. 50.40 crore, 68.11% of revenue against Rs. 46.20 crore, 67.34% of revenue in the corresponding quarter previous year.

(Rs. in crore)

Quarter Ended December 31st					
	2011	% of Revenue	2010	% of Revenue	Growth %
Employee Costs	31.57	42.66	30.04	43.78	5.09
Travel Expenses	4.68	6.32	3.51	5.11	33.38
Cost of Software Purchased for Delivery to Clients	1.72	2.32	0.88	1.28	95.54
Communication	0.55	0.75	0.47	0.68	18.21
Power and Fuel	0.71	0.96	0.55	0.80	29.33
Rent, Rates and Taxes	2.05	2.76	1.75	2.55	16.71
Software and Other Development Charges	6.33	8.56	3.50	5.10	81.12
Legal and Professional	0.91	1.23	1.66	2.41	(44.86)
Conveyance	0.29	0.40	0.31	0.46	(6.06)
IT Expenses	0.37	0.51	0.36	0.53	3.62
Repairs and Maintenance	0.40	0.55	0.39	0.57	3.85
Training and Recruitment	0.28	0.38	0.39	0.56	(26.76)
Insurance	0.13	0.17	0.15	0.22	(15.51)
Consultancy Charges	0.02	0.02	1.84	2.68	(99.16)
Others	0.38	0.51	0.41	0.59	(6.88)
Total Software Development Expenses	50.40	68.11	46.20	67.34	9.09
Revenue	74.00	100.00	68.61	100.00	7.86

Overall these expenses have increased by 9.09% over the corresponding quarter previous year.

- Employee costs include salaries which have fixed and variable components, contribution to provident fund, leave encashment and expense on staff welfare activities. They are at Rs.31.57 crore, 62.64% of total development expense for the

quarter, against Rs.30.04 crore, 65.02% of total development expense of the corresponding quarter previous year. Employee costs have increased by 5.09% over the corresponding quarter previous year.

- Rent has increased to Rs.2.05 crore against Rs.1.75 crore in the corresponding quarter previous year.
- Software and Other Development Charges have increased to Rs. 6.33 crore from Rs. 3.50 crore in the corresponding quarter previous year due to higher sub contracting of development work to outside vendors.
- Consultancy expenses have reduced to 0.02 against Rs.1.84 crore in the corresponding quarter previous year due to reduction in number of consultants hired at overseas locations, mainly in Japan.

The Gross margin for the third quarter ended 31st December 2011 is Rs.23.60 crore at 31.89% of revenue, against Rs.22.41 crore at 32.66% of revenue in the corresponding quarter previous year.

Selling and Marketing Expenses

Our selling and marketing expenses comprise of compensation to sales and marketing personnel, travel, brand building activities which include advertisement, conference, seminar, etc., communication, training and recruitment and other allocated infrastructure costs.

During the quarter selling and marketing expenses are Rs.6.49 crore, 8.77% of revenue, against Rs.7.81 crore, 11.39% of revenue in the corresponding quarter previous year representing a decline of 16.89%. We continue to spread our reach across the globe thereby creating high visibility and brand equity.

(Rs. in crore)

Quarter Ended December 31st					
	2011	% of Revenue	2010	% of Revenue	Growth %
Employee Costs	3.85	5.21	4.31	6.29	(10.67)
Travel Expenses	1.14	1.54	1.01	1.47	13.05
Rent, Rates and Taxes	0.45	0.61	0.38	0.55	19.34
Advertisement and Business Promotion	0.39	0.52	0.17	0.25	NA
Communication	0.15	0.20	0.16	0.23	(6.33)
Conference, Exhibition and Seminar	0.22	0.29	0.64	0.93	NA
Commission on Sales	(0.07)	(0.09)	0.12	0.17	NA
Legal and professional charges	0.10	0.13	0.74	1.07	(86.73)
Printing and stationary	0.01	0.01	0.01	0.02	(39.38)
Others	0.26	0.35	0.28	0.41	(7.81)
Total Selling and Marketing Expenses	6.49	8.77	7.81	11.39	(16.89)
Revenue	74.00	100.00	68.61	100.00	7.86

Decrease in expenses is attributable to reduction in Employee costs, costs incurred on conference and seminars and legal & professional expenses in the corresponding quarter previous year.

General and Administrative Expenses

Our general and administrative expenses include compensation to our employees in Corporate Office, Finance, HR, Administration and other general functions; related travel & communication costs, legal and professional charges, repairs and maintenance, insurance, provision for doubtful debts, bad debts and other allocated infrastructure expenses.

During the quarter our general and administrative expenses are Rs. 7.05 crore, 9.53% of revenue, against Rs. 4.49 crore, 6.54% of revenue in the corresponding quarter previous year, representing an increase of 57.11%.

(Rs. in crore)

Quarter Ended December 31st					
	2011	% of Revenue	2010	% of Revenue	Growth %
Employee Costs	3.47	4.69	3.30	4.81	5.21
Travel Expenses	0.08	0.11	0.09	0.13	(11.87)
Legal and Professional Charges	0.47	0.63	0.50	0.72	(5.60)
Communication	0.04	0.05	0.05	0.07	(16.79)
Provision for Doubtful Debts	1.41	1.91	0.12	0.18	1055.13
Rent, Rates and Taxes	0.16	0.22	0.11	0.16	48.16
Conveyance	0.05	0.07	0.06	0.08	(10.57)
Printing and Stationery	0.03	0.03	0.04	0.06	(43.00)
Power and Fuel	0.10	0.13	0.05	0.07	97.31
Advertisement	0.01	0.02	0.03	0.04	NA
Advances and current assets written off	0.36	0.49	0.07	0.10	NA
Miscellaneous expenses	0.88	1.18	0.08	0.12	950.15
Total General and Administrative Expenses	7.05	9.53	4.49	6.54	57.11
Revenue	74.00	100.00	68.61	100.00	7.86

Increase in General and administrative expense is due to higher charge for Provision for doubtful debts by Rs.1.29 crore, advances and other current assets written of Rs. 0.29 crore and another increase of Rs. 0.80 crore in miscellaneous expenses.

Operating Profit (EBITDA)

Operating margins are lower and the challenge remains to deliver sustained growth on a full year basis.

During the quarter our operating profit is Rs.10.05 crore, 13.59% of revenue against Rs.10.10 crore, 14.73% of revenue in the corresponding quarter previous year.

Depreciation

Depreciation on fixed assets was Rs.1.74 crore, 2.35% of revenue for the quarter against Rs.2.24 crore, 3.27% of revenue 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)		
For the Quarter ended December 31,	2011	2010
On Investments		
Dividend	1.98	1.32
Interest Income	0.97	0.60
Others	0.79	0.07
Foreign Exchange Gain/ (Loss)	0.23	0.10
Total	3.97	2.10

Other income for the quarter is Rs.3.97 crore, against Rs.2.10 crore in the corresponding quarter previous year.

Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from cancellation of options and forward contracts, translation of current assets and liabilities at quarter end rates and those arising from realization/payments of receivables/payables respectively. During the quarter, the Company had a foreign exchange gain of Rs. 3.29 crores against a loss of Rs. 1.56 lakhs for the corresponding quarter previous year. This is due to translation of net foreign currency denominated current assets at the qtr. end rate of 53.15 Rupees to the US Dollar. This excludes hedging gains or losses which are booked to revenue.

Withholding Taxes

Withholding taxes charged off represent withholding taxes charged to Profit and Loss Account. During the quarter, withholding taxed net of credits available are at, Rs.1.05 crore, against Rs.1.07 crore in the corresponding quarter previous year. These relate to taxes withheld by customers/subsidiaries on overseas transactions.

Taxes withheld by customer are available to be adjusted with tax liability as per applicable law and thus are not charged to expenses.

Provision for Taxation

Income taxes represent the provision for corporate & income taxes in various countries where the Company and subsidiaries operate. In estimating these taxes, adjustments are made for deferred tax assets and liabilities.

(Rs. in crore)		
For the Quarter ended December 31,	2011	2010
Provision for Taxation		
- Current Tax	3.90	1.80
- MAT Credit Entitlement	0.00	(0.45)
- Deferred Tax Expense	(0.37)	(0.30)
- Earlier Year Tax	0.92	0.12
Total	4.46	1.16

Profit after Tax

Our profit after tax for the quarter is Rs. 10.07 crore, 13.60% of revenue, against Rs.7.71 crore, 11.23% of revenue, during the corresponding quarter previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up Share Capital as on December 31, 2011 is 32,383,454 equity shares of Rs. 10 each, against 32,370,024 as on December 31, 2010.

Subsidiaries

Paid-up Share Capital of the Subsidiaries as on December 31, 2011 is given below. As 100% of the Share Capital of the Subsidiaries is held by Nucleus Software Exports Limited and nominees; on consolidation of accounts, these amounts are contra with investments in Subsidiaries amounts in the accounts of the Parent Company.

Name of Subsidiary Company	Currency	As at December 31, 2011		As at December 31, 2010	
		In foreign Currency	Eqv. Rupees (in crore)	In foreign Currency	Eqv. Rupees (in crore)
Nucleus Software Solutions Pte. Ltd. Singapore. 625,000 equity shares of S\$ 1 each.	SGD	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US\$ 0.35 cents each (After provision for diminution)	USD	-	-	350,000	1.63
Nucleus Software Japan Kabushiki Kaiga, 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. 3000 equity shares of Euro 100 each	Euro	400,000	2.42	400,000	2.42
Nucleus Software Limited, India 10,000,000 equity shares of Rs.10/- each	INR	-	10	-	10

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

Reserves and Surplus

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

(Rs. in crore)

<i>Particulars</i>	<i>Balance as on October 1, 2011</i>	<i>Additions/ (Deletions) during the quarter</i>	<i>Closing Balance as on December 31, 2011</i>
General Reserve	75.68	0.00	75.68
Securities Premium	2.19	0.00	2.19
Capital Reserve	0.82	0.05	0.87
Employee Stock Options (net of deferred employee compensation)	0.5	(0.50)	0.00
Foreign Currency Translation Reserve	6.12	1.35	7.47
Hedging Reserve	-3.19	(2.22)	(5.41)
Profit and Loss Account Balance	185.89	10.07	195.96
Total	268.01	8.75	276.76

Other Long-Term Investments

Other long term investments comprise of investment in 250,000 Equity Shares of face value of Rs.10/- each in Ujjivan Financial Services Private Ltd., a Company promoted in the area of micro finance by a group of experienced professionals with banking and technology background.

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 December 31, 2011 the cash and bank balances stood at Rs.68.44 crore (Rs.56.54 crore on December 31, 2010) and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs.129.12 crore (Rs.138.61 crore on December 31, 2010).

Total cash and cash equivalents are thus at Rs.197.56 crore on December 31, 2011 against Rs.195.15 crore as on December 31, 2010.

(Rs. in crore)

Cash and cash equivalents as at	2011	2010
Balances with Bank		
In Current Accounts	27.53	27.42
In Fixed Deposit Account	40.91	29.12
Investments in Mutual Funds	129.12	138.61
Total	197.56	195.15

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.

Our net cash flow from operating activities before working capital changes is Rs.14.42 crore for the quarter against Rs.8.24 crore in the corresponding quarter previous year. Operating cash flow is Rs. 16.28 crore against Rs.8.95 crore. Operating cash flow is today considered a better measure of operations of the Company than the net profits as it measures the cash generated by the operations.

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

As at December	2011	2010
Cash and cash equivalents as % of assets	63.90%	66.19%
Cash and cash equivalents as % of revenue (LTM)	71.13%	70.40%
Current investments as % of assets	41.76%	47.01%
Current investments as % of revenue (LTM)	46.49%	50.01%

Trade Receivables

Our trade receivables (net of provision) as on December 31, 2011 are Rs. 38.32 crore, against Rs. 37.87 crore as on December 31, 2010. All the trade receivables are recoverable as per the Management.

The age profile of the debtors (net of provision) is given below:

As at December	2011	2010
Less than 6 months	94.49%	87.65%
More than 6 months	5.51%	12.35%
Days of sales receivables (DSR)	48	51

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. As per our commitment to reduce the Debtor days, our concentrated efforts have yielded good results with the number being brought down to 48 from 51 corresponding quarter previous year.

Loans and Advances

Loans and Advances as on December 31, 2011 are Rs. 29.39 crore against Rs. 33.31 crore as on December 31, 2010.

(Rs. in crore)

As at December	2011	2010
Advances recoverable in cash or in kind or for value to be received	3.61	3.91
Security deposits	3.01	2.71
Advance income tax	9.73	13.40
Prepaid expenses	4.43	2.86
Advance fringe benefit tax	0.27	0.27
MAT credit entitlement	8.34	10.16
Total	29.39	33.31

Advances recoverable in cash or in kind or for value to be received are primarily towards amounts paid in advance for value and services to be received in future, and staff advances. The amount is Rs. 3.61 crore as on December 31, 2011 (Rs. 3.91 crore as on December 31, 2010).

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs. 3.01 crore as on December 31, 2011 (Rs. 2.71 crore as on December 31, 2010).

A sum of Rs. 8.34 crore against MAT Credit Entitlement is carried forward and shown under Loans and Advances as at December 31, 2011 to be set off against future tax liabilities (Rs.10.16 crore as on December 31, 2010).

Current Liabilities

(Rs. in crore)

As at December	2011	2010
Sundry Creditors	29.08	32.63
Withholding tax	0.15	-
Advances from customers	10.48	9.09
Mark to Market on Options/ Forward Contract	5.08	0.00
Unclaimed dividend	0.20	0.18
Other liabilities	7.36	4.21
Book overdraft	0.00	-
Total	52.35	46.11

The total amount of Sundry Creditors as on December 31, 2011 is Rs.29.08 crore (Rs.32.63 crore as on December 31, 2010)

Advances from customers as on December 31, 2011 is Rs.10.48 crore (Rs.9.09 crore as on December 31, 2010).

The amount of Unclaimed Dividend as on December 31, 2011 is Rs.0.20 crore (Rs.0.18 crore as on December 31, 2010).

Other liabilities represent amounts accrued for statutory dues related to taxes and staff benefits etc. The total amount of other liabilities as on December 31, 2011 is Rs. 7.36 crore (Rs. 4.21 crore as on December 31, 2010).

Provisions

Provisions as on December 31, 2011 are Rs.12.74 crore, amount being same as on December 31, 2010). The break up of provisions at the quarter end is given below.

(Rs. in crore)

As at December	2011	2010
Gratuity	8.90	7.75
Leave encashment	3.84	4.99
Net of Advance Tax	-	-
Dividend	-	-
Corporate dividend tax	-	-
Total	12.74	12.74

Provisions for Gratuity and Leave encashment represent provision made by the Company based on valuation reports from actuaries.

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 fourth quarter between 21st to 31st of April 2012
ending March 31, 2012.

Financial results for the year ending between 21st to 30th of April 2012
March 31, 2012
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.
 - 98.80 % of the Company's equity shares are in demat form.
 - The Company has 19,304 shareholders as on December 31, 2011.

- The Company has not issued any GDRs / ADRs. The Company has granted options to employees under ESOP (1999), ESOP (2002), ESOP (2005) and ESOP (2006) scheme. The options if exercised at the end of the vesting period shall be converted into equity shares.
- 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
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.

The Board had not recommended any dividend prior to financial year 2000-2001.

- The Dividend Policy of the Company is to maintain the dividend payout, in the range of 15-30% of the profits available for distribution, subject to:
 - a) Provisions of Companies Act and other applicable laws.
 - b) Availability of funds in the Company
- The Board of Directors reviews the Dividend Policy periodically.

- Registrars of Company

Karvy Computershare Private Limited
 Plot No. 17-24
 Vithal Rao Nagar, Madhapur
 Hyderabad 500 081
 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 and branch offices in Dubai (UAE) and London (U.K).

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

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

7. Share Transfer System

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

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

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

The Company has De-materialized 3,19,95,333 shares (98.80% of the paid up share capital) as at December 31, 2011.

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

8. Employee Stock Option Schemes

The Company earlier instituted an ESOP scheme 1999 in year 2000, ESOP scheme 2002 was instituted in 2002, ESOP scheme 2005 was instituted in 2005 and ESOP scheme 2006 was instituted in 2006. These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 1999 scheme originally provided for the issue of 170,000 Equity Shares, 2002 scheme for 225,000 Equity Shares, 2005 scheme for 625,000 Equity Shares and 2006

scheme for 10,00,000 to eligible employees and Directors. A Compensation Committee of Board of Directors administers these schemes.

The Company has allotted Bonus shares in the ratio of 1:1 to the existing equity shareholders of the Company in August 2007. Consequently the Company has applied and received in-principal approval from stock exchanges for allotment of additional shares in the ratio of 1:1 (pursuant to Bonus Issue), which are likely to arise out of exercise of options as and when exercised under the abovementioned schemes.

9. Investors' Services

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

S.No.	Nature of Requests	Received	Attended	Pending
1.	Revalidation of Dividend Warrants	67	67	Nil
2.	Non-receipt of Dividend Warrant	2	2	Nil
3.	Non-Receipt of Shares after transfer	-	-	Nil
4.	Non-Receipt of Annual Report	2	2	Nil

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

ii. Designated e-mail Address for Investor Services

In terms of clause 47(f) of the Listing Agreement, the designated e-mail address for investor complaints is investorrelations@nucleussoftware.com

10. Legal Proceedings

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

11. Distribution of Shareholding

DISTRIBUTION SCHEDULE AS ON 31.12.2011						
No	No of Equity Shares Held		Number of Shareholders	Percentage of Shareholders	No of Shares	Percentage of Shares
	From	To				
1	0	5,000	16,702	86.52	20,16,528	6.23
2	5,001	10,000	1,554	8.05	11,78,934	3.64
3	10,001	20,000	556	2.96	8,36,284	2.58
4	20,001	30,000	163	0.84	4,19,610	1.30
5	30,001	40,000	91	0.47	3,23,126	1.00
6	40,001	50,000	48	0.25	2,21,844	0.69
7	50,001	1,00,000	98	0.51	7,04,731	2.18
8	1,00,001	And Above	92	0.48	2,66,93,565	82.43
TOTAL			19,304	100.00	3,23,83,454	100.00

12. Categories of Shareholders

Category	As on December 31, 2011		
	No. of	Voting	No. of
	Share	Strength	Shares
	Holder	(%)	Held
Promoter and Promoter Group	10	57.44	1,86,01,866
Individuals	18,228	23.68	76,67,143
Bodies Corporate	524	2.37	7,67,909
Non-Resident Indians	492	2.04	6,61,081
Foreign Institutional Investors	3	4.20	13,60,039
Mutual Funds	17	10.21	33,06,441
Financial Institutions/ Banks	0	0.00	0
Clearing Members and Trusts	30	0.06	18,975
Total	19,304	100.00	3,23,83,454

13. 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

14. Employee Strength of Nucleus

Nucleus employed 1,677 people as on December 31, 2011 as compared to 1,647 people on December 31, 2010.

Distribution of the employees is:

	December 31, 2011		December 31, 2010	
	No.	%	No.	%
Profile-wise				
Technical	1,421	85%	1,321	80%
Non-Technical including Business Development employees	256	15%	326	20%
Total	1,677	100%	1,647	100%
Gender-wise				
Male	1,321	79%	1,307	79%
Female	356	21%	340	21%
Total	1,677	100%	1,647	100%
Age-wise				
Between 20 and 25 years	397	24%	301	18%
Between 26 and 30 years	572	34%	646	39%
Between 31 and 40 years	614	37%	611	37%
Between 41 and 50 years	81	5%	72	4%
51 years and above	13	1%	17	1%
Total	1,677	100%	1,647	100%

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

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

Vishnu R Dusad - CEO & Managing Director

Tel: +91 (120) 4031500

E Mail: vishnu@nucleussoftware.com

Pramod K Sanghi - President - Finance & CFO

Tel: +91 (120) 4031800

E Mail: pbsanghi@nucleussoftware.com

Poonam Bhasin - Company Secretary

Tel: +91 (120) 4031400

E Mail: poonam@nucleussoftware.com

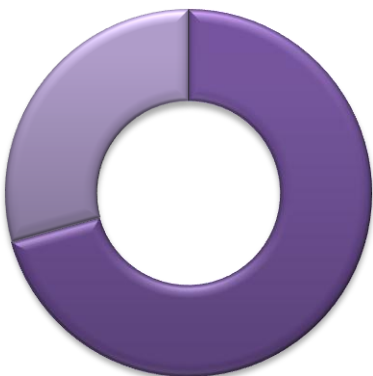
CONSOLIDATED SEGMENT INFORMATION

(Rs. in Crore)

REVENUE BY	Quarter Ended						Nine Month Ended				Year ended	
	Dec 31, 2011	% of Rev	Sept 30, 2011	% of Rev	Dec 31, 2010	% of Rev	Dec 31, 2011	% of Rev	Dec 31, 2010	% of Rev	March 31, 2011	% of Rev
GEOGRAPHICAL SEGMENTS												
INDIA	12.85	17.36	13.91	18.82	11.29	16.46	38.03	17.92	29.53	14.41	40.87	15.11
FAR EAST	23.68	32.00	19.06	25.79	23.12	33.70	60.25	28.39	76.28	37.22	97.76	36.14
SOUTH EAST ASIA	15.49	20.94	15.94	21.57	15.25	22.23	44.53	20.98	43.39	21.17	55.17	20.40
EUROPE /U.K.	4.63	6.25	8.31	11.25	9.03	13.16	21.67	10.21	22.42	10.94	31.14	11.51
AMERICAS	4.38	5.92	2.94	3.98	0.37	0.54	9.20	4.33	0.84	0.41	1.38	0.51
MIDDLE EAST	9.59	12.96	10.42	14.09	6.76	9.85	28.56	13.46	22.22	10.84	30.35	11.22
AFRICA	1.73	2.34	1.59	2.15	1.04	1.52	4.55	2.15	4.81	2.35	6.07	2.24
REST OF THE WORLD	1.65	2.23	1.73	2.35	1.75	2.55	5.41	2.55	5.45	2.66	7.75	2.86
TOTAL	74.00	100.00	73.91	100.00	68.61	100.00	212.19	100.00	204.94	100.00	270.48	100.00
CURRENCY SEGMENTS												
INDIAN RUPEE	12.85	17.36	13.91	18.82	11.29	16.46	38.03	17.92	29.53	14.41	40.87	15.11
JAPANESE YEN	8.86	11.97	3.96	5.36	4.72	6.88	15.07	7.10	13.59	6.63	17.30	6.40
SING \$	6.01	8.13	5.53	7.48	5.59	8.15	16.98	8.00	19.24	9.39	24.30	8.98
US \$	44.48	60.11	46.23	62.55	42.71	62.25	132.25	62.33	133.67	65.23	174.18	64.40
MYR	1.02	1.37	0.94	1.27	1.47	2.15	3.48	1.64	2.86	1.40	5.53	2.04
DHR	0.00	-	0.00	0.00	0.00	0.00	0.00	-	0.00	0.00	3.20	1.18
AED	0.00	0.00	0.00	0.00	0.11	0.16	0.00	0.00	0.65	0.32	0.67	0.25
KRW	0.84	1.14	0.93	1.26	0.82	1.19	2.60	1.22	2.39	1.17	-	-
EURO	-0.06	(0.08)	2.40	3.25	1.90	2.76	3.79	1.78	3.00	1.46	4.43	1.64
TOTAL	74.00	100.00	73.91	100.00	68.61	100.00	212.19	100.00	204.94	100.00	270.48	100.00
BUSINESS SEGMENTS												
PRODUCTS	52.33	70.71	55.18	74.65	51.11	74.50	154.59	72.85	144.65	70.58	193.57	71.57
Own	51.07	69.01	53.03	71.75	48.83	71.17	150.71	71.03	137.13	66.91	181.33	67.04
Traded	1.26	1.70	2.15	2.90	2.29	3.33	3.88	1.83	7.51	3.67	12.24	4.53
PROJECTS & PROFESSIONAL SERVICES	21.67	29.29	18.74	25.35	17.49	25.50	57.60	27.15	60.29	29.42	76.91	28.43
TOTAL	74.00	100.00	73.91	100.00	68.61	100.00	212.19	100.00	204.94	100.00	270.48	100.00

Quarter Ended Dec 31, 2011

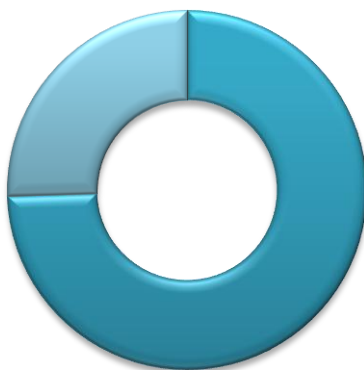
**PROJECTS &
PROFESSIONAL
SERVICES**
29.29%



PRODUCTS
70.71%

Quarter Ended Dec 31, 2010

**PROJECTS &
PROFESSIONAL
SERVICES**
25.50%



PRODUCTS
74.50%

RATIO ANALYSIS

CONSOLIDATED PERFORMANCE					
Particulars	Quarter ended Dec 31, 2011	Quarter ended Dec 31, 2010	Nine Months Ended Dec 31, 2011	Nine Months Ended Dec 31, 2010	Year ended March 31, 2011
Ratios- Financial Performance					
Export Revenue/ Revenue	82.64%	83.54%	82.08%	85.59%	84.89%
Domestic Revenue/ Revenue	17.36%	16.46%	17.92%	14.41%	15.11%
Gross Profit/ Revenue	31.89%	32.66%	31.92%	32.88%	32.19%
Software Development Expenses/ Revenue	68.11%	67.34%	68.08%	67.12%	67.81%
Selling and Marketing Expenses/ Revenue	8.77%	11.39%	10.46%	10.92%	11.17%
General and Administrative Expenses/ Revenue	9.53%	6.54%	9.08%	9.02%	9.76%
Total Operating Expenses/ Revenue	86.41%	85.27%	87.61%	87.05%	88.73%
Operating Profit/ Revenue	13.59%	14.73%	12.39%	12.95%	11.27%
Depreciation/ Revenue	2.35%	3.27%	2.68%	3.46%	3.43%
Other Income/ Revenue	5.37%	3.05%	4.90%	3.08%	3.48%
Tax/ Revenue	7.44%	3.26%	5.57%	1.79%	1.30%
Tax/ PBT	35.36%	22.47%	30.82%	14.36%	11.81%
PAT from Ordinary Activities/ Revenue	8.23%	8.18%	7.61%	7.60%	6.26%
PAT from Ordinary Activities/ Net Worth (LTM)			5.84%	8.54%	5.88%
Ratios- Return					
ROCE(PBIT/Average Capital Employed) (LTM)			14.13%	12.94%	10.68%
RONW (PAT/Average Net Worth) (LTM)			10.27%	10.99%	9.42%
Ratios Balance Sheet					
Debt-Equity Ratio	-	-	-	-	-
Debtors Turnover (Days)	48	51	50	51	44
Asset Turnover Ratio (LTM)			0.90	0.94	0.94
Current Ratio			2.91	2.73	2.77
Cash and Equivalents/Total Assets (%)			63.90%	66.19%	65.06%
Cash and Equivalents/ Revenue (%) (LTM)			71.13%	70.40%	69.32%
Depreciation/Average Gross Block(%) (LTM)			6.86%	8.44%	8.32%
Ratios - Growth					
Growth in Export Revenue (%)	6.70%	-2.59%	-0.71%	-8.04%	-9.95%
Growth in Revenue (%)	7.86%	0.20%	3.54%	-6.74%	-7.30%
Operating Expenses Growth (%)	9.31%	4.04%	4.20%	-0.63%	0.96%
Operating Profit Growth (%)	-0.51%	-17.44%	-0.93%	-34.04%	-43.64%
PAT Growth (%)	30.64%	-16.25%	21.21%	-25.03%	-31.41%
EPS Growth (%)	30.62%	-16.20%	21.09%	-24.94%	-31.45%

CONSOLIDATED PERFORMANCE					
Particulars	Quarter ended		Nine Months Ended		Year ended March 31, 2011
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	
Per- Share Data (Period End)					
Earnings Per Share from Ordinary Activities (Rs.)	1.88	1.73	4.99	4.81	5.23
Earnings Per Share (Including Other Income) (Rs.)	3.11	2.38	8.20	6.77	8.13
Cash Earnings Per Share from Ordinary Activities (Rs.)	2.42	2.43	6.75	7.00	8.10
Cash Earnings Per Share (Including Other Income)(Rs.)	3.65	3.07	9.95	8.95	11.00
Book Value Per Share (Rs.)	95.46	90.95	95.46	90.95	88.92
Price/Earning (Annualized)	4.93	12.66	1.87	4.45	10.52
Price/ Cash Earning (Annualized)	4.20	9.81	1.54	3.37	7.78
Price/Book Value	0.64	1.33	0.64	1.33	0.96

Note:1) While calculating the consolidated figures of group, inter group transactions have been ignored.

2) Cash and Equivalents include cash and bank balances and current investments.