

**NUCLEUS
SOFTWARE**

Quarterly Report

June 30, 2012

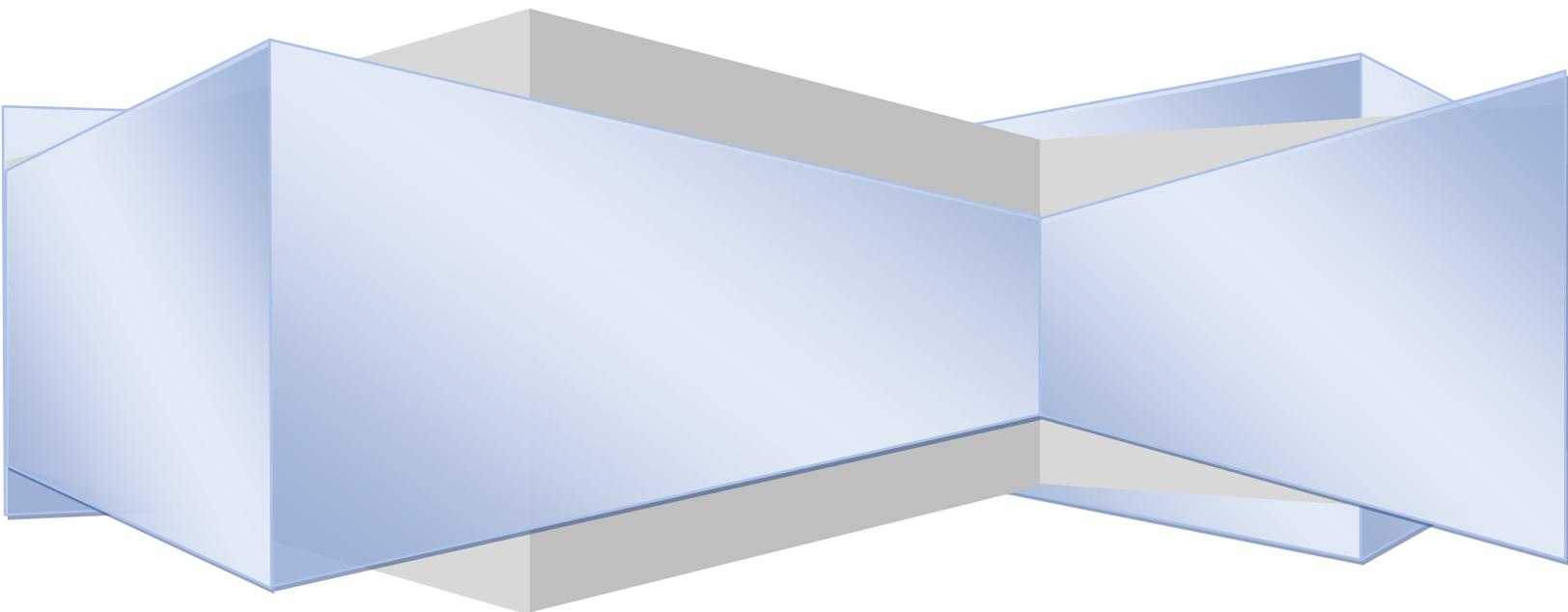


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FINANCIAL HIGHLIGHTS

Rs. in Crore except per share data

| Particulars | Consolidated Performance | | | |
|---------------------------|--------------------------|--------------|---------------|--------------------|
| | For the Quarter ended | | | For the Year Ended |
| | June 30, 2012 | Mar 31, 2012 | June 30, 2011 | March 31, 2012 |
| Revenue from Operations | 73.95 | 70.07 | 64.27 | 282.25 |
| Operating Profit (EBITDA) | 9.16 | 9.27 | 5.48 | 35.55 |
| Profit after Tax (PAT) | 12.30 | 8.79 | 5.03 | 35.34 |
| EBITDA Margin | 12% | 13% | 9% | 13% |
| PAT Margin | 17% | 13% | 8% | 13% |
| EPS | 3.80 | 2.72 | 1.55 | 10.91 |

| At the end of the Period | As at | | |
|--|---------------|---------------|----------------|
| | June 30, 2012 | June 30, 2011 | March 31, 2012 |
| Share Capital | 32.38 | 32.38 | 32.38 |
| Reserves and Surplus | 292.59 | 260.93 | 281.74 |
| Net Worth | 324.97 | 293.31 | 314.12 |
| Total Assets | 417.00 | 293.44 | 409.09 |
| Net Fixed Assets | 48.45 | 45.33 | 48.91 |
| Investments | 151.08 | 147.87 | 104.38 |
| Current Assets | 341.31 | 152.93 | 333.05 |
| Cash and Cash Equivalents | 222.80 | 190.36 | 196.32 |
| Working Capital | 260.98 | 91.26 | 249.38 |
| Market Capitalisation | 227.49 | 268.45 | 200.29 |
| No. of Shareholders | 17,549 | 19,240 | 17,953 |
| No. of Shares (Face Value of Rs.10.00) | 32,383,454 | 32,382,524 | 32,383,454 |

Notes:

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs. 70.25 at June 30, 2012, Rs. 61.85 at March 31, 2012 & Rs. 82.90 at June 30, 2011.
- 2.) While calculating the figures of group, intergroup transactions have been ignored.
- 3.) Previous year figures have been regrouped/ reclassified wherever necessary.
- 4.) The above financial results have been prepared on the basis of Revised Schedule VI notified by Ministry of Corporate Affairs on February 28, 2011.

USD'000 except per share data

| Particulars | Consolidated Performance | | | |
|---------------------------|--------------------------|-----------------|------------------|-------------------|
| | For the Quarter ended | | | Year Ended |
| | June 30, 2012 | Mar 31, 2012 | June 30, 2011 | March 31, 2012 |
| Revenue from Operations | 13,734 | 14,486 | 14,097 | 58,999 |
| Operating Profit (EBITDA) | 1,702 | 1,915 | 1,202 | 7,431 |
| Profit after Tax (PAT) | 2,284 | 1,818 | 1,103 | 7,387 |
| EBITDA Margin | 12% | 13% | 9% | 13% |
| PAT Margin | 17% | 13% | 8% | 13% |
| EPS | 0.07 | 0.06 | 0.03 | 0.23 |
| US \$/ INR Exchange Rate* | 53.84 | 48.37 | 45.59 | 47.84 |

| Particulars | As at | | |
|----------------------------|------------------|------------------|-------------------|
| | June 30, 2012 | June 30, 2011 | March 31, 2012 |
| Share Capital | 5,817 | 7,237 | 6,364 |
| Reserves and Surplus | 52,567 | 58,321 | 55,373 |
| Net Worth | 58,385 | 65,559 | 61,737 |
| Total Assets | 74,920 | 65,588 | 80,403 |
| Net Fixed Assets | 8,705 | 10,132 | 9,613 |
| Investments | 27,143 | 33,051 | 20,515 |
| Current Assets | 61,321 | 34,182 | 65,458 |
| Cash and Cash Equivalents | 40,029 | 42,548 | 38,585 |
| Working Capital | 46,888 | 20,398 | 49,013 |
| Market Capitalisation | 40,871 | 60,002 | 39,365 |
| US \$/ INR Exchange Rate # | 55.66 | 44.74 | 50.88 |

Note:

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs.70.25 at June 30, 2012, Rs. 61.85 at March 31, 2012 & Rs.82.90 at June 30, 2011.
- 2.) While calculating the figures of group, intergroup transactions have been ignored.
- 3.) Previous year figures have been regrouped/ reclassified wherever necessary.
- 4.) The above financial results have been prepared on the basis of Revised Schedule VI notified by Ministry of Corporate Affairs on February 28, 2011.
- 5.) * The Revenue and expenditure items have been translated at an average US \$ / INR rate, mentioned here for the respective years.
- 6.) # The Balance Sheet items have been translated at year end US \$ / INR rate, mentioned here for the respective years.

LETTER TO THE SHAREHOLDERS

Dear Shareholder,

I take this opportunity to present to you a brief report on the performance of your Company for the first quarter ended of the financial year 2012-13.

First the financial performance, consolidated revenue for the quarter was Rs. 73.95 crore against Rs.64.27 crore in the corresponding quarter of the previous year. The consolidated EBITDA was Rs. 9.16 crore in comparison to Rs. 5.48 crore in the corresponding quarter of the previous year. Consolidated net profit was Rs. 12.30 crore in comparison to Rs. 5.03 crore in the corresponding quarter of the previous year. EPS for the quarter was Rs. 3.80 against Rs. 1.55 in the corresponding quarter of the previous year.

The Product business revenue was Rs. 50.58 crore against Rs. 47.08 crore in the corresponding quarter of the previous year. The Company continues to focus and invest on development of niche Banking Products.

Operating cash flow after working capital changes was Rs. 25.32 crore. Receivables were at Rs. 72.69 crore against Rs. 87.83 crore as on March 31, 2012. The Company continues to enjoy a high level of liquidity. 'Cash and Bank balances' and 'Current Investments' were at Rs. 222.80 crore against Rs. 196.32 crore as on March 31, 2012. We had a hedging position of US \$ 11.75 million, June 30, 2012 at an average rate of Rs. 53.73. There is a mark-to-market loss of Rs. 3.37 crore which is taken to hedging reserve in the balance sheet.

During the quarter we successfully implemented fourteen product modules during the quarter across India, Europe, South East Asia and Middle East. These successful implementations reiterate Nucleus' capabilities to not just fulfill, but exceed customer expectations.

I am happy to share with you that critical functions of the organization; Sales & marketing and HR have been strengthened with the hiring of senior members. Muralikrishna Viswanath, VMK joined us as Executive Vice President - Global Head, Sales and Marketing. He is a Bachelor in Mechanical Engineering from Birla Institute of Technology, Mesra and an MBA from Indian Institute of Management, Calcutta and will be spearheading the Sales and Marketing function across the organization. He brings with him nearly two decades of rich experience in versatile domains spanning product, services and consulting. His area of

expertise includes Financial Services, Banking, Insurance, Healthcare and Life Sciences. He has successfully managed multiple portfolios ranging from new business development, large account management, creating and launching winning brand strategies, client relationship and engagement.

Another Senior Management level joining has been of Manu Arora. Manu has joined us as Vice President and Head Human Resources. Manu holds a Bachelor of Science from the University of Delhi and Masters in Human Resources & Organization Development from Delhi School of Economics. He has over 15 years of rich experience in HR, holding various roles across HR Operations, Consulting and Advisory, Business HR, M&A Transitioning etc. Major highlights of his work include global ramp-ups, HR process design & deployment and Capability Management and Development. With their strong leadership skills, international working experience and expertise, we are confident that we will continue to build a robust Brand Nucleus with business from all global markets, seamless and high quality delivery with high customer satisfaction rating.

The Manpower numbers are at 1644 as on June 30, 2012. HR focus for the quarter remained on enhancing domain and management competencies in the organization.

The need of the hour for the IT industry is to create more value to its customers by facilitating business process transformation, using technology innovations. This paradigm shift would require IT companies to acquire in-depth understanding of their customers' business and new technologies to serve them better. At Nucleus we continue to invest in developing new and enhancing the existing solutions to meet the future industry needs. Now with the complete management team in place, and a reasonable demand in our markets, we expect to improve business performance in forthcoming quarters.

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

Managing Director & Chief Executive Officer

Date: July 21, 2012

FINANCIAL STATEMENTS OF NUCLEUS SOFTWARE EXPORTS LTD.

AUDITORS' REPORT

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

1. We have audited the accompanying Statement of Financial Results ("the Statement") of **NUCLEUS SOFTWARE EXPORTS LIMITED** ("the Company") for the quarter ended 30 June 2012, being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges. This Statement has been prepared on the basis of the related interim financial statement, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim financial statement, which has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - i. is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges and
 - ii. gives a true and fair view of the net profit and other financial information of the Company for the quarter ended 30 June 2012
4. Further, we also report that we have traced from the details furnished by the Management/ Registrars, the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding, pledged/ encumbered shares and non-encumbered shares of promoter and promoter group shareholders, in terms of Clause 35 of the Listing Agreements and the particulars relating to the undisputed investor complaints from the details furnished by the Company Secretary.

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

Gurgaon
21 July 2012
RT/SK/2012

RASHIM TANDON
Partner
(Membership No. 95540)

BALANCE SHEET

NUCLEUS SOFTWARE EXPORTS LIMITED
BALANCE SHEET AS AT 30 JUNE, 2012

| | Notes Ref. | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|--|---------------|-----------------------------------|------------------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| a. Share capital | 2.1 | 323,849,540 | 323,849,540 |
| b. Advance pursuant to stock option plan | 2.2 | 167,240 | 167,640 |
| c. Reserves and surplus | 2.3 | 2,666,260,112 | 2,602,137,843 |
| | | 2,990,276,892 | 2,926,155,023 |
| 2. NON-CURRENT LIABILITIES | | | |
| Long-term provisions | 2.4 | 98,176,191 | 96,392,299 |
| 3. CURRENT LIABILITIES | | | |
| a. Trade payables | 2.5 | 164,424,086 | 198,792,722 |
| b. Other current liabilities | 2.6 | 369,457,849 | 363,158,670 |
| c. Short-term provisions | 2.7 | 129,090,635 | 128,612,757 |
| | | 662,972,570 | 690,564,149 |
| | | 3,751,425,653 | 3,713,111,471 |
| <u>ASSETS</u> | | | |
| 4. NON-CURRENT ASSETS | | | |
| a. Fixed assets | | | |
| - Tangible assets | 2.8 | 290,181,949 | 293,787,001 |
| - Intangible assets | 2.8 | 16,339,955 | 15,583,028 |
| | | 306,521,904 | 309,370,029 |
| b. Non-current investments | 2.9 | 157,154,212 | 157,154,212 |
| c. Deferred tax assets (net) | 2.10 | 53,662,579 | 52,050,122 |
| d. Long-term loans and advances | 2.11 | 250,606,834 | 234,686,263 |
| e. Other non current assets | 2.12 | 4,852,449 | 10,457,053 |
| | | 772,797,978 | 763,717,679 |
| 5. CURRENT ASSETS | | | |
| a. Current investments | 2.13 | 1,466,501,533 | 1,009,413,967 |
| b. Trade receivables | 2.14 | 577,554,953 | 777,422,303 |
| c. Cash and cash equivalents | 2.15 | 534,566,325 | 737,410,265 |
| d. Short-term loans and advances | 2.16 | 73,317,876 | 93,368,199 |
| e. Other current assets | 2.17 | 326,686,988 | 331,779,058 |
| | | 2,978,627,675 | 2,949,393,792 |
| | | 3,751,425,653 | 3,713,111,471 |

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

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

RASHIM TANDON
Partner

Place: Noida

Date : 21 July, 2012

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 : 21 July, 2012

PROFIT & LOSS

NUCLEUS SOFTWARE EXPORTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 JUNE, 2012

| | Notes Ref. | Quarter ended 30 June 2012 (Rupees) | Quarter ended 30 June 2011 (Rupees) |
|---|---------------|---|---|
| 1. REVENUE FROM OPERATIONS | | | |
| Income from software services and products | 2.18 | 518,928,889 | 482,617,444 |
| 2. OTHER INCOME | 2.19 | 81,343,562 | 34,333,767 |
| 3. TOTAL REVENUE (1+2) | | 600,272,451 | 516,951,211 |
| 4. EXPENSES | | | |
| a. Employee benefits expense | 2.20 | 310,599,098 | 297,234,482 |
| b. Operating and other expenses | 2.21 | 149,798,792 | 138,002,385 |
| c. Finance cost | 2.22 | 678,384 | 592,147 |
| d. Depreciation and amortisation expense | 2.8 | 13,033,383 | 17,630,525 |
| Total Expenses | | 474,109,657 | 453,459,539 |
| 5. PROFIT BEFORE TAX (3-4) | | 126,162,794 | 63,491,672 |
| 6. TAX EXPENSE | | | |
| a. Current tax expense for current period | | 35,600,000 | 9,200,000 |
| b. MAT Credit Entitlement | | - | (1,200,000) |
| c. Deferred tax charge/(credit) | 2.10 | (1,612,457) | 3,796,603 |
| 7. PROFIT FOR THE PERIOD | | 92,175,251 | 51,695,069 |
| 8. EARNINGS PER EQUITY SHARE | 2.31 | | |
| Equity shares of Rs. 10 each | | | |
| a. Basic | | 2.85 | 1.60 |
| b. Diluted | 1 | 2.85 | 1.60 |
| Number of shares used in computing earnings per share | | | |
| a. Basic | | 32,383,454 | 32,382,524 |
| b. Diluted | | 32,383,454 | 32,382,524 |
| See accompanying notes forming part of the financial statements | 1 & 2 | | |

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

RASHIM TANDON
Partner

Place: Noida
Date : 21 July, 2012

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 : 21 July, 2012

CASH FLOW STATEMENT

NUCLEUS SOFTWARE EXPORTS LIMITED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE, 2012

| | Notes Ref. | Quarter ended 30 June 2012 (Rupees) | Year ended 31 March 2012 (Rupees) |
|--|---------------|---|---|
| A. Cash flow from operating activities | | | |
| Net profit before tax | | 126,162,794 | 438,621,861 |
| Adjustment for: | | | |
| Depreciation | | 13,033,383 | 61,025,968 |
| Exchange Loss/(gain) on translation of foreign currency accounts | | (44,366,658) | (33,205,498) |
| Dividend received from non-trade investments | | (22,115,422) | (87,450,249) |
| Dividend on Long term trade investment | | (50,000) | - |
| Dividend received from subsidiary | | - | (36,000,000) |
| Interest on fixed deposits and others | | (13,582,029) | (40,152,332) |
| Loss/(Profit) on sale of investments | | 16,444 | (10,222,787) |
| Amortisation of employees stock compensation expenses | | - | (6,230,635) |
| Loss/(Profit) on sale of fixed assets (net) | | (375,429) | 256,326 |
| Advances and other current assets written off | | 558,992 | 14,944,394 |
| Provision for doubtful debts / advances / other current assets | | 1,075,693 | 23,101,612 |
| Provisions written back | | (269,420) | (8,355,612) |
| Operating profit before working capital changes | | 60,088,348 | 316,333,048 |
| Adjustment for (increase) / decrease in operating assets | | | |
| Trade receivables | | 243,317,398 | (365,217,121) |
| Short-term loans and advances | | 7,529,380 | (11,679,952) |
| Long-term loans and advances | | 2,210,922 | 2,130,278 |
| Other current assets | | (8,840,028) | 29,571,243 |
| Other non-current assets | | 5,604,604 | (10,457,053) |
| Adjustment for (increase) / decrease in operating liabilities | | | |
| Trade payables and other current liabilities | | (69,080,972) | 104,209,186 |
| Short-term provisions | | 477,878 | 8,754,068 |
| Long-term provisions | | 1,783,892 | 8,120,293 |
| | | 243,091,422 | 81,763,990 |
| Income tax paid (net) | | (30,465,820) | (37,380,465) |
| Wealth tax paid | | - | (18,793) |
| Net cash from operating activities (A) | | 212,625,602 | 44,364,732 |
| B. Cash flow from investing activities | | | |
| Purchase of fixed assets | | (6,957,848) | (29,433,165) |
| Sale of fixed assets | | 375,429 | 260,340 |
| Purchase of current investments | | (1,215,495,885) | (4,400,303,991) |
| Proceeds from sale of current investments | | 758,391,875 | 4,632,204,680 |
| Loans and advances to subsidiaries (net) | | 11,348,263 | (35,458,642) |
| Interest on fixed deposits and others | | 24,096,475 | 21,907,007 |
| Income tax paid | | (9,430,200) | (9,487,421) |
| Dividend received from non-trade investments | | 22,115,422 | 87,450,249 |
| Dividend on Long term trade investment | | 50,000 | - |
| Dividend received from subsidiary | | - | 36,000,000 |
| Profit on Sale of Long term non trade investment | | - | 10,072,500 |
| Net cash from / (used in) investing activities (B) | | (415,506,469) | 313,211,557 |
| C. Cash flow from financing activities | | | |
| Dividend paid (including corporate dividend tax) | | - | (88,251,778) |
| Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised | | - | 124,620 |
| Net cash used in financing activities (C) | | - | (88,127,158) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | | (202,880,867) | 269,449,131 |
| Opening cash and cash equivalents | | 737,410,265 | 464,933,173 |
| Exchange difference on translation of foreign currency bank accounts | | 36,927 | 3,027,961 |

Closing cash and cash equivalents (Refer note 2.15)

534,566,325

737,410,265

See accompanying notes forming part of the financial statements
In terms of our report attached

1 & 2

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

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

RASHIM TANDON
Partner

JANKI BALLABH
Chairman

VISHNU R DUSAD
Managing Director

Place : Noida
Date : 21 July, 2012

P K SANGHI
Chief Financial Officer

POONAM BHASIN
Company Secretary

Place : Noida
Date : 21 July, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1:**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 June, 2012, 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) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(iv) Depreciation and amortisation

Depreciation on fixed assets, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management. 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.

(v) 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.

(vi) Other Income

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.

(vii) 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.

(viii) 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.

(ix) 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.

(x) Foreign exchange transactions

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

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

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

(xi) 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.

(xii) 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.

(xiii) 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

(xiv) Operating leases

Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(xv) 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.

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.

(xvii) 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.

(xviii) Provision and Contingencies

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

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

(xix) Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

(xx) Derivative Contracts

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

NOTES FORMING PART OF THE ACCOUNTS FOR THE QUARTER ENDED 30 JUNE, 2012

2.1 SHARE CAPITAL

| a. Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|--|-----------------------------------|------------------------------------|
| 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 (32,386,254) equity shares of Rs. 10 each | 323,862,540 | 323,862,540 |
| Subscribed and Paid-Up | | |
| 32,383,454 (32,383,454) equity shares of Rs.10 each, fully paid up | 323,834,540 | 323,834,540 |
| Add: 2,800 (2,800) forfeited equity shares pending reissue | 15,000 | 15,000 |
| | 323,849,540 | 323,849,540 |

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. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :

| Particulars | Opening Balance | Allotted under Employee Stock Option Plans | Closing Balance |
|-----------------------------|-----------------|--|-----------------|
| Quarter ended 30 June, 2012 | | | |
| - Number of shares | 32,383,454 | - | 32,383,454 |
| - Amount | 323,834,540 | - | 323,834,540 |
| Year ended 31 March, 2012 | | | |
| - Number of shares | 32,382,524 | 930 | 32,383,454 |
| - Amount | 323,825,240 | 9,300 | 323,834,540 |

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 30 June 2012 | Weighted Average | As at 31 March 2012 | Weighted Average |
|---|-----------------------|---------------------|------------------------|---------------------|
| 2002 Stock Option Scheme | | | | |
| Options outstanding at the beginning of the period | - | - | 49,550 | 360 |
| Options granted | - | - | - | - |
| Options forfeited | - | - | (49,550) | 360 |
| Options exercised | - | - | - | - |
| Balance carried forward | - | - | - | - |
| 2005 Stock Option Scheme | | | | |
| Options outstanding at the beginning of the period | 1,700 | 144 | 43,920 | 341 |
| Options granted | - | - | - | - |
| Options forfeited | (40) | 144 | (41,290) | 355 |
| Options exercised | - | - | (930) | 144 |
| Balance carried forward | 1,660 | 144 | 1,700 | 144 |
| 2006 Stock Option Scheme | | | | |
| Options outstanding at the beginning of the period | 15,064 | 509 | 84,002 | 302 |
| Options granted | - | - | - | - |
| Options forfeited | - | - | (68,938) | 263 |
| Options exercised | - | - | - | - |
| Balance carried forward | 15,064 | 509 | 15,064 | 509 |
| Total stock options outstanding at end of the period (in Nos) | 16,724 | | 16,764 | |
| Total advance pursuant to stock option plan (in Rs.) | 167,240 | | 167,640 | |

- d. During the quarter ended 30 June, 2012, 40 shares (Year ended 31 March, 2012 - 159,778 shares) were forfeited and the amount paid up as application money aggregating to Rs. 400 (Year ended 31 March, 2012 - Rs. 2,005,780) has been transferred to the Capital reserve account. Also refer note 2.3(a)
- e. The Share based compensation expense reversal for the quarter ended 30 June, 2012 is Rs. Nil (Year ended 31 March, 2012 - Rs. 6,230,635). Also refer note 2.3(c)

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|---|-----------------------------------|------------------------------------|
| 2.3 RESERVES AND SURPLUS | | |
| a. Capital reserve | | |
| Opening balance | 8,735,290 | 6,729,510 |
| Add: Amount forfeited against employees stock option plan | 400 | 2,005,780 |
| Closing balance | 8,735,690 | 8,735,290 |
| b. Securities premium reserve | | |
| Opening balance | 21,865,309 | 21,740,689 |
| Add : Premium on conversion of stock options issued to employees | - | 124,620 |
| Closing balance | 21,865,309 | 21,865,309 |
| c. Employee stock options outstanding account | | |
| Opening balance | - | 6,230,635 |
| Less: Reversal on forfeiture of stock options granted | - | 6,230,635 |
| Closing balance | - | - |
| d. General reserve | | |
| Opening balance | 730,532,471 | 697,890,345 |
| Add: Transferred from surplus in statement of Profit and Loss | - | 32,642,126 |
| Closing balance | 730,532,471 | 730,532,471 |
| e. Hedging reserve [see note 2.35] | | |
| Opening balance | (147,146) | 14,565,858 |
| Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the period | (28,053,382) | (14,713,004) |
| Closing balance | (28,200,528) | (147,146) |
| f. Surplus in Statement of Profit and Loss | | |
| Opening balance | 1,841,151,919 | 1,635,625,240 |
| Add: Profit for the period | 92,175,251 | 326,421,262 |
| Less: Transferred to general reserve | - | 32,642,126 |
| Less: Proposed dividend | - | 80,960,696 |
| Less : Corporate dividend tax charge [see note 2.38] | - | 7,291,761 |
| Closing balance | 1,933,327,170 | 1,841,151,919 |
| | 2,666,260,112 | 2,602,137,843 |

For the year ended 31 March 2012, the Company had declared Dividend of Rs. 2.50 per Share (25% on equity share of par value of Rs. 10) which was approved by shareholders through poll in adjourned Annual General Meeting held on 11 July, 2012.

2.4 LONG-TERM PROVISIONS

| | | |
|--------------------------------------|-------------------|-------------------|
| Provision for employee benefits | | |
| - Provision for compensated absences | 34,005,796 | 33,642,649 |
| - Provision for gratuity | 64,170,395 | 62,749,650 |
| | 98,176,191 | 96,392,299 |

2.5 TRADE PAYABLES

| | | |
|-------------------------------|--------------------|--------------------|
| a. Trade Payables | | |
| - Micro and small enterprises | - | - |
| - Others | 149,103,123 | 190,157,677 |
| b. Due to Subsidiaries | 15,320,963 | 8,635,045 |
| Total | 164,424,086 | 198,792,722 |

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 on the basis of information collected by the Management. This has been relied upon by the auditors.

2.6 OTHER CURRENT LIABILITIES

| | | |
|---|--------------------|--------------------|
| a. Advances from customers | 77,707,372 | 129,881,255 |
| b. Deferred revenue | 239,294,337 | 205,606,560 |
| c. Mark-to-market loss on forward and options contracts (see note 2.35) | 27,344,893 | - |
| d. Unpaid dividends | 1,908,813 | 1,911,894 |
| e. Payable for purchase of fixed assets | 3,227,410 | - |
| f. Other payables - statutory remittances | 19,975,024 | 25,758,961 |
| Total | 369,457,849 | 363,158,670 |

2.7 SHORT-TERM PROVISIONS

| | | |
|---|--------------------|--------------------|
| a. Provision for employee benefits | | |
| - Provision for compensated absences | 13,767,312 | 13,712,641 |
| - Provision for gratuity | 21,231,173 | 20,807,966 |
| b. Provision for proposed equity dividend | 80,958,635 | 80,958,635 |
| c. Provision for tax on proposed dividend | 13,133,515 | 13,133,515 |
| Total | 129,090,635 | 128,612,757 |

2.8 Fixed Assets (At Cost)

| | (Amount in Rupees) | | | | | | | | | | | |
|--------------------------|-----------------------|-------------------|-----------------------------|-----------------------|-----------------------|--------------------------------|-----------------------------|-----------------------|-----------------------|-----------------------|------------------------|--|
| | GROSS BLOCK | | | | | ACCUMULATED DEPRECIATION | | | | | NET BLOCK | |
| | As at 1 April 2012 | Additions | Deductions / adjustments | As at 30 June 2012 | As at 1 April 2012 | Depreciation for the period | Deductions / adjustments | As at 30 June 2012 | As at 30 June 2012 | As at 30 June 2012 | As at 31 March 2012 | |
| Tangible assets | | | | | | | | | | | | |
| Freehold land | 3,360,720 | - | - | 3,360,720 | - | - | - | - | 3,360,720 | 3,360,720 | 3,360,720 | |
| Leasehold land | 66,395,000 | - | - | 66,395,000 | 7,383,407 | 187,889 | - | 7,571,296 | 58,823,704 | 59,011,593 | 59,011,593 | |
| Leasehold improvements | 12,758,283 | - | - | 12,758,283 | 12,758,283 | - | - | 12,758,283 | - | - | - | |
| Buildings | 242,275,991 | - | - | 242,275,991 | 51,378,002 | 2,000,443 | - | 53,378,445 | 188,897,546 | 190,897,989 | 190,897,989 | |
| Plant and equipment | 113,853,217 | - | (450,595) | 114,303,812 | 105,619,064 | 3,228,666 | (27,609) | 108,875,339 | 5,428,473 | 8,234,153 | 8,234,153 | |
| Office equipment | 27,900,002 | 246,019 | 450,595 | 27,695,426 | 22,031,655 | 751,538 | 27,609 | 22,755,584 | 4,939,842 | 5,868,347 | 5,868,347 | |
| Computers | 225,831,595 | 6,952,338 | 5,737,044 | 227,046,889 | 203,447,818 | 3,727,187 | 5,737,044 | 201,437,961 | 25,608,928 | 22,383,777 | 22,383,777 | |
| Vehicles | 15,116,453 | - | - | 15,116,453 | 12,653,271 | 348,047 | - | 13,001,318 | 2,115,135 | 2,463,182 | 2,463,182 | |
| Furniture and fixtures | 37,500,454 | 91,900 | - | 37,592,354 | 35,933,214 | 651,539 | - | 36,584,753 | 1,007,601 | 1,567,240 | 1,567,240 | |
| | 744,991,715 | 7,290,257 | 5,737,044 | 746,544,928 | 451,204,714 | 10,895,309 | 5,737,044 | 456,362,979 | 290,181,949 | 293,787,001 | 293,787,001 | |
| Intangible assets | | | | | | | | | | | | |
| Softwares | 127,918,358 | 2,895,001 | - | 130,813,359 | 112,335,330 | 2,138,074 | - | 114,473,404 | 16,339,955 | 15,583,028 | 15,583,028 | |
| | 127,918,358 | 2,895,001 | - | 130,813,359 | 112,335,330 | 2,138,074 | - | 114,473,404 | 16,339,955 | 15,583,028 | 15,583,028 | |
| Total | 872,910,073 | 10,185,258 | 5,737,044 | 877,358,287 | 563,540,044 | 13,033,383 | 5,737,044 | 570,836,383 | 306,521,904 | 309,370,029 | 309,370,029 | |
| Previous year | 856,265,357 | 29,294,816 | 12,650,100 | 872,910,073 | 514,647,510 | 61,025,968 | 12,133,434 | 563,540,044 | 309,370,029 | 309,370,029 | 309,370,029 | |

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|---|-----------------------------------|------------------------------------|
| 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 DEFERRED TAX ASSET (Net)

| Particular | Opening as at 1 April 2012 (Rupees) | Credited during the period (Rupees) | Closing as at 30 June 2012 (Rupees) |
|--|--|--|--|
| a. Deferred tax assets | | | |
| Provision for compensated absences, gratuity and other employee benefits | 40,595,374 | 951,182 | 41,546,556 |
| Provision for doubtful debts / advances | 13,086,253 | 259,046 | 13,345,299 |
| | 53,681,627 | 1,210,228 | 54,891,855 |

| | | | | |
|----|--|-------------------|------------------|-------------------|
| b. | Deferred tax liabilities | | | |
| | On difference between book balance and tax balance of fixed assets | 1,631,505 | 402,229 | 1,229,276 |
| c. | Net deferred tax (liability) / asset | 52,050,122 | 1,612,457 | 53,662,579 |

| Particulars | As at | As at |
|--|--------------------|--------------------|
| | 30 June 2012 | 31 March 2012 |
| | (Rupees) | (Rupees) |
| 2.11 LONG-TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| a. Security Deposits | 10,961,745 | 10,971,675 |
| b. Loans to subsidiaries (see note 2.32)* | 107,645,791 | 106,210,318 |
| c. Advance tax [net of provision of Rs. 227,412,932 (Rs. 204,312,932)] (see note 2.25) | 121,454,307 | 104,758,287 |
| d. Prepaid expenses | 6,978,509 | 6,633,045 |
| e. Staff Loans | 3,566,482 | 6,112,938 |
| Total | 250,606,834 | 234,686,263 |

*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 | 90,947,791 | 90,946,318 |
| b. | Nucleus Software Inc., USA | 16,698,000 | 15,264,000 |
| - | Short Term (See note 2.16) | | |
| a. | Nucleus Software Limited, India | - | - |
| b. | Nucleus Software Inc., USA | 5,566,000 | 5,088,000 |

Maximum amount outstanding during the period

| | | | |
|----|---------------------------------|------------|------------|
| a. | Nucleus Software Limited, India | 90,947,791 | 90,946,318 |
| b. | Nucleus Software Inc., USA | 22,600,000 | 26,015,000 |

*Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries :

| Name of the party | Interest Rate | Repayment Schedule | Amount outstanding as at 30 June 2012 (Rupees) | Maximum balance outstanding during the period (Rupees) |
|------------------------------------|--------------------------|---|---|---|
| a. Nucleus Software Limited, India | Interest free | Payable on demand after three years from 16 August, 2011 (Commencement of operations) | 90,947,791 (90,946,318) | 90,947,791 (90,946,318) |
| b. Nucleus Software Inc., USA | 3% over six months Libor | 5 yearly installments (Dec 11 - Dec 15) | 22,264,000 (20,352,000) | 22,600,000 (26,015,000) |

Note: Figures in bracket pertains to previous year ended 31 March, 2012.

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|--|--------------------------------|---------------------------------|
| 2.12 OTHER NON CURRENT ASSETS (Unsecured, considered good) | | |
| Service Income accrued but not due | 4,852,449 | 10,457,053 |

2.13

Current investments - (At the lower of cost and fair value)
Investments in mutual funds - Non trade

| Name of the Mutual Fund Scheme | No. of units as at 30 June 2012 | Value of units as at 30 June 2012 (Rupees) | No. of units as at 31 March 2012 | Value of units as at 31 March 2012 (Rupees) |
|--|---------------------------------|---|----------------------------------|--|
| Liquid Schemes of Mutual Funds (Quoted) | | | | |
| a. Axis Liquid Fund- Institutional-Daily Dividend-Reinvestment | 194,237 | 194,256,068 | 114,366 | 114,377,238 |
| b. Birla Sun Life Cash Plus-Inst. Prem. -Daily Dividend-Reinvestment | 985,392 | 98,731,350 | - | - |
| c. DSP BlackRock Liquidity Fund-Institutional Plan-Daily Dividend | 140,305 | 140,349,793 | - | - |
| d. HDFC Liquid Fund Premium Plan-Dividend-Daily Reinvest | 4,167,510 | 51,092,840 | 3,673,228 | 45,033,042 |
| e. ICICI Prudential Liquid Super Institutional Plan-Daily Dividend | 1,234,236 | 123,450,989 | 12,649 | 1,264,658 |
| f. Kotak Liquid (Institutional Premium)-Daily Dividend | 12,252,264 | 149,821,909 | 3,981,247 | 48,683,081 |
| g. JP Morgan India Liquid Fund-Super IP-Daily Dividend-Reinvestment | 16,119,521 | 161,322,550 | 1,976,926 | 19,784,881 |
| h. Reliance Liquidity Fund-Super IP-Daily Dividend-Reinvestment | 3,144,541 | 31,461,447 | 3,086,549 | 30,881,230 |
| i. SBI Premier Liquid Fund - Super IP-Daily Dividend - Reinvestment | 100,888 | 101,215,547 | - | - |

| Name of the Mutual Fund Scheme | | No. of units as at 30 June 2012 | Value of units as at 30 June 2012 (Rupees) | No. of units as at 31 March 2012 | Value of units as at 31 March 2012 (Rupees) |
|---|---|--|---|--|--|
| Fixed Maturity Plans/Interval Plans (Quoted) | | | | | |
| a. | BSL Quarterly Interval Fund-Series 4 -Dividend Payout Option | - | - | 4,998,351 | 50,000,000 |
| b. | BSL Short Term FMP-Series 31 Dividend-Payout Option | 9,981,527 | 99,815,270 | 9,981,527 | 99,815,270 |
| c. | DSP BlackRock FMP-Series 42-3M-Dividend-Payout Option | - | - | 3,959,080 | 39,590,798 |
| d. | DSP BlackRock FMP-Series 40-3M-Dividend-Payout Option | - | - | 5,000,000 | 50,000,000 |
| e. | DSP BlackRock FMP-Series 58-3M-Dividend-Payout Option | 5,000,000 | 50,000,000 | - | - |
| f. | DSP BlackRock FMP-Series 52-9M-Dividend - Payout Option | 1,000,000 | 10,000,000 | - | - |
| g. | HDFC FMP 92 D March 2012 (1) - Dividend-Series XIX | - | - | 5,000,000 | 50,000,000 |
| h. | HDFC FMP 92 D March 2012 (2) - Dividend Payout Option | - | - | 5,000,000 | 50,000,000 |
| i. | HDFC FMP 366D March 2012 (1) - Growth Option | 4,998,377 | 49,983,770 | 4,998,377 | 49,983,770 |
| j. | HDFC FMP 370D April 2012(2) – Growth Option | 1,000,000 | 10,000,000 | - | - |
| k. | HDFC FMP 90D June 2012 (2)- Dividend Payout Option | 1,000,000 | 10,000,000 | - | - |
| l. | ICICI Prudential FMP -Series 63 - 1 Year Plan C- Growth Option | 5,000,000 | 50,000,000 | 5,000,000 | 50,000,000 |
| m. | ICICI Prudential FMP Series 64-180 Days-Plan E- Dividend Option | 2,500,000 | 25,000,000 | - | - |
| n. | IDFC Fixed Maturity Plan-Quarterly Series 72- Dividend Option | - | - | 4,600,000 | 46,000,000 |
| o. | IDFC Fixed Maturity Plan-Quarterly Series 74- Dividend Option | - | - | 4,000,000 | 40,000,000 |
| p. | Kotak Quarterly Interval Plan Series 4-Dividend Option | 4,996,453 | 50,000,000 | 4,996,453 | 50,000,000 |
| q. | SBI Debt Fund Series-90 Days-59-Dividend-Payout Option | - | - | 5,400,000 | 54,000,000 |
| r. | SBI Debt Fund Series-90 Days-60-Dividend-Payout Option | - | - | 6,000,000 | 60,000,000 |
| s. | SBI Debt Fund Series-90 Days-67-Dividend-Payout Option | 6,000,000 | 60,000,000 | - | - |
| t. | JP Morgan India FMP -Series 9-Dividend Plan-Payout Option | - | - | 6,000,000 | 60,000,000 |
| Aggregate amount of current investment | | 79,815,251 | 1,466,501,533 | 87,778,753 | 1,009,413,967 |
| Market Value of quoted investment | | | 1,473,542,662 | 1,011,292,717 | |

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|--|-----------------------------------|------------------------------------|
| 2.14 TRADE RECEIVABLES * | | |
| Debts outstanding for a period exceeding six months from the date they were due for payment | | |
| a. Unsecured | | |
| - Considered good | 23,221,488 | 24,439,872 |
| - Considered doubtful | 24,176,678 | 26,236,921 |
| | 47,398,166 | 50,676,793 |
| b. Less: Provision for doubtful debts | (24,176,678) | (26,236,921) |
| | 23,221,488 | 24,439,872 |
| c. Other debts (Unsecured, Considered good) | 554,333,465 | 752,982,431 |
| Total | 577,554,953 | 777,422,303 |

* 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 | 12,000,558 | 55,712,666 |
| b. Nucleus Software Solutions Pte Ltd., Singapore | 5,756,087 | 9,984,233 |
| c. VirStra i -Technology Services Limited, India | 224,813 | - |
| d. Nucleus Software Inc., USA | 19,921,197 | 18,662,145 |
| e. Nucleus Software Netherlands B.V, Netherlands | 21,294,808 | 28,421,047 |
| f. Nucleus Software Limited, India | 985 | 21,580 |

2.15 CASH AND CASH EQUIVALENTS

| | | |
|---|--------------------|--------------------|
| a. Cash on hand | 26,183 | - |
| b. Balances with scheduled banks: | | |
| - in current accounts | 8,910,309 | 28,028,222 |
| c. Balances with scheduled banks: | | |
| - in deposit accounts (Original maturity of more than 12 months) | 504,183,987 | 656,598,987 |
| - in deposit accounts (Original maturity of less than 12 months) | 12,100,000 | 50,000,000 |
| d. Balance with non scheduled banks: | | |
| - in current account (Citibank, United Kingdom) | 4,583,829 | 837,721 |
| - in current account (Citibank, U.A.E) | 750,824 | 1,142,091 |
| - in current account (Citibank, Spain) | 366,411 | 803,244 |
| e. Remittance in transit | 3,644,782 | - |
| Total | 534,566,325 | 737,410,265 |

Details of balances as on balance sheet dates with scheduled banks in current accounts:-

| | | |
|-----------------------|------------------|-------------------|
| - Citi Bank | 607,645 | 1,299,526 |
| - Citi Bank * | 2,570,621 | 14,249,561 |
| - DBS Bank | 307,116 | 994,306 |
| - HDFC Bank * | 830,228 | 7,574,863 |
| - HDFC Bank | 1,486,420 | 1,022,338 |
| - HDFC Bank ** | 1,725,770 | 1,728,851 |
| - HSBC Bank ** | 188,176 | 188,176 |
| - ICICI Bank | 943,923 | 747,617 |
| - State Bank of India | 250,410 | 222,984 |
| Total | 8,910,309 | 28,028,222 |

* EEFC account

** Earmarked for unclaimed dividend

Details of balances as on balance sheet dates with scheduled banks in deposit accounts:-

| | | |
|----------------------------|--------------------|--------------------|
| - HDFC Bank | 958,987 | 958,987 |
| - Citi Bank | 16,225,000 | 4,125,000 |
| - Bank of India | 50,000,000 | 200,200,000 |
| - State Bank of Travancore | 200,000,000 | 200,000,000 |
| - Corporation Bank | 149,000,000 | 199,000,000 |
| - State Bank of India | - | 2,215,000 |
| - Punjab national Bank | 100,100,000 | 100,100,000 |
| Total | 516,283,987 | 706,598,987 |

Detail of fixed deposit under lien

| | | |
|-----------------------|------------------|------------------|
| - HDFC Bank | 958,987 | 958,987 |
| - Citi Bank | 4,125,000 | 4,125,000 |
| - State Bank of India | - | 2,215,000 |
| Total | 5,083,987 | 7,298,987 |

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|--|-----------------------------------|------------------------------------|
| 2.16 SHORT-TERM LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| a. Prepaid expenses | 28,028,251 | 15,068,180 |
| b. Supplier advances | 4,170,970 | 17,230,247 |
| c. Advance fringe benefit tax [net of provision Rs. 24,915,859 (Rs. 24,915,859)] | 2,732,275 | 2,732,275 |
| d. Service tax credit receivable | 10,693,507 | 1,808,055 |
| e. Mat credit entitlement (see note 2.25) | 8,537,715 | 20,937,715 |
| f. Security deposit | 392,363 | 643,145 |
| g. Staff loans | 5,238,402 | 3,392,018 |
| h. Employee advances | 6,963,654 | 18,208,165 |
| i. Mark-to-market gain on forward and options contracts (see note 2.35) | - | 598,943 |
| j. Expenses recoverable from Customers | 994,739 | 7,661,456 |
| k. Loans to subsidiaries (see note 2.32) | 5,566,000 | 5,088,000 |
| Total | 73,317,876 | 93,368,199 |
| 2.17 OTHER CURRENT ASSETS | | |
| a. Service Income accrued but not due | | |
| Unsecured | | |
| - Considered good | 306,259,723 | 300,837,347 |
| - Considered doubtful | 16,955,387 | 14,096,726 |
| | 323,215,110 | 314,934,073 |
| Less : Provision for service income accrued but not due | 16,955,387 | 14,096,726 |
| | 306,259,723 | 300,837,347 |
| b. Interest accrued but not due | 20,427,265 | 30,941,711 |
| Total | 326,686,988 | 331,779,058 |

| Particulars | Quarter ended 30 June 2012 (Rupees) | Quarter ended 30 June 2011 (Rupees) |
|-------------|---|---|
|-------------|---|---|

2.18 INCOME FROM SOFTWARE SERVICES AND PRODUCTS

Software development services and Products

| | | | |
|----|--------------|--------------------|--------------------|
| a. | Domestic | 150,439,034 | 112,752,926 |
| b. | Overseas | 368,489,855 | 369,864,518 |
| | Total | 518,928,889 | 482,617,444 |

Notes:

Income from software services and product includes prior period revenue of Rs. 3,745,151 (Rs. Nil).

2.19 OTHER INCOME

| | | | |
|----|---|-------------------|-------------------|
| a. | Interest on deposits with banks and others | 13,582,029 | 11,624,322 |
| b. | Dividend on Current, non trade investments | 22,115,422 | 20,677,558 |
| c. | Dividend on Long term trade investment | 50,000 | - |
| d. | Profit on sale of investments | | |
| | - Current, non trade investments | - | 28,101 |
| e. | Provisions written back | 269,420 | - |
| f. | Reversal of employee's stock compensation expense (net) | - | 593,280 |
| g. | Profit on sale of fixed assets (net)/Profit on Discarded Assets | 375,429 | - |
| h. | Miscellaneous income | 584,604 | 195,336 |
| i. | Gain / (Loss) on foreign currency (net) | | |
| | - Gain / (Loss) on exchange fluctuation | 43,567,166 | 2,304,210 |
| | - Gain / (Loss) on ineffective hedges (see note 2.35) | 799,492 | (1,089,040) |
| | Total | 81,343,562 | 34,333,767 |

2.20 EMPLOYEE BENEFITS EXPENSES

| | | | |
|----|---|--------------------|--------------------|
| a. | Salaries and bonus including to overseas staff | 283,952,024 | 271,585,062 |
| b. | Contribution to provident and other funds (see note 2.34) | 13,937,527 | 15,403,887 |
| c. | Gratuity expense (see note 2.34) | 5,771,288 | 5,700,000 |
| d. | Staff welfare expenses | 6,938,259 | 4,545,533 |
| | Total | 310,599,098 | 297,234,482 |

Employee benefit expenses include Managing Director remuneration as follows :

| | | | |
|----|---|------------------|------------------|
| a. | Salary | 1,500,000 | 1,500,000 |
| b. | Contribution to provident and other funds | 90,000 | 90,000 |
| | Total | 1,590,000 | 1,590,000 |

Notes:

The above remuneration does not include expense towards retirement benefits since the same is carried out for the Company as a whole.

| Particulars | Quarter ended 30 June 2012 (Rupees) | Quarter ended 30 June 2011 (Rupees) |
|--|---|---|
| 2.21 OPERATING AND OTHER EXPENSES | | |
| a. Software and other development charges | 12,852,129 | 34,377,177 |
| b. Cost of software purchased for delivery to clients | 28,047,616 | 4,171,659 |
| c. Power and fuel | 8,171,429 | 6,676,403 |
| d. Rent (see note 2.23) | 7,339,686 | 5,014,506 |
| e. Repair and maintenance | | |
| - Buildings | 219,820 | 395,655 |
| - Others | 4,814,187 | 4,795,090 |
| f. Insurance | 783,216 | 1,001,667 |
| g. Rates and taxes | 692,083 | 431,439 |
| h. Travelling | | |
| - Foreign | 39,107,156 | 33,758,429 |
| - Domestic | 3,227,066 | 2,607,598 |
| i. Advertisement and business promotion | 1,266,346 | 2,160,749 |
| j. Legal and professional (see note 2.27) | 8,611,712 | 10,802,085 |
| k. Directors remuneration | 1,580,000 | 1,200,000 |
| l. Conveyance | 2,497,399 | 2,435,223 |
| m. Communication | 3,657,454 | 3,602,970 |
| n. Training and recruitment | 2,411,358 | 4,189,228 |
| o. Loss on sale of fixed assets (net)/Loss on Discarded Assets | - | 382,482 |
| p. Loss on Current non trade investments | 16,444 | - |
| q. Conference, exhibition and seminar | 8,632,487 | 385,422 |
| r. Information technology expenses | 4,000,455 | 3,124,949 |
| s. Provision for doubtful debts/advances/other current assets | 1,634,685 | 7,556,774 |
| t. Commission to channel partner | 4,206,234 | 2,745,620 |
| u. Miscellaneous expenses | 6,029,830 | 6,187,260 |
| Total | 149,798,792 | 138,002,385 |
| Directors Remuneration includes | | |
| Non Executive Directors | | |
| a. Commission | 1,200,000 | 300,000 |
| b. Sitting fees | 380,000 | 900,000 |
| Total | 1,580,000 | 1,200,000 |
| 2.22 FINANCE COST | | |
| Bank Charges | 678,384 | 592,147 |

2.23 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 ended 30 June, 2012 is Rs. 7,339,686; (Rs. 5,014,506). The future minimum lease expense in respect of non-cancellable leases is as follows:

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|---|-----------------------------------|------------------------------------|
| Future minimum lease payments | | |
| a. Not later than 1 year | 500,000 | 875,000 |
| b. Later than 1 year but not later than 5 years | - | - |
| Total | 500,000 | 875,000 |

2.24 Tax Expense

- a. The Company had set up SEZ unit, which has commenced operations during the year ended 31 March, 2012. Income from SEZ unit is eligible for exemption under section 10 AA. This has resulted in decrease in income tax liability of the Company as income earned from SEZ unit is not liable to tax under Income tax Act, 1961.
- b. During 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 quarter ended 30 June, 2012, 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 Rupees 12,400,000 in the current period, to set off its liability for payment of Income Tax.

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

- a. Advance Tax (Net of provision) aggregating to Rs. 121,454,307 (Previous year Rs. 104,758,287) has been classified as Long-Term Loans and Advances as the same represents amount recoverable from Income Tax Department after the completion of Income Tax Assessments.
- b. MAT Credit Entitlement balance aggregating to Rs. 8,537,715 (Previous year Rs. 20,937,715) which the Company expects to set off against Income Tax payable for the year ending 31 March, 2013 has been considered to be Short-Term Loans and Advances.

2.26 Commitments

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|---|-----------------------------------|------------------------------------|
| a. Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances). | 394,446 | 4,893,234 |
| b. Other Commitments | | |
| Estimated amount of contracts remaining to be executed on revenue account and not provided for in the books of account (net of advances). | 388,794 | - |

During the year ended 31 March, 2012, the Company has committed to provide financial support to its subsidiaries - Nucleus Software Netherlands B.V, Netherlands & Nucleus Software Solutions Pte Ltd, Singapore.

| Particulars | Quarter ended 30 June 2012 (Rupees) | Quarter ended 30 June 2011 (Rupees) |
|--|---|---|
| 2.27 Auditors Remuneration (excluding service tax) | | |
| a. As auditors - statutory audit | 450,000 | 450,000 |
| b. For other services | 50,000 | 175,000 |
| c. Reimbursement of expenses | 48,375 | - |
| Total | 548,375 | 625,000 |
| 2.28 CIF value of imports | | |
| Capital goods | 6,871,930 | 1,005,698 |
| 2.29 Earnings in foreign currency | | |
| a. Software development services and products | 368,489,855 | 369,864,518 |
| b. Others | 211,508 | 192,078 |
| Total | 368,701,363 | 370,056,596 |
| 2.30 Expenditure in foreign currency | | |
| a. Travel expenses | 28,853,186 | 22,638,473 |
| b. Legal and professional | 2,378,236 | 3,212,386 |
| c. Cost of software purchased for delivery to clients | 2,385,847 | 1,723,466 |
| d. Conference, exhibition and seminar | 8,627,062 | 375,949 |
| e. Software and other development charges | 3,803,729 | 19,984,913 |
| f. Salary in foreign currency | 14,072,123 | 10,943,506 |
| g. Commission to channel partner | 3,561,271 | 2,745,620 |
| h. Rent | 2,204,395 | 2,029,190 |
| i. Others | 5,157,109 | 2,245,404 |
| Total | 71,042,958 | 65,898,907 |
| 2.31 Earnings per share | | |
| a. Profit after taxation available to equity shareholders (Rupees) | 92,175,251 | 51,695,069 |
| b. Weighted average number of equity shares used in calculating basic earnings per share | 32,383,454 | 32,382,524 |
| c. Effect of dilutive issue of shares | - | - |
| d. Weighted average number of equity shares used in calculating diluted earnings per share | 32,383,454 | 32,382,524 |
| e. Basic earnings per share (Rupees) | 2.85 | 1.60 |
| f. Diluted earnings per share (Rupees) | 2.85 | 1.60 |

2.32 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
- 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)

| Particulars | Quarter ended 30 June 2012 | Quarter ended 30 June 2011 |
|---|-------------------------------|-------------------------------|
| | (Rupees) | (Rupees) |
| Transactions with related parties | | |
| a. Software development, services and products | | |
| - Nucleus Software Japan Kabushiki Kaisha | 32,372,569 | 21,732,485 |
| - Nucleus Software Solutions Pte Ltd. | 15,098,471 | 11,354,888 |
| - Nucleus Software Netherlands B.V | 2,205,113 | 24,464,918 |
| - Nucleus Software Inc. | 5,187,025 | 2,529,990 |
| b. Interest received | | |
| - Nucleus Software Inc. | 211,508 | 192,078 |
| c. Managerial remuneration [including perquisite value of Rs. 143,583 (Previous period Rs. 116,133)] | | |
| - Vishnu R Dusad (Managing director) | 1,733,583 | 1,706,133 |
| d. Reimbursement of expenses | | |
| From wholly owned subsidiary companies : | | |
| - VirStra i -Technology Services Limited | 49,287 | - |
| - Nucleus Software Solutions Pte Ltd | 1,941,482 | 1,442,874 |
| - Nucleus Software Japan Kabushiki Kaisha | 291,134 | 37,909 |
| - Nucleus Software Inc. | 651,242 | |
| - Nucleus Software Limited | 405 | 31,708 |
| - Nucleus Software Netherlands B.V | 1,329,408 | 84,297 |
| To wholly owned subsidiary companies: | | |

| Particulars | Quarter ended 30 June 2012 (Rupees) | Quarter ended 30 June 2011 (Rupees) |
|--|---|---|
| - Nucleus Software Solutions Pte Ltd. | 162,439 | 297,780 |
| - Nucleus Software Japan Kabushiki Kaisha | 22,264 | - |
| e. Cost of services hired | | |
| - Nucleus Software Solutions Pte Ltd. | 1,052,815 | 632,465 |
| f. Software and Other Development Charges | | |
| To wholly owned subsidiary companies: | | |
| - Nucleus Software Solutions Pte Ltd. | 1,444,165 | 10,363,704 |
| g. Loans and advances | | |
| Given to wholly owned subsidiary company | | |
| - Nucleus Software Limited | - | 19,700,000 |
| h. Interest received | | |
| - Nucleus Software Inc. | 211,508 | 192,078 |
| i. Lease Rent Paid | | |
| To wholly owned subsidiary company | | |
| - Nucleus Software Limited | 2,064,414 | - |

Outstanding balances as at period end

| Particulars | As at 30 June 2012 (Rupees) | As at 31 March 2012 (Rupees) |
|---|-----------------------------------|------------------------------------|
| a. Loans and advances | | |
| To wholly owned subsidiaries | | |
| - Nucleus Software Limited | 90,947,791 | 90,946,318 |
| - Nucleus Software Inc. | 22,600,000 | 20,352,000 |
| b. Trade receivables | | |
| Wholly owned subsidiaries | | |
| - Nucleus Software Japan Kabushiki Kaisha | 12,000,558 | 55,712,666 |
| - Nucleus Software Solutions Pte Ltd. | 5,756,087 | 9,984,233 |
| - VirStra i -Technology Services Limited | 224,813 | - |
| - Nucleus Software Inc. | 19,921,197 | 18,662,145 |
| - Nucleus Software Netherlands B.V | 21,294,808 | 28,421,047 |
| - Nucleus Software Limited | 985 | 21,580 |
| c. Trade payables | | |
| Due to wholly owned subsidiaries | | |
| - Nucleus Software Japan Kabushiki Kaisha | 1,449,741 | - |
| - Nucleus Software Solutions Pte Ltd. | 12,755,654 | 7,183,101 |
| - Nucleus Software Limited | 619,324 | 1,451,944 |
| - VirStra i -Technology Services Limited | 496,244 | - |

| Particulars | Quarter ended 30 June 2012 (Rupees) | Quarter ended 30 June 2011 (Rupees) |
|--|---|---|
| d. Service income accrued but not due | | |
| Wholly owned subsidiaries | | |
| - Nucleus Software Netherlands B.V | 18,181,395 | 23,382,503 |
| e. Advance from customers | | |
| Wholly owned subsidiaries | | |
| - Nucleus Software Japan Kabushiki Kaisha | 406,435 | - |
| f. Interest income accrued but not due | | |
| Wholly owned subsidiaries | | |
| - Nucleus Software Inc. | 537,286 | 297,800 |
| g. Investments in subsidiary companies (see note 2.9) | | |

2.33 Segment reporting – Basis of preparation

a. Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Accounting Standard-17 on "Segment Reporting", as specified in the Companies (Accounting Standards) Rules, 2006. The segmentation is based on the Geographies (reportable primary segment) in which the Company operates and internal reporting systems. The secondary segmentation is based on the nature and type of services rendered.

b. Composition of reportable segments

The Company operates in five main geographical segments: India, Far East, South east Asia, Europe and Middle East.

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

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

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

Information in respect of primary segment
The profit and loss for reportable primary segment is set out below:
a. For the quarter ended 30 June, 2012
(Amount in Rupees)

| Description | India | Far East | South East Asia | Europe | Middle East | Others | Total |
|--|-------------|------------|-----------------|------------|-------------|------------|-------------------|
| Revenue from external customers | 150,439,034 | 95,160,964 | 81,646,907 | 50,110,473 | 97,260,689 | 44,310,822 | 518,928,889 |
| Expenses | 92,712,469 | 51,740,677 | 62,205,580 | 40,006,140 | 47,040,333 | 21,061,938 | 314,767,137 |
| Segment result | 57,726,565 | 43,420,287 | 19,441,327 | 10,104,333 | 50,220,356 | 23,248,884 | 204,161,752 |
| Unallocated corporate expenditure | | | | | | | 159,342,520 |
| Operating profit before taxation | | | | | | | 44,819,232 |
| Other income | | | | | | | 36,976,904 |
| Net foreign exchange gain / (loss) | | | | | | | 44,366,658 |
| Profit before taxation | | | | | | | 126,162,794 |
| Tax Expense | | | | | | | |
| Current tax expense for current period | | | | | | | 35,600,000 |
| Deferred tax credit | | | | | | | (1,612,457) |
| Net profit after taxation | | | | | | | 92,175,251 |

b. For the quarter ended 30 June, 2011

| Description | India | Far East | South East Asia | Europe | Middle East | Others | Total |
|--|-------------|------------|-----------------|------------|-------------|------------|-------------------|
| Revenue from external customers | 112,752,925 | 96,972,239 | 80,954,456 | 76,775,905 | 85,480,146 | 29,681,773 | 482,617,444 |
| Expenses | 102,356,664 | 56,620,526 | 45,346,653 | 41,064,826 | 51,148,636 | 21,423,053 | 317,960,358 |
| Segment result | 10,396,261 | 40,351,713 | 35,607,803 | 35,711,079 | 34,331,510 | 8,258,720 | 164,657,086 |
| Unallocated corporate expenditure | | | | | | | 135,499,181 |
| Operating profit before taxation | | | | | | | 29,157,905 |
| Other income | | | | | | | 33,118,597 |
| Net foreign exchange gain /(loss) | | | | | | | 1,215,170 |
| Profit before taxation | | | | | | | 63,491,672 |
| Tax Expense | | | | | | | |
| Current tax expense for current period | | | | | | | 9,200,000 |
| MAT Credit Entitlement | | | | | | | (1,200,000) |
| Deferred tax credit | | | | | | | 3,796,603 |
| Net profit after taxation | | | | | | | 51,695,069 |

Assets and liabilities of reportable primary segment are as follows:

a. **As at 30 June, 2012**

(Amount in Rupees)

| Description | India | Far East | South East Asia | Europe | Middle East | Others | Total |
|-----------------------------------|-------------|------------|-----------------|-------------|-------------|-------------|----------------------|
| Segment assets | 305,515,187 | 60,056,314 | 227,488,024 | 145,478,371 | 156,753,084 | 117,899,035 | 1,013,190,015 |
| Unallocated corporate assets | | | | | | | 2,738,235,638 |
| Total assets | | | | | | | 3,751,425,653 |
| Segment liabilities | 202,954,840 | 44,065,219 | 110,448,926 | 64,740,673 | 116,421,733 | 58,452,604 | 597,083,995 |
| Unallocated corporate liabilities | | | | | | | 164,064,766 |
| Total liabilities | | | | | | | 761,148,761 |
| Capital employed | | | | | | | 2,990,276,892 |

b. **As at 31 March, 2012**

| | | | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------|
| Segment assets | 298,736,579 | 206,603,461 | 253,378,088 | 170,695,252 | 176,495,238 | 105,721,192 | 1,211,629,810 |
| Unallocated corporate assets | | | | | | | 2,501,481,661 |
| Total assets | | | | | | | 3,713,111,471 |
| Segment liabilities | 162,243,971 | 103,637,668 | 115,597,386 | 64,271,070 | 123,156,475 | 73,842,753 | 642,749,323 |
| Unallocated corporate liabilities | | | | | | | 144,207,125 |
| Total liabilities | | | | | | | 786,956,448 |
| Capital employed | | | | | | | 2,926,155,023 |

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

a. **For the quarter ended 30 June, 2012**

(Amount in Rupees)

| Description | India | Far East | South East Asia | Europe | Middle East | Others | Total |
|---|--------------------|----------|------------------|----------|------------------|----------------|-------------------|
| Capital expenditure (unallocated) | | | | | | | 10,635,853 |
| Total capital expenditure | | | | | | | 10,635,853 |
| Depreciation expenditure (unallocated) | | | | | | | 13,033,383 |
| Total depreciation | | | | | | | 13,033,383 |
| Segment non-cash expense other than depreciation | (3,495,912) | - | 1,567,002 | - | 2,644,120 | 919,475 | 1,634,685 |
| Total non cash expenditure other than depreciation | (3,495,912) | - | 1,567,002 | - | 2,644,120 | 919,475 | 1,634,685 |

b. For the quarter ended 30 June, 2011

(Amount in Rupees)

| Description | India | Far East | South East Asia | Europe | Middle East | Others | Total |
|---|------------------|----------|-----------------|----------|----------------|------------------|-------------------|
| Capital expenditure (unallocated) | | | | | | | 2,559,513 |
| Total capital expenditure | | | | | | | 2,559,513 |
| Depreciation expenditure (unallocated) | | | | | | | 17,630,525 |
| Total depreciation | | | | | | | 17,630,525 |
| Segment non-cash expense other than depreciation | 1,272,680 | - | 19,110 | - | 147,741 | 6,117,253 | 7,556,784 |
| Total non cash expenditure other than depreciation | 1,272,680 | - | 19,110 | - | 147,741 | 6,117,253 | 7,556,784 |

Information in respect of secondary segment

Information for business segments

(Amounts in Rupees)

| Description | Products | Software projects and services | Total |
|---|-------------|--------------------------------|---------------|
| a. For the quarter ended 30 June, 2012 | | | |
| Revenue | 475,481,583 | 43,447,306 | 518,928,889 |
| Carrying amount of segment assets | 928,360,711 | 84,829,304 | 1,013,190,015 |
| b. For the quarter ended 30 June, 2011 | | | |
| Revenue | 455,704,502 | 26,912,942 | 482,617,444 |
| Carrying amount of segment assets | 691,956,803 | 40,865,502 | 732,822,305 |

Note: The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

2.34 Employee Benefit Obligations

Defined contribution plans

An amount of Rs. 13,937,527 (Rs. 15,403,887) for the quarter ended, have been recognized as an expense in respect of Company's contribution for Provident Fund and Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

Defined benefit plans

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The following table set out the status of the gratuity plan as required under the aforesaid standard:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2012

| a. Particulars | As at 31 March, 2012 (Rupees) |
|--|---|
| Obligation at period beginning | 75,668,784 |
| Current service cost | 14,467,346 |
| Interest cost | 6,501,164 |
| Actuarial losses/(gains) | (3,033,687) |
| Past service cost | - |
| Benefits paid | (10,045,991) |
| Obligation at period end | 83,557,616 |
| | |
| b. Change in plan assets | |
| Contributions by employer | 10,045,991 |
| Benefits paid | (10,045,991) |
| Plan assets at period end, at fair value | - |
| | |
| The Scheme does not have any assets as at the valuation date to meet the gratuity liability. | |
| Expected employer's contribution next year | 20,807,966 |
| | |
| c. Gratuity cost for the year: | |
| Particulars | Year ended 31 March 2012 (Rupees) |
| Current service cost | 14,467,346 |
| Interest cost | 6,501,164 |
| Actuarial losses/(gains) | (3,033,687) |
| Past service cost | - |
| Net gratuity cost | 17,934,823 |

d. **Experience adjustment**

| Particulars | Year ended 31 March 2008 | Year ended 31 March 2009 | Year ended 31 March 2010 | Year ended 31 March 2011 | Year ended 31 March 2012 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
| | (Rupees) | (Rupees) | (Rupees) | (Rupees) | (Rupees) |
| Defined benefit obligation | 35,529,286 | 51,341,655 | 58,763,800 | 75,668,784 | 83,557,616 |
| Plan assets | - | - | - | - | - |
| Surplus/(Deficit) | (35,529,286) | (51,341,655) | (58,763,800) | (75,668,784) | (83,557,616) |
| Experience adjustment on plan liabilities | 4,388,027 | 2,701,103 | (3,409,464) | (609,066) | (1,340,985) |
| Experience adjustment on plan assets | - | - | - | - | - |

e. **Economic assumptions :**

| | | |
|------------------------|---|---|
| Discount rate | 8.35% | 7.90% |
| Salary escalation rate | 10% p.a for first years & 7% p.a thereafter | 10% p.a for first 2 years & 7% p.a thereafter |

f. **Discount rate:**

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

g. **Salary escalation rate:**

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

h. **Demographic assumptions**

| | |
|-----------------|-----------------------------|
| Retirement age | 58 years |
| Mortality table | LIC (1994-96) duly modified |

i. **Withdrawal rates**

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

j. Provisions in respect of gratuity and leave encashment for the interim period are calculated on a year-to-date basis by using the actuarially determined rates at the end of the prior financial year, adjusted by the Management's estimates after keeping into consideration events occurring during the interim period.

2.35 Forward contract and option in foreign currency

| a. | Forward contract outstanding | Buy/Sell | As at | As at |
|----|------------------------------|----------|--------------|---------------|
| | | | 30 June 2012 | 31 March 2012 |
| | In USD | Sell | 9,701,000 | 10,750,000 |
| | Equivalent amount in Rupees | Sell | 539,957,660 | 546,960,000 |

b. Other current liabilities include net marked to market loss of Rupees 27,401,037 relating to forward contracts which are outstanding as at period end. The loss on such forward contract which are designated as effective, aggregating Rupees 28,200,529 have been debited to Hedging Reserve. The gain on ineffective contracts aggregating to Rupees 799,492 has been credited to Statement of Profit and Loss.

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

| Currency | As at 30 June 2012 | | As at 31 March 2012 | |
|--------------------|----------------------------|------------------|----------------------------|------------------|
| | Amount in foreign currency | Amount in rupees | Amount in foreign currency | Amount in rupees |
| Assets | | | | |
| USD | 10,409,430 | 565,098,875 | 15,534,392 | 784,876,585 |
| Euro | 1,265,234 | 87,549,521 | 1,234,341 | 83,824,066 |
| MYR | 2,543,756 | 44,306,048 | 3,289,324 | 54,600,193 |
| SGD | 131,298 | 5,756,087 | 246,768 | 9,984,233 |
| CHF | 26,817 | 1,511,616 | 12,845 | 723,816 |
| SEK | 131,718 | 1,023,998 | 62,844 | 482,642 |
| GBP | 130,017 | 10,943,397 | 62,899 | 5,128,155 |
| Liabilities | | | | |
| USD | 3,657,262 | 203,563,206 | 5,955,649 | 303,023,399 |
| AED | 316,060 | 4,781,992 | 354,446 | 4,905,539 |
| SGD | 290,959 | 12,755,654 | 177,536 | 7,183,101 |
| JPY | 2,451,354 | 1,715,703 | - | - |
| EURO | 227,838 | 15,955,513 | 230,985 | 15,686,184 |
| GBP | 112,817 | 9,801,524 | 63,285 | 5,159,654 |
| SEK | 62,844 | 505,266 | 62,884 | 482,642 |
| CHF | 12,845 | 748,093 | 12,845 | 723,816 |

2.36 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

| Particulars | Quarter ended 30 June 2012 | Quarter ended 30 June 2011 |
|---|-------------------------------|-------------------------------|
| | (Rupees) | (Rupees) |
| Income from software services and products | 518,928,889 | 482,617,444 |
| Software development expenses | 356,159,998 | 342,168,512 |
| Gross Profit | 162,768,891 | 140,448,932 |
| Selling and marketing expenses | 61,118,828 | 44,668,752 |
| General and administration expenses | 43,797,448 | 48,991,750 |
| Operating profit before depreciation | 57,852,615 | 46,788,430 |
| Depreciation and amortisation expense | 13,033,383 | 17,630,525 |
| Operating profit after depreciation | 44,819,232 | 29,157,905 |
| Other income | 81,343,562 | 34,333,767 |
| Profit before taxation | 126,162,794 | 63,491,672 |
| Tax expense: | | |
| - Current tax expense for current period | 35,600,000 | 9,200,000 |
| - MAT credit entitlement | - | (1,200,000) |
| - deferred tax credit | (1,612,457) | 3,796,603 |
| Profit after taxation | 92,175,251 | 51,695,069 |

2.37 TRANSFER PRICING

The Company had during the previous year ended 31 March, 2012 set up an SEZ unit at Jaipur. The Income from SEZ unit is eligible for exemption under section 10 AA. The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions and is in the process of establishing such system for specified domestic transactions. The Company will further update above information and records and expects these to be in existence latest by due date of the filing of return, as required under law. The management is of the opinion that all above transactions are at arm's length so that aforesaid legislation will not have any impact on the financial statement, particularly on the amount of tax expense and that of provision for taxation.

2.38 During the previous year, as per provision of Income -tax Act, 1961, the Company has taken credit of corporate dividend tax aggregating Rupees 5,839,693 on account of dividend received from one of its subsidiaries.

2.39 The Company (NSEL) has a wholly owned subsidiary Nucleus software Netherlands B.V ('NSBV') in which the company has invested Rs. 24,242,000 in share capital. NSBV has a negative net worth as on 30th June, 2012. The Company has confirmed to provide NSBV with continuous operational and financial support to enable it to carry on its operations. Considering the business prospects and the long term nature of investment and strategic involvement with NSBV, no provision is considered necessary for diminution in the value of investment as the same is considered to be temporary.

2.40 Revenue recognised upto the reporting date in respect of contracts in progress at the reporting date aggregates to Rs. 734,960,149 (Year ended 31 March, 2012 Rs. 951,240,690).

2.41 Previous period figures have been regrouped/ reclassified wherever necessary to make them comparable with the current period figures.

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 : 21 July, 2012

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

CONSOLIDATED FINANCIAL STATEMENTS

NUCLEUS SOFTWARE EXPORTS LIMITED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE, 2012

| | Notes Ref. | As at 30 June, 2012 (Rupees) | As at 31 March, 2012 (Rupees) |
|--|---------------|------------------------------------|-------------------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| a. Share capital | 2.1 | 323,849,540 | 323,849,540 |
| b. Advance pursuant to stock option plan | 2.2 | 167,240 | 167,640 |
| c. Reserves and surplus | 2.3 | 2,925,900,470 | 2,817,421,828 |
| | | 3,249,917,250 | 3,141,439,008 |
| 2. NON-CURRENT LIABILITIES | | | |
| a. Long-term provisions | 2.4 | 116,807,827 | 112,631,182 |
| b. Deferred tax liabilities (net) | 2.5 | - | - |
| c. Other long term liabilities | 2.6 | - | - |
| | | 116,807,827 | 112,631,182 |
| 3. CURRENT LIABILITIES | | | |
| a. Trade payables | 2.7 | 253,723,751 | 300,796,129 |
| b. Other current liabilities | 2.8 | 417,965,878 | 404,847,310 |
| c. Short-term provisions | 2.9 | 131,625,854 | 131,147,976 |
| | | 803,315,483 | 836,791,415 |
| | | 4,170,040,560 | 4,090,861,605 |
| <u>ASSETS</u> | | | |
| 4. NON-CURRENT ASSETS | | | |
| a. Fixed assets | | | |
| - Tangible assets | 2.10 | 467,681,791 | 473,042,374 |
| - Intangible assets | 2.10 | 16,820,804 | 16,079,558 |
| | | 484,502,595 | 489,121,932 |
| b. Non-current investments | 2.11 | 2,523,000 | 2,523,000 |
| c. Deferred tax assets (net) | 2.12 | 58,411,678 | 56,613,368 |
| d. Long-term loans and advances | 2.13 | 205,804,687 | 199,771,294 |
| e. Other non current assets | 2.14 | 5,695,260 | 12,289,265 |
| | | 756,937,220 | 760,318,859 |

5. CURRENT ASSETS

| | | | |
|----------------------------------|------|----------------------|----------------------|
| a. Current investments | 2.15 | 1,508,233,834 | 1,041,280,367 |
| b. Trade receivables | 2.16 | 726,851,853 | 878,322,125 |
| c. Cash and cash equivalents | 2.17 | 719,699,563 | 921,885,987 |
| d. Short-term loans and advances | 2.18 | 98,973,694 | 113,188,279 |
| e. Other current assets | 2.19 | 359,344,396 | 375,865,988 |
| | | 3,413,103,340 | 3,330,542,746 |
| | | 4,170,040,560 | 4,090,861,605 |

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: 21 July, 2012

NUCLEUS SOFTWARE EXPORTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 JUNE, 2012

| | Notes | Quarter ended 30 June 2012 (Rupees) | Quarter ended 30 June 2011 (Rupees) |
|--|-------|---|---|
| 1. REVENUE FROM OPERATIONS | | | |
| Income from software services and products | 2.20 | 739,456,423 | 642,745,276 |
| 2. OTHER INCOME | 2.21 | 85,036,981 | 33,165,173 |
| 3. TOTAL REVENUE (1+2) | | 824,493,403 | 675,910,449 |
| 4. EXPENSES | | | |
| a. Employee benefits expense | 2.22 | 427,227,160 | 404,360,518 |
| b. Operating and other expenses | 2.23 | 219,536,318 | 182,755,095 |
| c. Finance cost | 2.24 | 1,050,351 | 821,809 |
| d. Depreciation and amortisation expense | 2.10 | 15,905,705 | 20,146,489 |
| Total Expenses | | 663,719,534 | 608,083,910 |
| 5. PROFIT BEFORE TAX (3-4) | | 160,773,868 | 67,826,538 |
| 6. TAX EXPENSE | | | |
| a. Current tax expense for current year | | 39,619,975 | 14,905,288 |
| b. MAT Credit Entitlement | | - | (1,200,000) |
| c. Deferred tax credit (net) | | (1,798,310) | 3,796,603 |
| 7. PROFIT FOR THE YEAR | | 122,952,203 | 50,324,647 |
| 8. EARNINGS PER EQUITY SHARE | 2.28 | | |
| Equity shares of Rs. 10 each | | | |
| a. Basic | | 3.80 | 1.55 |
| b. Diluted | | 3.80 | 1.55 |
| Number of shares used in computing earnings per share | | | |
| a. Basic | | 32,383,454 | 32,382,524 |
| b. Diluted | | 32,383,454 | 32,382,524 |
| See accompanying notes forming part of the consolidated financial statements | 1 & 2 | | |

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 : New Delhi
Date : 21 July, 2012

NUCLEUS SOFTWARE EXPORTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE , 2012

| | Notes Ref. | Quarter ended 30 June, 2012 (Rupees) | Year ended 31 March 2012 (Rupees) |
|---|---------------|--|---|
| A. Cash flow from operating activities | | | |
| Net profit before tax | | 160,773,868 | 483,037,428 |
| <i>Adjustment for:</i> | | | |
| Depreciation | | 15,905,705 | 74,503,704 |
| Exchange difference on translation of foreign currency accounts | | (40,462,458) | (11,678,207) |
| Dividend received from non trade investments | | (22,831,323) | (88,779,805) |
| Interest on fixed deposits | | (13,380,523) | (39,404,315) |
| (Profit)/Loss on sale of investments | | - | (10,222,787) |
| Amortisation of employees compensation expenses | | - | (6,230,635) |
| Profit on sale of fixed assets (net) | | (375,429) | 256,326 |
| Provisions written back | | (269,420) | (8,355,612) |
| Advances and other current assets written off | | 558,992 | 14,944,394 |
| Provision for doubtful debts / advances | | 1,241,016 | 31,390,860 |
| Provision for diminishing in value of investment | | - | - |
| Operating profit before working capital changes | | 101,160,429 | 439,461,351 |
| Adjustment for (increase) / decrease in operating assets | | | |
| Trade receivable | | 194,754,997 | (412,141,742) |
| Short-term loans and advances | | 16,012,071 | 216,024 |
| Long-term loans and advances | | 1,424,833 | 2,449,205 |
| Other current assets | | 2,296,789 | 2,834,347 |
| Other non-current assets | | 6,594,005 | (12,289,265) |
| Adjustment for (increase) / decrease in operating liabilities | | | |
| Trade payables and other current liabilities | | (40,824,968) | 142,028,706 |
| Short-term provisions | | 477,878 | 9,513,759 |
| Long-term provisions | | 4,176,645 | 18,314,680 |
| Other long term liabilities | | - | (997,636) |
| | | 286,072,681 | 189,389,429 |
| Direct taxes paid | | (32,860,152) | (53,076,235) |
| Fringe benefit tax paid | | - | - |
| Wealth tax paid | | (18,793) | (18,793) |
| Net cash from operating activities (A) | | 253,193,736 | 136,294,402 |
| B. Cash flow from investing activities | | | |
| Purchase of fixed assets/capital work in progress | | (26,411,399) | (67,723,263) |
| Profit / (Loss) on sale of fixed assets | | 375,429 | (256,326) |

| | | |
|--|----------------------|--------------------|
| Purchase of current investments | (1,249,861,786) | (4,543,133,547) |
| Proceeds on sale of current investments | 782,891,875 | 4,759,468,424 |
| Interest on fixed deposits | 24,187,673 | 21,193,326 |
| Income tax paid | (9,430,200) | (9,487,421) |
| Dividend received from non trade investments | 22,831,323 | 88,779,805 |
| Profit on Sale of Long term non trade investment | - | 10,222,787 |
| Net cash from/ (used in) investing activities (B) | (455,417,085) | 259,063,785 |

C. Cash flow from financing activities

| | | |
|--|----------|---------------------|
| Dividend paid (including corporate dividend tax) | - | (94,091,878) |
| Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised | - | 124,620 |
| Net cash used in financing activities (C) | - | (93,967,258) |

Net increase / (decrease) in cash and cash equivalents (A+B+C) **(202,223,349)** **301,390,929**

| | | |
|--|--------------------|--------------------|
| Opening cash and cash equivalents | 921,885,987 | 617,467,102 |
| Exchange difference on translation of foreign currency bank accounts | 36,925 | 3,027,956 |
| Closing cash and cash equivalents (Refer note 2.17) | 719,699,563 | 921,885,987 |

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

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, 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

POONAM BHASIN
Company Secretary

Place : Noida
Date : 21 July, 2012

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:

- FinnOne™ ranked for the fourth consecutive year as the '**World's No 1 Selling Lending Software Product**' (for the year 2011) and ranked fourth in global sales across all banking products by IBS Publishing, UK.
- 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**.
- Annual Report of the Company for the year ended March 31, 2011 won the Platinum award under Technology-Software category and **ranked fourth worldwide** in the Top 100 Annual Reports in the Vision Awards by the League of American Communications Professionals (LACP), USA.
- **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) | | | | | |
|---|--------------|---------------|--------------|---------------|---------------|
| For the Quarter Ended June 30, | 2012 | % of Revenue | 2011 | % of Revenue | Growth (%) |
| Revenue From Operations | 73.95 | 100.00 | 64.27 | 100.00 | 15.05 |
| Expenses | | | | | |
| a) Employee benefits expense | 42.72 | 57.78 | 40.44 | 62.91 | 5.66 |
| c) Travel expenditure | 5.19 | 7.02 | 4.08 | 6.34 | 27.32 |
| b) Finance costs | 0.11 | 0.14 | 0.08 | 0.13 | 27.81 |
| e) Other expenses | 16.76 | 22.67 | 14.20 | 22.09 | 18.06 |
| Total Expenses | 64.78 | 87.61 | 58.79 | 91.47 | 10.18 |
| Operating Profit (EBITDA) | 9.16 | 12.39 | 5.48 | 8.53 | 67.20 |
| Depreciation | 1.59 | 2.15 | 2.01 | 3.13 | (21.05) |
| Operating Profit after Interest and Depreciation | 7.57 | 10.24 | 3.47 | 5.39 | 118.50 |
| Other Income | 3.74 | 5.06 | 3.28 | 5.10 | 14.25 |
| Foreign Exchange Gain/ (Loss) | 4.76 | 6.44 | 0.04 | 0.06 | NA |
| Profit Before Tax | 16.08 | 21.74 | 6.78 | 10.55 | 137.03 |
| Taxation | | | | | |
| - Withholding Taxes | 0.00 | 0.00 | 0.00 | 0.00 | - |
| - Current (Net of MAT credit entitlement) | 3.96 | 5.36 | 1.37 | 2.13 | 189.09 |
| - Other taxes | (0.18) | (0.24) | 0.38 | 0.59 | (147.35) |
| Profit After Tax | 12.30 | 16.63 | 5.03 | 7.83 | 144.31 |

Revenue from Operations

We derive our revenue from the following business segments:

- Products
- Projects and Services

During the quarter the total revenue is Rs.73.95 crore against Rs.64.27 crore for the corresponding quarter previous year, representing an increase of 15.05%.

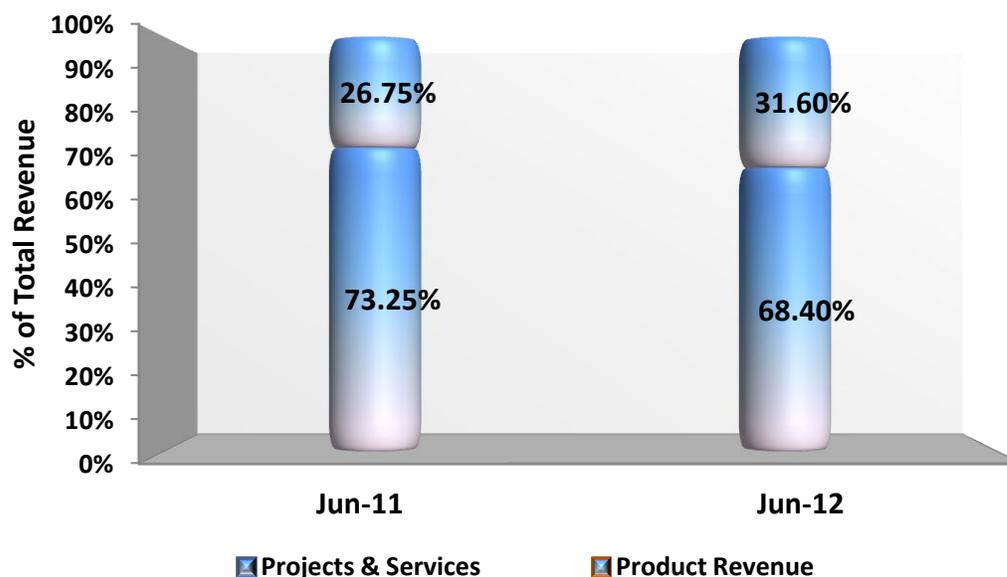
Revenue from Products

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.50.58 crore during the quarter, constituting 68.40% of the total revenue against Rs.47.08 crore, 73.25% of total revenue, in the corresponding quarter previous year. This has grown by 7.43%. We are a Company focused on Product business.

Revenue from Projects and Services

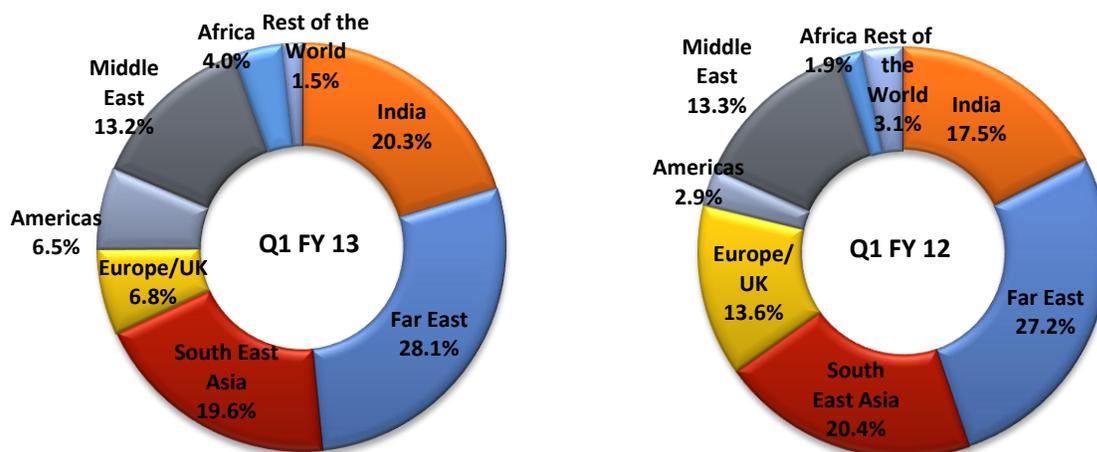
Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements consisting of application development & maintenance, testing services, consulting and infrastructure management services with a strong banking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

Revenue from software projects and services segment during the quarter is Rs.23.37 crore constituting 31.60% of the total revenue against Rs.17.19 crore, constituting 26.75% of total revenue in the corresponding quarter previous year. This has increased by 35.91%.



Revenue from Various Geographies

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



EXPENDITURE

Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed and variable components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 5.66% to Rs.42.72 crore, 57.78% of total revenue. For the corresponding quarter previous year, they were at Rs.40.44 crore, 62.91% of total revenue.

(Rs. in crore)

| For the Quarter Ended June 30, | 2012 | % of Revenue | 2011 | % of Revenue | Growth (%) |
|---|--------------|--------------|--------------|--------------|-------------|
| Salaries and bonus | 39.48 | 53.39 | 37.28 | 58.01 | 5.89 |
| Contribution to provident and other funds | 1.83 | 2.48 | 1.98 | 3.07 | (7.52) |
| Gratuity expense | 0.61 | 0.83 | 0.58 | 0.90 | 5.51 |
| Staff welfare | 0.80 | 1.08 | 0.59 | 0.92 | 35.01 |
| Total Employee Benefit Expenses | 42.72 | 57.78 | 40.44 | 62.91 | 5.66 |

Employee costs have risen and we are taking steps to optimize utilization and productivity.

Operating and Other Expenses

Operating and other expenses primarily consist of expenses on travel to execute work at client site and for other related activities, consultancy charges, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges and expenses on account of brand building activities. Other expenses included here are training and recruitment costs, legal and

professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, bad debts, finance costs and other miscellaneous charges.

Operating and other expenses are at Rs.22.06 crore, 29.83% of revenue for the quarter, with an increase of 20.16% against Rs.18.36 crore, 28.56% of revenue in the corresponding quarter previous year.

| (Rs. in crore) | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| For the Quarter Ended June 30, | 2012 | % of Revenue | 2011 | % of Revenue | Growth (%) |
| Software and other development charges | 3.20 | 4.32 | 4.33 | 6.74 | (26.14) |
| Travelling | 5.19 | 7.02 | 4.08 | 6.34 | 27.32 |
| Cost of software purchased for delivery to clients | 3.19 | 4.32 | 0.70 | 1.09 | 357.44 |
| Power and fuel | 0.96 | 1.30 | 0.72 | 1.12 | 33.75 |
| Rent | 2.75 | 3.72 | 1.73 | 2.70 | 58.57 |
| Rates & Taxes | 0.14 | 0.18 | 0.06 | 0.09 | 134.87 |
| Repair and maintenance | 0.62 | 0.84 | 0.59 | 0.92 | 4.84 |
| Legal and professional | 1.26 | 1.70 | 1.35 | 2.09 | (6.69) |
| Directors remuneration | 0.38 | 0.52 | 0.17 | 0.26 | 126.00 |
| Conveyance | 0.34 | 0.46 | 0.32 | 0.50 | 7.28 |
| Communication | 0.69 | 0.93 | 0.66 | 1.03 | 3.34 |
| Information technology expenses | 0.46 | 0.63 | 0.36 | 0.55 | 29.93 |
| Provision for doubtful debts/advances/other current assets | 0.18 | 0.24 | 0.77 | 1.20 | (76.68) |
| Commission to channel partners | 0.42 | 0.57 | 0.80 | 1.24 | (47.41) |
| Training and recruitment | 0.29 | 0.39 | 0.45 | 0.70 | (35.92) |
| Conference, exhibition and seminar | 0.86 | 1.17 | 0.08 | 0.12 | 1034.32 |
| Advertisement and business promotion | 0.20 | 0.28 | 0.26 | 0.41 | (22.88) |
| Insurance | 0.11 | 0.16 | 0.15 | 0.23 | (21.17) |
| Finance Cost | 0.11 | 0.14 | 0.08 | 0.13 | 27.81 |
| Miscellaneous expenses | 0.71 | 0.96 | 0.71 | 1.11 | (0.17) |
| Total Operating and Other Expenses | 22.06 | 29.83 | 18.36 | 28.56 | 20.16 |

- Software and other development charges relate to outsourced work for software development and is lower than corresponding quarter previous year by 26.14%.
- Cost of software purchased for delivery to clients has increased by 357% for the quarter against the corresponding quarter previous year.
- Provisions for doubtful debts include bad debts written off and provision for all invoices outstanding for a period of 365 days or more and those invoices which are considered doubtful based on the management's perception of risk of collection as per the Company's policies. This figure is Rs.0.18 crore against Rs.0.77 crore in the corresponding quarter previous year.

- Finance cost includes bank charges and fee for issuance of bank guarantees to customers.

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

Operating Profit (EBITDA)

Operating Profit improved to Rs.9.16 crore, 12.39% of revenue against Rs.5.48 crore, 8.53% of revenue in the corresponding quarter previous year.

Depreciation

Depreciation on fixed assets was Rs.1.59 crore, 2.15% of revenue for the quarter against Rs.2.01crore, 3.13% 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 June 30, | 2012 | 2011 |
| On Investments | | |
| Capital Gain- Mutual Funds | - | 0.0028 |
| Dividend on investment in Mutual fund units | 2.28 | 2.10 |
| Interest Income | 1.34 | 1.14 |
| Foreign Exchange differences on consolidation | (0.17) | (0.10) |
| Provisions written back | 0.03 | - |
| Others | 0.27 | 0.13 |
| Total | 3.74 | 3.28 |

Other income for the quarter is Rs.3.74 crore, against Rs.3.28 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. 4.76 crores against a gain of Rs. 3.96 lakhs for the corresponding quarter previous year.

Taxation

It represents provision for corporate & income taxes in various countries where the Company and subsidiaries operate.

(Rs. in crore)

| For the Quarter Ended June 30, | 2012 | 2011 |
|--------------------------------|-------------|-------------|
| - Current Tax | 3.96 | 1.49 |
| - MAT Credit Entitlement | - | (0.12) |
| - Deferred Tax Credit (net) | (0.18) | 0.38 |
| Total | 3.78 | 1.75 |

Profit after Tax

Our profit after tax for the quarter is Rs.12.30 crore, 16.63% of revenue, against Rs.5.03 crore, 7.83% of revenue, during the corresponding quarter previous year.

Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up Share Capital as on June 30, 2012 is 32,383,454 equity shares of Rs. 10 each, against 32,382,524 as on June 30, 2011.

Subsidiaries

The Company has six wholly owned subsidiary companies, all over the world. There is also a step down subsidiary at Singapore. 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. Paid-up Share Capital of the Subsidiaries as on June 30, 2012 is as per the below table:

| Name of Subsidiary Company | Currency | As at June 30, 2012 | | As at March 31, 2012 | |
|---|------------|---------------------|------------------------|----------------------|------------------------|
| | | 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 | - | - | - | - |
| 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 |

| Name of Subsidiary Company | Currency | As at June 30, 2012 | As at March 31, 2012 | In foreign Currency | Eqv. Rupees (in crore) |
|---|-------------|---------------------|------------------------|---------------------|------------------------|
| | | In foreign Currency | Eqv. Rupees (in crore) | | |
| Nucleus Software Netherlands B.V., Netherlands. 4000 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 | - | 10.00 | - | 10.00 |
| Step down Subsidiary of Nucleus Software Exports Ltd. | | | | | |
| Virstra (Singapore) Pte. Ltd., Singapore. 200,000 equity shares of S\$ 1 each | SGD | 200,000 | 0.56 | 200,000 | 0.56 |

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

Reserves and Surplus

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

| Particulars | (Rs. in crore) | | |
|--------------------------------------|-------------------------------------|--|-------------------------------------|
| | Opening Balance as on April 1, 2012 | Additions/ (Deletions) during the period | Closing Balance as on June 30, 2012 |
| General Reserve | 79.33 | 0.39 | 79.72 |
| Securities Premium | 2.19 | - | 2.19 |
| Capital Reserve | 0.87 | - | 0.87 |
| Employee Stock Options | - | - | - |
| Foreign Currency Translation Reserve | 7.75 | 1.84 | 9.59 |
| Hedging Reserve | (0.09) | (3.28) | (3.37) |
| Profit and Loss Account Balance | 191.69 | 11.91 | 203.60 |
| Total | 281.74 | 10.85 | 292.59 |

Fixed Assets

As at June 30, 2012, gross block of fixed assets including investment in technology assets is Rs.120.48 crore (Rs.119.22 crore March 31, 2012).

| (Rs. in crore) | | | |
|--------------------------------|---------------|---------------|---------------|
| As at | 30-Jun-12 | 31-Mar-12 | Inc/Dec (%) |
| Gross Block | | | |
| Freehold land | 0.34 | 0.34 | - |
| Leasehold land | 18.78 | 18.78 | - |
| Leasehold improvement | 1.28 | 1.27 | 0.79 |
| Building | 28.16 | 28.14 | 0.07 |
| Office and other equipment | 19.03 | 18.83 | 1.06 |
| Computers | 31.79 | 31.16 | 2.02 |
| Vehicles | 1.51 | 1.51 | - |
| Furniture and fixtures | 5.26 | 5.15 | 2.14 |
| Software | 14.33 | 14.04 | 2.07 |
| Total | 120.48 | 119.22 | 1.06 |
| Less: Accumulated Depreciation | 72.03 | 70.31 | 2.45 |
| Net Block | 48.45 | 48.91 | (0.94) |
| Add: Capital Work In Progress | - | - | NA |
| Net Fixed Assets | 48.45 | 48.91 | (0.94) |

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 June 30, 2012 the cash and bank balances stood at Rs.71.97 crore (Rs.92.19 crore on March 31, 2012) and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs.150.83 crore (Rs.104.13 crore on March 31, 2012).

Total cash and cash equivalents are thus at Rs.228.80 crore on June 30, 2012 against Rs.196.32 crore as on March 31, 2012.

| (Rs. in crore) | | |
|-------------------------------|---------------|---------------|
| Cash & Cash Equivalents as at | 30-Jun-12 | 31-Mar-12 |
| Balances with Bank | | |
| In Current Accounts | 19.10 | 21.50 |
| In Fixed Deposit Account | 52.87 | 70.69 |
| Investments in Mutual Funds | 150.83 | 104.13 |
| Total | 222.80 | 196.32 |

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.10.12 crore for the quarter against Rs.6.63 crore in the corresponding quarter previous year. Operating cash flow is Rs. 25.32 crore against Rs.1.48 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 | 30-Jun-12 | 31-Mar-12 |
|--|-----------|-----------|
| Operating cash flow as % of revenue | 13.69% | 15.57% |
| Days of sale receivable | 89 | 114 |
| Cash and Equivalents as % of assets | 53.43% | 47.99% |
| Cash and Equivalents as % of revenue (LTM) | 76.32% | 69.55% |
| Current investments as % of assets | 36.17% | 25.45% |
| Current investments as % of revenue (LTM) | 51.67% | 36.89% |

Trade Receivables

Our trade receivables (net of provision) as on June 30, 2012 are Rs. 55.64 crore, against Rs. 67.11 crore as on March 31, 2012. All the trade receivables are recoverable as per the Management.

| (Rs. in crore) | | |
|---|--------------|--------------|
| As at | 30-Jun-12 | 31-Mar-12 |
| Gross Receivables | 72.69 | 87.83 |
| Advances from customers and unearned income | 17.05 | 20.72 |
| Net receivables | 55.64 | 67.11 |

Days of sales receivables (DSR) is at 89 days as on June 30, 2012 against 114 days as on March 31, 2012.

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

| As at | 30-Jun-12 | 31-Mar-12 |
|--------------------|-----------|-----------|
| Less than 6 months | 97.77% | 97.64% |
| More than 6 months | 2.23% | 2.36% |

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

Loans and Advances

Loans and Advances as on June 30, 2012 are Rs.30.48 crore against Rs.31.29 crore as on March 31, 2012.

| (Rs. in crore) | | |
|--------------------------------------|--------------|--------------|
| As at | 30-Jun-12 | 31-Mar-12 |
| Long term Loans and advances | | |
| Security deposits | 2.97 | 2.87 |
| Advance income tax | 12.42 | 10.91 |
| Prepaid expenses | 0.70 | 0.66 |
| MAT credit entitlement | 4.14 | 4.91 |
| Staff Loans | 0.36 | 0.61 |
| Capital advances | - | 0.01 |
| Total | 20.58 | 19.97 |
| Short term Loans and advances | | |
| Prepaid expenses | 4.30 | 3.21 |
| Supplier advances | 0.42 | 1.74 |
| MAT credit entitlement | 1.96 | 2.43 |
| Employee advances | 0.98 | 2.16 |
| Others | 2.24 | 1.78 |
| Total | 9.90 | 11.32 |
| Total Loans and Advances | 30.48 | 31.29 |

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs.2.97 crore as on June 30, 2012 (Rs.2.87 crore as on March 31, 2012).

Advance income tax is Rs.12.42 crore as on June 30, 2012 (Rs.10.91 crore as on March 31, 2012).

Current Liabilities

| (Rs. in crore) | | |
|--|-----------|-----------|
| As at | 30-Jun-12 | 31-Mar-12 |
| Trade Payables | 25.37 | 30.08 |
| Advances from customers | 10.69 | 13.97 |
| Deferred Revenue | 24.00 | 22.12 |
| Mark-to-market loss on forward and options contracts | 3.26 | - |
| Unclaimed dividend | 0.19 | 0.19 |
| Book Overdraft | - | - |
| Payable for purchase of fixed assets | 0.32 | - |
| Retention Money | - | 0.25 |
| Other Payables- statutory remittances | 3.33 | 3.95 |

(Rs. in crore)

| As at | 30-Jun-12 | 31-Mar-12 |
|------------------------------|--------------|--------------|
| Short term provisions | | |
| Compensated absences | 1.50 | 1.50 |
| Gratuity | 2.25 | 2.21 |
| Proposed dividend | 8.10 | 8.10 |
| Tax on dividend | 1.31 | 1.31 |
| Total | 80.33 | 83.68 |

Trade payables represent the amount payable for providing goods and services and is Rs.25.37 crore as on June 30, 2012 (Rs.30.08 crore as on March 31, 2012).

Advances from customers as on June 30, 2012 is Rs.10.69 crore (Rs.13.97 crore as on March 31, 2012). These consist of advance payments received from customers for which related costs have not been yet incurred or product license delivery is at later date.

Short term provisions for leave encashment and gratuity are those for which liability is expected to arise in near future. A sum total of all these short-term provisions as on June 30, 2012 is Rs.13.16 crore (Rs.13.12 crore as on March 31, 2012).

Long Term Provisions

Provisions as on June 30, 2012 are Rs.11.68 crore (Rs.11.26 crore as on March 31, 2012). The break up of provisions at the quarter end is given below.

(Rs. in crore)

| As at | 30-Jun-12 | 31-Mar-12 |
|----------------------|--------------|--------------|
| Gratuity | 6.90 | 6.72 |
| Compensated Absences | 4.78 | 4.54 |
| Total | 11.68 | 11.26 |

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

- The dividend declared and paid in the previous financial years is given below:

| Financial Year | Dividend (%) | Dividend Share in Rs. | Per | Dividend Pay Out in Rs. Crore |
|----------------|--------------|-----------------------|-----|-------------------------------|
| 2011-12 | 25% | 2.50 | | 8.09 |
| 2010-11 | 25% | 2.50 | | 8.09 |
| 2009-10 | 25% | 2.50 | | 8.09 |
| 2008-09 | 25% | 2.50 | | 8.09 |
| 2007-08 | 30% | 3.00 | | 9.71 |
| 2006-07 | 35% | 3.50 | | 5.64 |
| 2005-06 | 35% | 3.50 | | 5.64 |
| 2004-05 | 25% | 2.50 | | 4.02* |
| 2003-04 | 25% | 2.50 | | 2.01 |
| 2002-03 | 20% | 2.00 | | 1.58 |
| 2001-02 | 20% | 2.00 | | 1.58 |
| 2000-01 | 20% | 2.00 | | 0.68 |

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

- Financial Results of Nucleus Software Exports Limited for the Quarter Ended June 30, 2012. (Consolidated)

| STATEMENT OF CONSOLIDATED PROFIT AND LOSS OF NUCLEUS SOFTWARE EXPORTS LIMITED AND SUBSIDIARIES FOR THE QUARTER ENDED JUNE 30, 2012 | | | | |
|---|-----------------|-----------------|-----------------|------------------|
| (Amount in Rupees lakhs) | | | | |
| Particulars | Quarter Ended | | | Year Ended |
| | June 30, 2012 | March 31, 2012 | June 30, 2011 | March 31, 2012 |
| | Unaudited | Unaudited | Unaudited | Audited |
| INCOME FROM OPERATIONS | | | | |
| Income from Software Products and Services | 7,394.56 | 7,006.74 | 6,427.45 | 28,225.48 |
| Total Income from operations (net) | 7,394.56 | 7,006.74 | 6,427.45 | 28,225.48 |
| EXPENSES | | | | |
| a) Employee benefits expense | 4,272.27 | 4,003.14 | 4,043.61 | 15,707.72 |
| b) Depreciation and amortisation expense | 159.06 | 176.07 | 201.46 | 745.04 |
| c) Travel expenditure | 519.07 | 480.83 | 407.69 | 1,954.55 |
| d) Other expenses | 1,676.29 | 1,586.87 | 1,419.85 | 6,975.64 |
| Total Expenses | 6,626.69 | 6,246.91 | 6,072.61 | 25,382.95 |
| PROFIT FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS AND TAXES (1-2) | 767.87 | 759.83 | 354.84 | 2,842.53 |
| Other Income | 850.37 | 242.59 | 331.65 | 2,020.64 |
| PROFIT FROM OPERATIONS BEFORE FINANCE COSTS AND TAXES (3+4) | 1,618.24 | 1,002.42 | 686.49 | 4,863.17 |
| Finance costs | 10.50 | 9.38 | 8.22 | 32.81 |
| PROFIT BEFORE TAXES (5-6) | 1,607.74 | 993.04 | 678.27 | 4,830.36 |
| Tax expense | 378.22 | 113.76 | 175.02 | 1,296.35 |
| PROFIT AFTER TAXES (7-8) | 1,229.52 | 879.28 | 503.25 | 3,534.01 |
| Minority Interest | - | - | - | - |
| NET PROFIT FOR THE PERIOD (9-10) | 1,229.52 | 879.28 | 503.25 | 3,534.01 |
| Paid-up Equity Share Capital (Face Value Rs.10 each) | 3,238.50 | 3,238.50 | 3,238.40 | 3,238.50 |
| Reserves excluding Revaluation Reserves | - | - | - | 28,174.22 |
| Earnings Per Share (Rs.) (Par value Rs.10 each) (not annualised) | | | | |
| Basic | 3.80 | 2.72 | 1.55 | 10.91 |
| Diluted | 3.80 | 2.72 | 1.55 | 10.91 |

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 3,19,98,067 shares (98.81% of the paid up share capital) as at June 30, 2012.

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 | 8 | 8 | Nil |
| 2. | Non-receipt of Dividend Warrant | 1 | 1 | Nil |
| 3. | Non-Receipt of Shares after transfer | - | - | Nil |
| 3. | Non-Receipt of Annual Report | - | - | 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 no legal proceeding pending against the Company in the Court.

11. Distribution of Shareholding

| DISTRIBUTION SCHEDULE AS ON 30.06.2012 | | | | | | |
|--|--------------------------|-----------|-------------------------|-----------------------------|--------------------|----------------------|
| No | No of Equity Shares Held | | Number of Share Holders | Percentage of Share Holders | No of Shares | Percentage of Shares |
| | From | To | | | | |
| 1 | 1 | 5,000 | 17,354 | 98.89 | 45,38,469 | 14.01 |
| 2 | 5,001 | 10,000 | 103 | 0.59 | 7,51,315 | 3.64 |
| 3 | 10,001 | 20,000 | 45 | 0.26 | 6,24,923 | 2.58 |
| 4 | 20,001 | 30,000 | 8 | 0.05 | 2,09,333 | 1.30 |
| 5 | 30,001 | 40,000 | 3 | 0.02 | 1,09,431 | 1.00 |
| 6 | 40,001 | 50,000 | 3 | 0.02 | 1,36,328 | 0.69 |
| 7 | 50,001 | 1,00,000 | 9 | 0.05 | 6,87,395 | 2.18 |
| 8 | 1,00,001 | And Above | 24 | 0.14 | 2,53,26,260 | 82.43 |
| TOTAL | | | 17,549 | 100.00 | 3,23,83,454 | 100.00 |

12. Categories of Shareholders

| Category | As on June 30, 2012 | | |
|--|----------------------|---------------------|--------------------|
| | No. of Share Holders | Voting Strength (%) | No. of Shares Held |
| Promoter and Promoter Group | 9 | 57.44 | 1,86,01,866 |
| Individuals | 16,506 | 22.35 | 68,61,661 |
| Bodies Corporate | 450 | 2.61 | 8,42,498 |
| Non-Resident Indians | 467 | 2.06 | 6,58,859 |
| Foreign Institutional Investors | 3 | 4.43 | 14,35,830 |
| Mutual Funds | 13 | 10.91 | 35,32,208 |
| Financial Institutions/ Banks | 0 | 0.00 | 0 |
| Clearing Members and Trusts | 101 | 0.20 | 66,145 |
| Total | 17549 | 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 1,644 people as on June 30, 2012 as compared to 1,656 people as on March 31, 2012.

Distribution of the employees is:

A. Distribution of the Employees:

| | March 31, 2012 | June 30, 2012 |
|---|----------------|---------------|
| Technical Employee's | 1,418 | 1,299 |
| Non-Technical Employee's including Business Development Group | 238 | 345 |
| TOTAL | 1,656 | 1,644 |
| | March 31, 2012 | June 30, 2012 |
| Male | 1,301 | 1,294 |
| Female | 355 | 344 |
| Total | 1,600 | 1,638 |

B. The Age Profile Of The Employees Is:

| | March 31, 2012 | June 30, 2012 |
|-------------------------|-------------------|------------------|
| Between 15 and 20 years | 0 | 1 |
| Between 20 and 25 years | 397 | 388 |
| Between 26 and 30 years | 551 | 534 |
| Between 31 and 40 years | 616 | 628 |
| Between 41 and 50 years | 79 | 78 |
| 51 years and above | 13 | 15 |
| Total | 1,656 | 1,644 |

15. *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: pkasanghi@nucleussoftware.com

Poonam Bhasin - Company Secretary

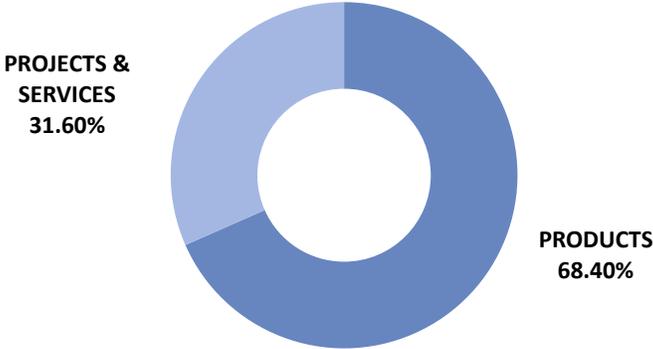
Tel: +91 (120) 4031400

E Mail: poonam@nucleussoftware.com

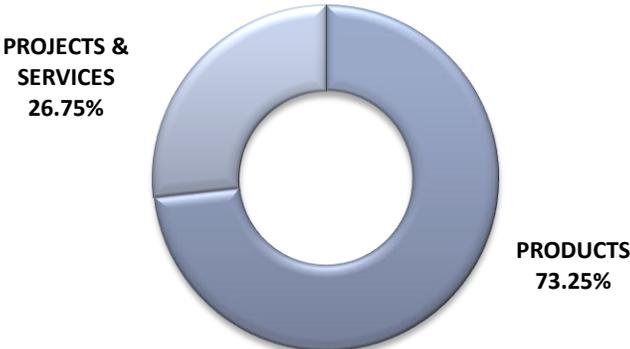
CONSOLIDATED SEGMENT INFORMATION

| (Rs. in Crore) | | | | | | | | |
|--------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|----------------|---------------|
| REVENUE BY | Quarter Ended | | | | Year ended | | | |
| | June 30, 2012 | % of Revenue | Mar 31, 2012 | % of Revenue | June 30, 2011 | % of Revenue | March 31, 2012 | % of Revenue |
| GEOGRAPHICAL SEGMENTS | | | | | | | | |
| INDIA | 15.04 | 20.34 | 13.10 | 18.70 | 11.28 | 17.54 | 51.14 | 18.12 |
| FAR EAST | 20.77 | 28.09 | 15.04 | 21.46 | 17.51 | 27.24 | 75.28 | 26.67 |
| SOUTH EAST ASIA | 14.53 | 19.65 | 15.30 | 21.84 | 13.09 | 20.37 | 59.83 | 21.20 |
| EUROPE /U.K. | 5.05 | 6.83 | 8.05 | 11.49 | 8.73 | 13.59 | 29.73 | 10.53 |
| AMERICAS | 4.77 | 6.46 | 3.00 | 4.28 | 1.87 | 2.91 | 12.19 | 4.32 |
| MIDDLE EAST | 9.73 | 13.15 | 9.47 | 13.52 | 8.55 | 13.30 | 38.03 | 13.47 |
| AFRICA | 2.93 | 3.96 | 3.98 | 5.68 | 1.23 | 1.91 | 8.53 | 3.02 |
| REST OF THE WORLD | 1.13 | 1.52 | 2.13 | 3.04 | 2.02 | 3.14 | 7.53 | 2.67 |
| TOTAL | 73.95 | 100.00 | 70.07 | 100.00 | 64.27 | 100.00 | 282.25 | 100.00 |
| CURRENCY SEGMENTS | | | | | | | | |
| INR | 15.04 | 20.34 | 13.10 | 18.70 | 11.28 | 17.54 | 51.14 | 18.12 |
| JPY | 6.99 | 9.45 | 5.14 | 7.34 | 2.24 | 3.49 | 20.21 | 7.16 |
| SGD | 6.99 | 9.46 | 6.66 | 9.51 | 5.44 | 8.46 | 23.64 | 8.38 |
| GBP | 0.33 | 0.45 | 0.00 | - | 0.00 | - | 0.00 | - |
| USD | 41.65 | 56.32 | 41.79 | 59.65 | 41.54 | 64.62 | 174.04 | 61.66 |
| MYR | 0.99 | 1.34 | 0.84 | 1.19 | 1.52 | 2.36 | 4.31 | 1.53 |
| EURO | 1.14 | 1.55 | 1.82 | 2.59 | 1.45 | 2.25 | 5.60 | 1.99 |
| KRW | 0.72 | 0.98 | 0.71 | 1.01 | 0.82 | 1.28 | 3.31 | 1.17 |
| CHF | 0.05 | 0.06 | 0.00 | - | 0.00 | - | 0.00 | - |
| SEK | 0.03 | 0.04 | 0.00 | - | 0.00 | - | 0.00 | - |
| TOTAL | 73.95 | 100.00 | 70.07 | 100.00 | 64.27 | 100.00 | 282.25 | 100.00 |
| BUSINESS SEGMENTS | | | | | | | | |
| PRODUCTS | 50.58 | 68.40 | 50.40 | 71.94 | 47.08 | 73.25 | 204.99 | 72.63 |
| Own | 47.23 | 63.87 | 46.64 | 66.56 | 44.61 | 69.40 | 197.35 | 69.92 |
| Traded | 3.35 | 4.53 | 3.76 | 5.37 | 2.47 | 3.85 | 7.64 | 2.71 |
| PROJECTS & SERVICES | 23.37 | 31.60 | 19.66 | 28.06 | 17.19 | 26.75 | 77.26 | 27.37 |
| TOTAL | 73.95 | 100.00 | 70.07 | 100.00 | 64.27 | 100.00 | 282.25 | 100.00 |

Quarter Ended June 30, 2012



Quarter Ended June 30, 2011



RATIO ANALYSIS

| Consolidated Performance | | | |
|---|----------------------|---------------|-------------------|
| Particulars | Quarter Ended | | Year Ended |
| | Jun-12 | Jun-11 | Mar-12 |
| Ratios- Financial Performance | | | |
| Export Revenue/ Revenue (%) | 79.66% | 82.46% | 81.88% |
| Domestic Revenue/ Revenue (%) | 20.34% | 17.54% | 18.12% |
| Total Operating Expenses/ Revenue (%) | 87.61% | 91.47% | 87.40% |
| Operating Profit/ Revenue (%) | 12.39% | 8.53% | 12.59% |
| Depreciation/ Revenue (%) | 2.15% | 3.13% | 2.64% |
| Other Income/ Revenue (%) | 5.06% | 5.10% | 5.98% |
| Tax/ Revenue (%) | 5.11% | 2.72% | 4.59% |
| Effective Tax Rate - Tax/ PBT (%) | 23.52% | 25.80% | 26.84% |
| PAT from Ordinary Activities/ Revenue (%) | 11.56% | 2.73% | 6.54% |
| PAT from Ordinary Activities/Net Worth (%) (LTM) | 7.77% | 5.32% | 5.88% |
| Ratios- Return | | | |
| ROCE (PBIT/ Average Capital Employed) (%) (LTM) | 13.95% | 10.80% | 12.49% |
| ROANW (PAT/Average Net Worth) (%) (LTM) | 13.33% | 9.18% | 11.74% |
| Ratios - Growth (YoY) | | | |
| Growth in Export Revenue (%) | 11.14% | -7.43% | 0.66% |
| Growth in Total Revenue (%) | 15.05% | -2.82% | 4.35% |
| Operating Expenses Growth (%) | 10.18% | -4.29% | 2.79% |
| Operating Profit Growth (%) | 67.20% | 16.32% | 16.63% |
| PAT Growth (%) | 144.31% | -4.93% | 34.17% |
| EPS Growth (%) | 144.31% | -4.91% | 34.23% |
| Per- Share Data (Period End) | | | |
| Earning Per Share from Ordinary Activities (Rs.) | 2.64 | 0.54 | 5.70 |
| Earning Per Share (Including Other Income) (Rs.) | 3.80 | 1.55 | 10.91 |
| Cash Earning Per Share from Ordinary Activities (Rs.) | 3.13 | 1.16 | 8.00 |
| Cash Earning Per Share (Including Other Income)(Rs.) | 4.29 | 2.18 | 13.21 |
| Book Value Per Share (Rs.) | 100.35 | 90.58 | 97.00 |
| Price/Earning (Annualized) | 4.63 | 13.34 | 5.67 |
| Price/ Cash Earning (Annualized) | 4.10 | 9.52 | 4.68 |
| Price/Book Value | 0.70 | 0.92 | 0.64 |
| Dividend Per Share (DPS) | | | 2.50 |
| Dividend (%) | | | 25% |
| Dividend Payout (In Rs. Crore) | | | 8.10 |

| Consolidated Performance | | |
|--|---------------------------------|------------------------------|
| Particulars | Quarter Ended Jun-12 | Year Ended Mar-12 |
| Ratios - Balance Sheet | | |
| Debt-Equity Ratio | - | - |
| Debtors Turnover (Days) | 89 | 114 |
| Asset Turnover Ratio (LTM) | 0.71 | 0.69 |
| Current Ratio | 4.25 | 3.98 |
| Cash and Equivalents/Total Assets (%) | 53.43% | 47.99% |
| Cash and Equivalents/ Revenue (%) (LTM) | 76.32% | 69.55% |
| Depreciation/Average Gross Block (%) (LTM) | 5.87% | 6.49% |
| Technology Investment/ Revenue (%) | 1.24% | 1.19% |