

**NUCLEUS
SOFTWARE**

Quarterly Report

September 30, 2012

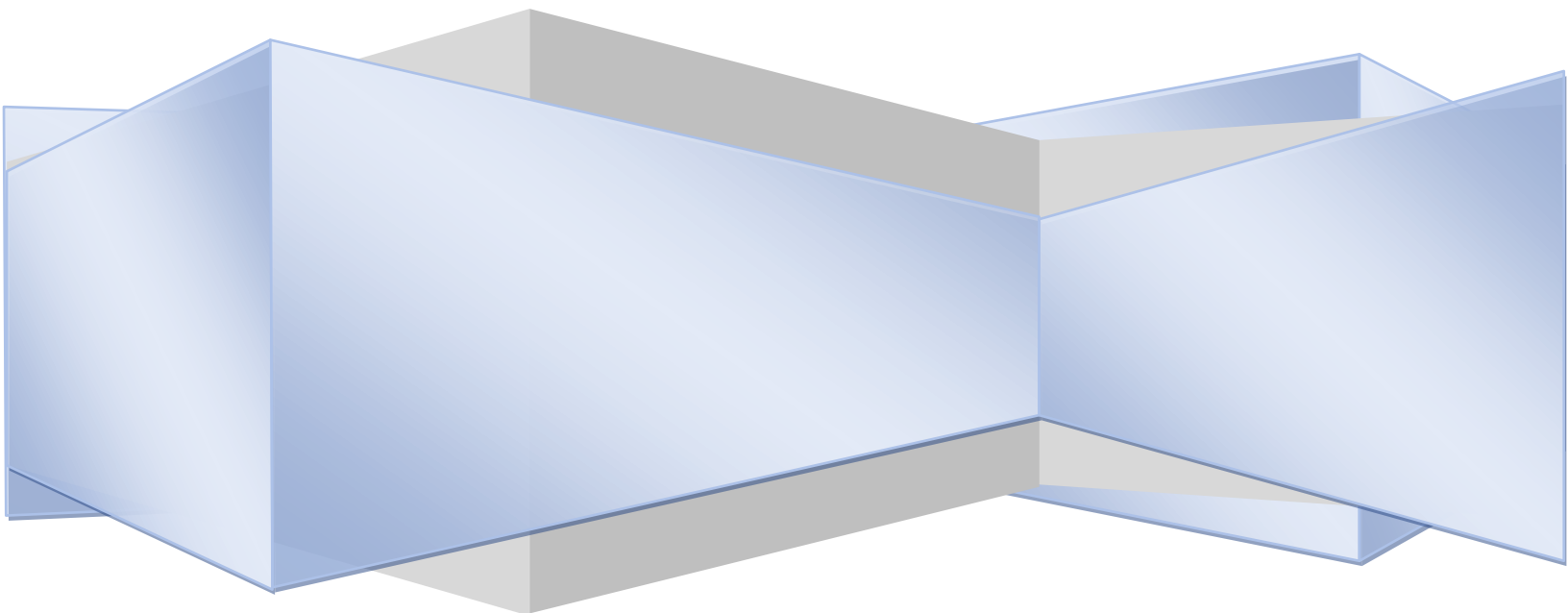


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FINANCIAL HIGHLIGHTS

Rs. in Crore except per share data

Particulars	Consolidated Performance					
	For the Quarter ended			For the Six Months ended		Year Ended
	Sep 30, 2012	June 30, 2012	Sep 30, 2011	Sep 30, 2012	Sep 30, 2011	March 31, 2012
Revenue from Operations	71.75	73.95	73.91	145.69	138.19	282.25
Operating Profit (EBITDA)	11.96	9.16	10.75	21.12	16.23	35.55
Profit after Tax (PAT)	10.10	12.30	11.45	22.39	16.48	35.34
EBITDA Margin	17%	12%	15%	14%	12%	13%
PAT Margin	14%	17%	15%	15%	12%	13%
EPS	3.12	3.80	3.54	6.91	5.09	10.91

At the end of the Period	As at		
	Sep 30, 2012	June 30, 2012	March 31, 2012
Share Capital	32.38	32.38	32.38
Reserves and Surplus	308.09	292.59	281.74
Net Worth	340.47	324.97	314.12
Total Assets	410.58	417.00	409.09
Net Fixed Assets	47.86	48.45	48.91
Investments	116.88	151.08	104.38
Current Assets	334.14	341.31	333.05
Cash and Cash Equivalents	234.76	222.80	196.32
Working Capital	275.97	260.98	249.38
Market Capitalisation	281.25	227.49	200.29
No. of Shareholders	17,134	17,549	17,953
No. of Shares (Face Value of Rs.10.00)	32,383,454	32,383,454	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.86.85 at Sep 30, 2012, Rs. 70.25 at June 30, 2012 & Rs. 61.85 at March 31, 2012.
- 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			For the Six Months ended		Year Ended
	Sep 30, 2012	June 30, 2012	Sep 30, 2011	Sep 30, 2012	Sep 30, 2011	March 31, 2012
Revenue from Operations	13,416	13,734	15,466	27,150	29,563	58,999
Operating Profit (EBITDA)	2,236	1,702	2,249	3,938	3,451	7,431
Profit after Tax (PAT)	1,888	2,284	2,395	4,171	3,499	7,387
EBITDA Margin	17%	12%	15%	14%	12%	13%
PAT Margin	14%	17%	15%	15%	12%	13%
EPS	0.06	0.07	0.07	0.13	0.11	0.23
US \$/ INR Exchange Rate*	53.48	53.84	47.79	53.66	46.74	47.84

Particulars	As at		
	Sep 30, 2012	June 30, 2012	March 31, 2012
Share Capital	6,128	5,817	6,364
Reserves and Surplus	58,307	52,567	55,373
Net Worth	64,435	58,385	61,737
Total Assets	77,703	74,920	80,403
Net Fixed Assets	9,057	8,705	9,613
Investments	22,120	27,143	20,515
Current Assets	63,237	61,321	65,458
Cash and Cash Equivalents	44,429	40,029	38,585
Working Capital	52,227	46,888	49,013
Market Capitalisation	53,227	40,871	39,365
US \$/ INR Exchange Rate #	52.84	55.66	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.86.85 at Sep 30, 2012, Rs. 70.25 at June 30, 2012 & Rs. 61.85 at March 31, 2012.
- 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 second quarter & half year ended of the financial year 2012-13.

First the financial performance, consolidated revenue for the quarter was Rs.71.75 crore against Rs.73.91 crore in the corresponding quarter of the previous year. The consolidated EBITDA was Rs.11.96 crore in comparison to Rs.10.75 crore in the corresponding quarter of the previous year. Consolidated net profit was Rs.10.10 crore in comparison to Rs.11.45 crore in the corresponding quarter of the previous year. EPS for the quarter was Rs. 3.12 against Rs. 3.54 in the corresponding quarter of the previous year.

For the half year ending September 30, 2012, consolidated revenue is at Rs.145.69 crore in comparison to Rs.138.19 crore in the corresponding half-year of the previous year. The consolidated EBITDA is at Rs.21.12 crore in comparison to Rs.16.23 crore in the corresponding half-year of the previous year. Consolidated net profit is Rs.22.39 crore in comparison to Rs.16.48 crore in the corresponding half-year of the previous year. EPS for the half-year is Rs.6.91 in comparison to Rs.5.09 in the corresponding half-year of the previous year.

The Product business revenue was Rs.47.82 crore against Rs.55.18 crore in the corresponding quarter of the previous year. For the half year ending September 30, 2012, Product business revenue is Rs.98.40 crore against Rs.102.26 crore in the corresponding half-year 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.18.15. Receivables were at Rs.59.94 crore against Rs.72.69 crore as on June 30, 2012. The Company continues to enjoy a high level of liquidity. 'Cash and Bank balances' and 'Current Investments' were at Rs.234.76 crore against Rs.222.80 crore as on June 30, 2012. We had a hedging position of US \$ 10.60 million as on September 30, 2012 at an average rate of Rs.56.28. There is a mark-to-market gain of Rs.2.51 crore which is taken to hedging reserve in the balance sheet.

During the quarter we won 5 new product orders for 14 modules and successfully implemented thirty seven product modules during the quarter. These successful implementations reiterate Nucleus' capabilities to not just fulfill, but exceed customer expectations. We participated in the industry events FIBAC 2012 – the FICCI Banking event. We have also conducted our own events to connect with our customers – in India and Philippines and conducted campaigns on our new offerings like mCollect.

The Manpower numbers are at 1622 as on September 30, 2012. HR focus for the quarter remained on enhancing domain and management competencies in the organization.

We do recognize that the time to come would be challenging, especially with an acceleration of competitive dynamics. We are gearing up to meet these challenges by following a structured approach of:

- Diversifying across geographies, customers
- Making software solutions suit customer needs
- Achieving operational excellence
- Making strategic investments

As we work to serve our customers better by building products based on mature and superior technology, we , as ever, will continue to keep paramount in our minds the importance of advancing our outstanding reputation through integrity and ethical business conduct.

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: October 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 and half year ended 30 September, 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.

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

Noida
21 October 2012

RASHIM TANDON
Partner
(Membership No. 95540)

BALANCE SHEET

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

	Notes Ref.	As at 30 Sept 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	136,540	167,640
c. Reserves and surplus	2.3	2,828,093,739	2,602,137,843
		3,152,079,819	2,926,155,023
2. NON-CURRENT LIABILITIES			
Long-term provisions	2.4	99,477,150	96,392,299
3. CURRENT LIABILITIES			
a. Trade payables	2.5	138,854,670	198,792,722
b. Other current liabilities	2.6	283,035,568	363,158,670
c. Short-term provisions	2.7	35,539,813	128,612,757
		457,430,051	690,564,149
		3,708,987,020	3,713,111,471
<u>ASSETS</u>			
4. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.8	286,109,216	293,787,001
- Intangible assets	2.8	16,081,638	15,583,028
		302,190,854	309,370,029
b. Non-current investments	2.9	157,154,212	157,154,212
c. Deferred tax assets (net)	2.10	54,269,011	52,050,122
d. Long-term loans and advances	2.11	255,057,761	234,686,263
e. Other non current assets	2.12	2,970,845	10,457,053
		771,642,683	763,717,679
5. CURRENT ASSETS			
a. Current investments	2.13	1,149,869,336	1,009,413,967
b. Trade receivables	2.14	529,216,738	777,422,303
c. Cash and cash equivalents	2.15	910,330,936	737,410,265
d. Short-term loans and advances	2.16	85,709,601	93,368,199
e. Other current assets	2.17	262,217,726	331,779,058
		2,937,344,337	2,949,393,792
		3,708,987,020	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 October, 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 October, 2012

PROFIT & LOSS

NUCLEUS SOFTWARE EXPORTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER, 2012

	Notes Ref.	For the quarter ended		For the half year ended	
		30 Sept 2012 (Rupees)	30 Sept 2011 (Rupees)	30 Sept 2012 (Rupees)	30 Sept 2011 (Rupees)
1. REVENUE FROM OPERATIONS					
Income from software services and products	2.18	497,149,990	558,803,240	1,016,078,879	1,041,420,684
2. OTHER INCOME	2.19	60,658,813	99,710,747	142,002,375	134,044,514
3. TOTAL REVENUE (1+2)		557,808,803	658,513,987	1,158,081,254	1,175,465,198
4. EXPENSES					
a. Employee benefits expense	2.20	291,030,265	283,211,086	601,629,363	580,445,568
b. Operating and other expenses	2.21	122,807,778	180,169,067	272,606,570	318,171,452
c. Finance cost	2.22	528,915	464,828	1,207,299	1,056,975
d. Depreciation and amortisation expense	2.8	10,941,424	16,388,120	23,974,807	34,018,645
Total Expenses		425,308,382	480,233,101	899,418,039	933,692,640
5. PROFIT BEFORE TAX (3-4)		132,500,421	178,280,886	258,663,215	241,772,558
6. TAX EXPENSE					
a. Current tax expense for current period		27,124,818	40,000,000	62,724,818	49,200,000
b. MAT Credit Entitlement		-	1,200,000	-	-
c. Deferred tax charge/(credit)	2.10	(606,432)	(1,158,220)	(2,218,889)	2,638,383
		26,518,386	40,041,780	60,505,929	51,838,383
7. PROFIT FOR THE PERIOD		105,982,035	138,239,106	198,157,286	189,934,175
8. EARNINGS PER EQUITY SHARE	2.31				
Equity shares of Rs. 10 each					
a. Basic		3.27	4.27	6.12	5.87
b. Diluted		3.27	4.27	6.12	5.87
Number of shares used in computing earnings per share					
a. Basic		32,383,454	32,382,564	32,383,454	32,382,544
b. Diluted		32,383,454	32,382,564	32,383,454	32,382,544

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 October, 2012

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

JANKI BALLABH **VISHNU R DUSAD**
Chairman Managing Director

P K SANGHI **POONAM BHASIN**
Chief Financial Officer Company Secretary

Place: Noida
Date : 21 October, 2012

CASH FLOW STATEMENT

NUCLEUS SOFTWARE EXPORTS LIMITED

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 SEPTEMBER, 2012

	Notes Ref.	For the half year ended 30 Sept 2012 (Rupees)	For the year ended 31 March 2012 (Rupees)
A. Cash flow from operating activities			
Net profit before tax		258,663,215	438,621,861
Adjustment for:			
Depreciation		23,974,807	61,025,968
Exchange Loss/(gain) on translation of foreign currency accounts		(32,705,378)	(33,205,498)
Dividend received from non-trade investments		(45,890,736)	(87,450,249)
Dividend on Long term trade investment		(50,000)	-
Dividend received from subsidiary		(30,000,000)	(36,000,000)
Interest on fixed deposits and others		(28,526,773)	(40,152,332)
Net Loss/(Profit) on sale of investments		41,426	(10,222,787)
Amortisation of employees stock compensation expenses		-	(6,230,635)
Net Loss/(Profit) on sale of fixed assets		(365,557)	256,326
Provision for doubtful debts/advances/other current assets		8,883,460	38,046,006
Provisions written back		(3,242,396)	(8,355,612)
Operating profit before working capital changes		150,782,068	316,333,048
Adjustment for (increase) / decrease in operating assets			
Trade receivables		268,901,540	(365,217,121)
Short-term loans and advances		9,211,778	(11,679,952)
Long-term loans and advances		2,787,898	2,130,278
Other current assets		63,166,633	29,571,243
Other non-current assets		7,486,208	(10,457,053)
Adjustment for (increase) / decrease in operating liabilities			
Trade payables and other current liabilities		(136,326,842)	104,209,186
Short-term provisions		1,019,206	8,754,068
Long-term provisions		3,084,851	8,120,293
		370,113,340	81,763,990
Income tax paid (net)		(54,810,888)	(37,380,465)
Wealth tax paid		-	(18,793)
Net cash from operating activities (A)		315,302,452	44,364,732
B. Cash flow from investing activities			
Purchase of fixed assets		(16,817,057)	(29,433,165)
Sale of fixed assets		344,132	260,340
Purchase of current investments		(1,864,475,309)	(4,400,303,991)
Proceeds from sale of current investments		1,724,019,941	4,642,277,180
Loans and advances to subsidiaries (net)		12,528,855	(35,458,642)
Interest on fixed deposits and others		29,164,182	21,907,007
Income tax paid		(9,546,138)	(9,487,421)
Dividend received from non-trade investments		45,890,736	87,450,249
Dividend on Long term trade investment		50,000	-
Dividend received from subsidiary		30,000,000	36,000,000
Net cash from / (used in) investing activities (B)		(48,840,658)	313,211,557
C. Cash flow from financing activities			
Dividend paid (including corporate dividend tax)		(89,227,448)	(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)		(89,227,448)	(88,127,158)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		177,234,346	269,449,131

Opening cash and cash equivalents	737,410,265	464,933,173
Exchange difference on translation of foreign currency bank accounts	(4,313,675)	3,027,961
Closing cash and cash equivalents (Refer note 2.15)	910,330,936	737,410,265

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 October, 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 October, 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 September 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 month 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) Tangible assets and capital work in progress

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. 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) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(x) 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.

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

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

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

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

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

Long-term employee benefits

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

(xv) 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.

(xvi) Earnings per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earning 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.

(xvii) Taxation

Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

(xviii) 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.

(xix) 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.

(xx) 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.

(xxi) 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 & HALF YEAR ENDED 30 SEPTEMBER, 2012

2.1 SHARE CAPITAL

a. Particulars	As at 30 Sept 2012	As at 31 March 2012
	(Rupees)	(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
Period ended 30 September, 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 Sept 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	(110)	144	(41,290)	355
Options exercised	-	-	(930)	144
Balance carried forward	1,590	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	(3,000)	505	(68,938)	263
Options exercised	-	-	-	-
Balance carried forward	12,064	511	15,064	509
Total stock options outstanding at end of the period (in Nos)	13,654		16,764	
Total advance pursuant to stock option plan (in Rs.)	136,540		167,640	

- d. During the quarter and half year ended 30 September, 2012, 40 shares and 3,070 shares, respectively were forfeited and the amount paid up as application money aggregating to Rs. 31,110 (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 and half year ended 30 September, 2012 is Rs. Nil (Rs. 663,250; Rs. 1,256,530) respectively.

Particulars	As at 30 Sept 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	31,100	2,005,780
Closing balance	8,766,390	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	22,902,808	(14,713,004)
Closing balance	22,755,662	(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	198,157,286	326,421,262
Less: Transferred to general reserve	-	32,642,126
Less: Proposed dividend	-	80,960,696
Less : Corporate dividend tax charge/(credit) [see note 2.38]	(4,864,702)	7,291,761
Closing balance	2,044,173,907	1,841,151,919

2,828,093,739 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.

Particulars	As at 30 Sept 2012 (Rupees)	As at 31 March 2012 (Rupees)
2.4 LONG-TERM PROVISIONS		
Provision for employee benefits		
- Provision for compensated absences	34,711,925	33,642,649
- Provision for gratuity	64,765,225	62,749,650
	99,477,150	96,392,299
2.5 TRADE PAYABLES		
a. Trade Payables		
- Micro and small enterprises	-	-
- Others	121,789,986	190,157,677
b. Due to subsidiaries	17,064,684	8,635,045
Total	138,854,670	198,792,722
c. The Company has no amounts payable to Micro and Small Enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
2.6 OTHER CURRENT LIABILITIES		
a. Advances from customers	69,316,060	129,881,255
b. Deferred revenue	187,436,678	205,606,560
c. Unpaid dividends	2,117,437	1,911,894
d. Other payables - statutory remittances	22,285,417	25,758,961
e. Book Overdraft	1,879,976	-
Total	283,035,568	363,158,670
2.7 SHORT-TERM PROVISIONS		
a. Provision for employee benefits		
- Provision for compensated absences	14,063,477	13,712,641
- Provision for gratuity	21,476,336	20,807,966
b. Provision for proposed equity dividend	-	80,958,635
c. Provision for tax on proposed dividend	-	13,133,515
Total	35,539,813	128,612,757

2.8 Fixed Assets (At Cost)

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 April 2012	Additions	Deductions / adjustments	As at 30 Sept 2012	As at 1 April 2012	Depreciation for the period	Deductions / adjustments	As at 30 Sept 2012	As at 30 Sept 2012	As at 31 March 2012
(Amount in Rupees)										
Tangible assets										
Freehold land	3,360,720	-	-	3,360,720	-	-	-	-	3,360,720	3,360,720
Leasehold land	66,395,000	-	-	66,395,000	7,383,407	375,779	-	7,759,186	58,635,814	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	4,048,421	-	55,426,423	186,849,568	190,897,989
Plant and equipment	113,853,217	72,000	(398,537)	114,323,754	105,619,064	4,658,439	24,450	110,253,053	4,070,701	8,234,153
Office equipment	27,900,002	595,012	495,655	27,999,359	22,031,655	1,379,431	72,670	23,338,416	4,660,943	5,868,347
Computers	225,831,595	10,574,880	6,059,144	230,347,331	203,447,818	7,325,504	6,037,717	204,735,605	25,611,726	22,383,777
Vehicles	15,116,453	-	-	15,116,453	12,652,271	603,865	-	13,257,136	1,859,317	2,463,182
Furniture and fixtures	37,500,454	458,275	153,161	37,805,568	35,933,214	965,088	153,161	36,745,141	1,060,427	1,567,240
Intangible assets										
	744,991,715	11,700,167	6,309,423	750,382,459	451,204,714	19,356,527	6,287,996	464,273,243	286,109,216	293,787,001
Softwares										
	127,918,358	5,116,890	-	133,035,248	112,335,330	4,618,280	-	116,953,610	16,081,638	15,583,028
Total	872,910,073	16,817,057	6,309,423	883,417,707	563,540,044	23,974,807	6,287,996	581,226,853	302,190,854	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	

Particulars	As at 30 Sept 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 (See note 2.39)	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	(Credited)/ charge during the period	Closing as at 30 Sept 2012
	(Rupees)	(Rupees)	(Rupees)
a. Deferred tax assets			
Provision for compensated absences, gratuity and other employee benefits	40,595,374	(1,565,004)	42,160,378
Provision for doubtful debts / advances	13,086,253	(940,665)	14,026,918
	53,681,627	(2,505,669)	56,187,296
b. Deferred tax liabilities			
On difference between book balance and tax balance of fixed assets	1,631,505	286,780	1,918,285
c. Net deferred tax (liability) / asset	52,050,122	(2,218,889)	54,269,011

Particulars	As at 30 Sept 2012	As at 31 March 2012
	(Rupees)	(Rupees)

2.11 LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)

a. Loans to subsidiaries (see note 2.32)*	106,799,791	106,210,318
b. Security Deposits	11,867,625	10,971,675
c. Loans and advance to employees		
- Staff Loans	2,765,761	6,112,938
d. Prepaid expenses	6,296,374	6,633,045
e. Balances with government authorities		
- Advance tax [net of provision of Rs. 252,975,217 (Rs. 204,312,932)] (see note 2.25)	127,328,210	104,758,287
Total	255,057,761	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	15,852,000	15,264,000
- Short Term (See note 2.16)		
a. Nucleus Software Limited, India	-	-
b. Nucleus Software Inc., USA	5,284,000	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 Sept 2012	Maximum balance outstanding during the period
				(Rupees)	(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)	21,136,000 (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 Sept 2012	As at 31 March 2012
	(Rupees)	(Rupees)

2.12 OTHER NON CURRENT ASSETS

(Unsecured, considered good)

Service Income accrued but not due	2,970,845	10,457,053
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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 Sept 2012	Value of units as at 30 Sept 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. DSP BlackRock Liquidity Fund-Institutional Plan-Daily Dividend	50,036	50,051,330	-	-
b. Birla Sunlife Cash Plus Fund Institutional Premium-Daily Dividend-Reinvestment	1,025,042	102,704,036	-	-
c. ICICI Prudential Liquid Super Institutional Plan-Div-Daily	1,255,704	125,598,249	12,649	1,264,658
d. Kotak Liquid (Institutional Premium)-Daily Dividend	2,844,874	34,787,401	3,981,247	48,683,081
e. Kotak Floater Short Term Fund-Daily Dividend-Reinvestment Option	6,737,689	68,159,811	-	-
f. HDFC Liquid Fund Premium Plan-Dividend-Daily Reinvest	2,448,573	30,019,014	3,673,228	45,033,042
g. HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale- Daily Dividend-Reinvestment Option	999,775	10,029,246	-	-
h. Reliance Liquidity Fund-Super IP-Daily Dividend-Reinvestment	-	-	3,086,549	30,881,230
i. Reliance Liquid Fund-Treasury Plan-Institutional Option-Daily Dividend-Reinvestment Option	24,109	36,855,715	-	-
j. SBI Premier Liquid Fund - Super IP-Daily Dividend - Reinvestment	122,272	122,669,378	-	-
k. Axis Liquid Fund- Institutional-Daily Dividend-Reinvestment	197,607	197,627,576	114,366	114,377,238
l. JP Morgan India Liquid Fund-Super IP-Daily Dividend-Reinvestment	19,619,785	196,352,844	1,976,926	19,784,881
m. UTI Liquid Cash Plan Institutional -Daily Income Option -Reinvestment	-	-	-	-
n. UTI Treasury Advantage Fund - Institutional Plan- Daily Dividend-Reinvestment Option	10,029	10,030,966	-	-
Fixed Maturity Plans/Interval Plans (Quoted)				
a. DSP BlackRock FMP-Series 40-3M-Dividend-Payout Option	-	-	5,000,000	50,000,000
b. DSP BlackRock FMP-Series 42-3M-Dividend-Payout Option	-	-	3,959,080	39,590,798
c. DSP BlackRock FMP-Series 52-9M-Dividend	1,000,000	10,000,000	-	-
d. BSL Quarterly Interval Fund-Series 4 -Dividend Payout Option	-	-	4,998,351	50,000,000
e. BSL Short Term FMP-Series 31 Dividend-Payout Option	-	-	9,981,527	99,815,270
f. ICICI Prudential FMP -Series 63 - 1 Year Plan C-Growth Option	5,000,000	50,000,000	5,000,000	50,000,000
g. ICICI Prudential Half Yearly FMP Series 64-Plan E	2,500,000	25,000,000	-	-
h. Kotak Quarterly Interval Plan Series 4-Dividend Option	-	-	4,996,453	50,000,000
i. HDFC FMP 92 D March 2012 (1) - Dividend-Series XIX	-	-	5,000,000	50,000,000

j.	HDFC FMP 92 D March 2012 (2) - Dividend-Series XXI	-	-	5,000,000	50,000,000
k.	HDFC FMP 366D March 2012 (1) - Growth - Series XXI	4,998,377	49,983,770	4,998,377	49,983,770
l.	HDFC FMP 370D April 2012(2) - Growth Option	1,000,000	10,000,000	-	-
m.	SBI Debt Fund Series-90 Days-59-Dividend-Payout Option	-	-	5,400,000	54,000,000
n.	SBI Debt Fund Series-90 Days-60-Dividend-Payout Option	-	-	6,000,000	60,000,000
o.	SBI Debt Fund Series-366 Days-10-Growth Option	1,000,000	10,000,000	-	-
p.	SBI Debt Fund Series-366 Days-12-Growth Option	1,000,000	10,000,000	-	-
r.	IDFC Fixed Maturity Plan-Quarterly Series 72- Dividend Option	-	-	4,600,000	46,000,000
s.	IDFC Fixed Maturity Plan-Quarterly Series 74- Dividend Option	-	-	4,000,000	40,000,000
t.	JP Morgan India FMP -Series 9-Dividend Plan-Payout Option	-	-	6,000,000	60,000,000

Aggregate amount of current investment	51,833,870	1,149,869,336	87,778,753	1,009,413,967
Market Value of quoted investment		1,157,738,882		1,011,292,717

Particulars		As at 30 Sept 2012 (Rupees)	As at 31 March 2012 (Rupees)
2.14	TRADE RECEIVABLES *		
a.	Unsecured		
	- Considered good	51,951,941	24,439,872
	- Considered doubtful	21,360,794	26,236,921
		73,312,735	50,676,793
b.	Less: Provision for doubtful debts	(21,360,794)	(26,236,921)
		51,951,941	24,439,872
c.	Other debts (Unsecured, Considered good)	477,264,797	752,982,431
	Total	529,216,738	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	30,664,818	55,712,666
b.	Nucleus Software Solutions Pte Ltd., Singapore	5,052,007	9,984,233
c.	VirStra i -Technology Services Limited, India	-	-
c.	Nucleus Software Inc., USA	19,575,001	18,662,145
d.	Nucleus Software Netherlands B.V, Netherlands	19,311,791	28,421,047
e.	Nucleus Software Limited, India	6,119	21,580

Particulars	As at 30 Sep 2012 (Rupees)	As at 31 March 2012 (Rupees)
2.15 CASH AND CASH EQUIVALENTS		
a. Cash on hand	19,261	-
b. Balances with scheduled banks:		
- in current accounts	40,726,716	28,028,222
c. Balances with scheduled banks:		
- in deposit accounts (Original maturity of more than 12 months)	859,749,927	656,598,987
- in deposit accounts (Original maturity of less than 12 months)	-	50,000,000
d. Balance with non scheduled banks:		
- in current account (Citibank, United Kingdom)	835,296	837,721
- in current account (Citibank, U.A.E)	3,885,582	1,142,091
- in current account (Citibank, Spain)	5,114,154	803,244
Total	910,330,936	737,410,265

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

- Citi Bank	502,168	1,299,526
- Citi Bank *	32,572,697	14,249,561
- DBS Bank	1,360,483	994,306
- HDFC Bank *	1,649,238	7,574,863
- HDFC Bank	1,990,357	1,022,338
- HDFC Bank **	2,122,401	1,728,851
- HSBC Bank **	-	188,176
- ICICI Bank	422,601	747,617
- State Bank of India	106,771	222,984
Total	40,726,716	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	60,458,987	958,987
- Citi Bank	9,625,000	4,125,000
- Bank of India	89,600,000	200,200,000
- State Bank of Travancore	200,000,000	200,000,000
- ICICI Bank	200,000,000	-
- Corporation Bank	199,965,940	199,000,000
- State Bank of India	-	2,215,000
- Punjab national Bank	100,100,000	100,100,000
Total	859,749,927	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 Sept 2012 (Rupees)	As at 31 March 2012 (Rupees)
2.16 SHORT-TERM LOANS AND ADVANCES			
Unsecured, considered good			
a.	Loans to subsidiaries (see note 2.32)	5,284,000	5,088,000
b.	Security deposit	535,725	643,145
c.	Loans and advances to employees		
	- Staff Loans	4,449,965	3,392,018
	- Employee advances	5,242,140	18,208,165
d.	Prepaid expenses	37,445,798	15,068,180
e.	Balances with government authorities		
	- Advance fringe benefit tax [net of provision Rs. 24,915,859 (Rs. 24,915,859)]	2,732,275	2,732,275
	- Service tax credit receivable	3,658,024	1,808,055
	- Mat credit entitlement	-	20,937,715
f.	Others		
	- Supplier advances	2,351,078	17,230,247
	- Mark-to-market gain on forward and options contracts (see note 2.35)	22,893,838	598,943
	- Expenses recoverable from Customers	1,116,758	7,661,456
	Total	85,709,601	93,368,199

2.17 OTHER CURRENT ASSETS

a.	Service Income accrued but not due		
	Unsecured		
	- Considered good	231,913,424	300,837,347
	- Considered doubtful	21,844,513	14,096,726
		253,757,937	314,934,073
	Less : Provision for service income accrued but not due	21,844,513	14,096,726
		231,913,424	300,837,347
b.	Interest accrued but not due	30,304,302	30,941,711
	Total	262,217,726	331,779,058

Particulars	Quarter ended 30 Sept 2012	Quarter ended 30 Sept 2011	Half year ended 30 Sept 2012	Half year ended 30 Sept 2011
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
2.18 INCOME FROM SOFTWARE SERVICES AND PRODUCTS				
Software development services and Products				
a. Domestic	127,471,051	139,118,059	277,910,085	251,870,985
b. Overseas	369,678,939	419,685,181	738,168,794	789,549,699
Total	497,149,990	558,803,240	1,016,078,879	1,041,420,684

Notes:

Income from software services and product for the quarter and half year ended 30 September, 2012 includes prior period revenue of Rs. Nil and Rs. 3,745,151 (Rs. Nil, Rs. Nil) respectively.

2.19 OTHER INCOME

a. Interest income on				
- Deposits with banks	15,156,252	6,583,759	28,526,773	18,016,003
- Loan to subsidiary	198,943	212,530	410,451	404,608
b. Dividend income				
- From Current, non trade investments	23,775,314	17,913,750	45,890,736	38,591,308
- From long term trade investment	-	-	50,000	-
- From subsidiary company	30,000,000	36,000,000	30,000,000	36,000,000
c. Net gain on sale of investments				
- Current, non trade investments	-	-	-	28,101
d. Net Gain / (Loss) on foreign currency				
- Gain / (Loss) on exchange fluctuation	(10,723,612)	30,203,959	32,843,554	32,508,168
- Gain / (Loss) on ineffective hedges (see note 2.35)	(937,668)	1,144,249	(138,176)	55,209
e. Other non-operating income				
- Provisions written back	2,972,976	6,632,580	3,242,396	6,632,580
- Net Reversal of employee's stock compensation expense	-	663,250	-	1,256,530
- Net Profit on sale of fixed assets / discarded assets	-	10,990	375,429	10,990
- Miscellaneous income	216,608	345,680	801,212	541,017
Total	60,658,813	99,710,747	142,002,375	134,044,514

Particulars	Quarter ended 30 Sept 2012 (Rupees)	Quarter ended 30 Sept 2011 (Rupees)	Half year ended 30 Sept 2012 (Rupees)	Half year ended 30 Sept 2011 (Rupees)
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2.20 EMPLOYEE BENEFITS EXPENSES

a. Salaries and bonus including to overseas staff	265,230,797	259,364,113	549,182,821	530,949,175
b. Contribution to provident and other funds (see note 2.34)	15,436,239	14,672,784	29,373,766	30,076,671
c. Gratuity expense (see note 2.34)	4,971,480	5,200,000	10,742,768	10,900,000
d. Staff welfare expenses	5,391,749	3,974,189	12,330,008	8,519,722
Total	291,030,265	283,211,086	601,629,363	580,445,568

Employee benefit expenses include Managing Director remuneration as follows :

a. Salary	1,500,000	1,500,000	3,000,000	3,000,000
b. Contribution to provident and other funds	90,000	90,000	180,000	180,000
Total	1,590,000	1,590,000	3,180,000	3,180,000

Notes:

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

2.21 OPERATING AND OTHER EXPENSES

a. Outsourced technical service expense	11,196,007	58,707,463	24,048,136	93,084,640
b. Cost of software purchased for delivery to clients	3,643,499	14,611,858	31,691,115	18,783,517
c. Power and fuel	8,921,009	8,747,807	17,092,438	15,424,210
d. Rent (see note 2.23)	7,665,705	7,210,307	15,005,391	12,224,813
e. Repair and maintenance				
- Buildings	625,402	354,318	845,222	749,973
- Others	5,042,040	3,940,276	9,856,227	8,735,366
f. Insurance	797,035	1,031,363	1,580,251	2,033,030
g. Rates and taxes	689,153	644,076	1,381,236	1,075,515
h. Travel expenses				
- Foreign	34,416,680	37,220,386	73,523,836	70,978,815
- Domestic	5,757,874	3,925,773	8,984,940	6,533,371
i. Advertisement and business promotion	2,578,927	1,246,786	3,845,273	3,407,535
j. Legal and professional (see note 2.27)	8,772,225	9,273,844	17,383,937	20,075,929
k. Directors remuneration	1,800,000	1,940,000	3,380,000	3,140,000
l. Conveyance	2,557,953	3,370,185	5,055,352	5,805,408
m. Communication	3,494,233	3,585,963	7,151,687	7,188,933
n. Training and recruitment	4,659,398	1,580,690	7,070,756	5,769,918
o. Loss on sale of fixed assets (net)/Loss on Discarded Assets	9,872	-	9,872	382,482
p. Loss on Current non trade investments	24,982	39,427	41,426	39,427
q. Conference, exhibition and seminar	29,017	5,849,527	8,661,504	6,234,949

Particulars	Quarter ended 30 Sept 2012 (Rupees)	Quarter ended 30 Sept 2011 (Rupees)	Half year ended 30 Sept 2012 (Rupees)	Half year ended 30 Sept 2011 (Rupees)
r. Information technology expenses	3,755,486	4,047,679	7,755,941	7,172,628
s. Provision for doubtful debts/advances/other current assets	7,248,775	2,872,300	8,883,460	10,429,074
t. Commission to channel partner	2,849,068	2,988,157	7,055,302	5,733,777
u. Miscellaneous expenses	6,273,438	6,980,882	12,303,268	13,168,142
Total	122,807,778	180,169,067	272,606,570	318,171,452

Directors Remuneration includes

Non Executive Directors

a. Commission	1,200,000	1,500,000	2,400,000	1,800,000
b. Sitting fees	600,000	440,000	980,000	1,340,000
Total	1,800,000	1,940,000	3,380,000	3,140,000

2.22 FINANCE COST

Bank Charges	528,915	464,828	1,207,299	1,056,975
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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 and half year ended 30 September, 2012 is Rs. 7,665,705; Rs. 15,005,391 (Rs. 7,210,307; Rs. 12,224,813) respectively. The future minimum lease expense in respect of non-cancellable leases is as follows:

Particulars	As at 30 Sept 2012 (Rupees)	As at 31 March 2012 (Rupees)
Future minimum lease payments		
a. Not later than 1 year	125,000	875,000
b. Later than 1 year but not later than 5 years	-	-
Total	125,000	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 half year ended 30 September, 2012, the Company is liable to Normal Tax as its normal tax is higher than MAT tax liability. The Company has utilised the balance MAT Credit Entitlement of Rupees 20,937,715 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. 127,328,307 (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. Nil (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	As at
	30 Sept 2012	31 March 2012
	(Rupees)	(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).	1,250,330	4,893,234
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The Company has committed to provide financial support to its subsidiary company - Nucleus Software Netherlands B.V, Netherlands, as and when required.

The Company has given an undertaking to repay the debt owed by Nucleus Software Japan Kabushiki Kaisha, Japan (subsidiary company) to Nucleus Software Solutions Pte Limited, Singapore (subsidiary company) in the event that the Nucleus Software Japan Kabushiki Kaisha is unable to repay the same, as and when it falls due.

Particulars	Quarter ended 30 Sept 2012 (Rupees)	Quarter ended 30 Sept 2011 (Rupees)	Half year ended 30 Sept 2012 (Rupees)	Half year ended 30 Sept 2011 (Rupees)
2.27 Auditors Remuneration (excluding service tax)				
a. As auditors - statutory audit	450,000	450,000	900,000	900,000
b. For other services	225,000	-	275,000	-
c. Reimbursement of expenses	-	-	48,375	-
Total	675,000	450,000	1,223,375	900,000
2.28 CIF value of imports				
Capital goods	3,528,264	5,782,245	10,400,194	6,787,943
2.29 Earnings in foreign currency				
a. Software development services and products	369,678,939	419,685,181	738,168,794	789,549,699
b. Others	198,943	212,530	410,451	404,608
Total	369,877,882	419,897,711	738,579,245	789,954,307
2.30 Expenditure in foreign currency				
a. Travel expenses	25,658,482	27,611,102	54,511,668	50,249,575
b. Legal and professional	1,059,551	915,704	3,437,787	4,128,090
c. Cost of software purchased for delivery to clients	2,086,827	1,785,063	4,472,674	3,508,529
d. Conference, exhibition and seminar	24,517	5,718,602	8,651,579	6,094,551
e. Outsourced technical service expense	3,458,255	41,727,685	7,261,984	61,712,598
f. Salaries to overseas staff	5,348,612	8,841,260	19,420,735	19,784,766
g. Commission to channel partner	2,849,068	2,988,157	6,410,339	5,733,777
h. Rent	1,658,218	785,475	3,862,613	1,567,031
i. Others	3,340,004	6,160,249	8,497,113	9,653,287
Total	45,483,534	96,533,297	116,526,492	162,432,204
2.31 Earnings per share				
a. Profit after taxation available to equity shareholders (Rupees)	105,982,035	138,239,106	198,157,286	189,934,175
b. Weighted average number of equity shares used in calculating basic earnings per share	32,383,454	32,382,564	32,383,454	32,382,544
c. Effect of dilutive issue of shares	-	-	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share	32,383,454	32,382,564	32,383,454	32,382,544
e. Basic earnings per share (Rupees)	3.27	4.27	6.12	5.87
f. Diluted earnings per share (Rupees)	3.27	4.27	6.12	5.87

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 Sept 2012	Quarter ended 30 Sept 2011	Half year ended 30 Sept 2012	Half year ended 30 Sept 2011
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Transactions with related parties				
a. Software development, services and products				
- Nucleus Software Japan Kabushiki Kaisha	36,257,534	26,804,146	68,630,103	48,536,631
- Nucleus Software Solutions Pte Ltd.	12,918,957	13,447,690	28,017,428	24,802,578
- Nucleus Software Netherlands B.V	1,648,329	11,128,776	3,853,442	35,593,694
- Nucleus Software Inc.	5,613,761	3,044,265	10,800,786	5,574,255
b. Other income				
Dividend income				
- VirStra i -Technology Services Limited	30,000,000	36,000,000	30,000,000	36,000,000
Interest received				
- Nucleus Software Inc.	198,943	212,530	410,451	404,608
c. Managerial remuneration [including perquisite value of Rs. Nil and Rs. 143,583 for the quarter and half year ended 30 September, 2012 respectively (Rs. 116,133; Rs. 233,901)]				
- Vishnu R Dusad (Managing director)	1,590,000	1,707,768	3,323,583	3,413,901
d. Reimbursement of expenses				
From wholly owned subsidiary companies :				
- VirStra i -Technology Services Limited	32,825	65,950	82,112	65,950
- Nucleus Software Solutions Pte Ltd	1,700,313	1,365,730	3,641,795	2,808,604
- Nucleus Software Japan Kabushiki Kaisha	47,413	84,185	338,547	122,094
- Nucleus Software Inc.	788,741	-	1,439,983	-
- Nucleus Software Limited	5,134	11,937	5,539	43,645
- Nucleus Software Netherlands B.V	262,322	114,146	1,591,730	198,443
To wholly owned subsidiary companies:				
- Nucleus Software Solutions Pte Ltd.	99,731	246,594	262,170	544,374
- Nucleus Software Japan Kabushiki Kaisha	-	-	22,264	-

e. Cost of software purchased for delivery to clients				
- Nucleus Software Solutions Pte Ltd.	864,155	658,435	1,916,970	1,290,900
f. Outsourced technical service expense				
To wholly owned subsidiary companies:				
- Nucleus Software Solutions Pte Ltd.	1,493,540	4,365,952	2,937,705	14,729,656
g. Loans and advances				
Given to wholly owned subsidiary company				
- Nucleus Software Limited	-	20,000,000	-	39,700,000

Particulars	Quarter ended 30 Sept 2012	Quarter ended 30 Sept 2011	Half year ended 30 Sept 2012	Half year ended 30 Sept 2011
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
h. Lease Rent Paid				
To wholly owned subsidiary company				
- Nucleus Software Limited	2,064,414	2,064,414	4,128,828	2,064,414
i. Capital Assets Purchased				
From wholly owned subsidiary company				
- Nucleus Software Limited	-	1,451,944	-	1,451,944
j. Bad Debts Written off				
- Nucleus Software Japan Kabushiki Kaisha	-	4,685,318	-	4,685,318

Outstanding balances as at period end

Particulars	As at 30 Sept 2012	As at 31 March 2012
	(Rupees)	(Rupees)
a. Loans and advances		
To wholly owned subsidiaries		
- Nucleus Software Limited	90,947,791	90,946,318
- Nucleus Software Inc.	21,136,000	20,352,000
b. Trade receivables		
Wholly owned subsidiaries		
- Nucleus Software Japan Kabushiki Kaisha	30,664,818	55,712,666
- Nucleus Software Solutions Pte Ltd.	5,052,007	9,984,233
- Nucleus Software Inc.	19,575,001	18,662,145
- Nucleus Software Netherlands B.V	19,311,791	28,421,047
- Nucleus Software Limited	6,119	21,580

Particulars	As at	As at
	30 Sept 2012	31 March 2012
	(Rupees)	(Rupees)
c. Trade payables		
Due to wholly owned subsidiaries		
- Nucleus Software Japan Kabushiki Kaisha	1,407,370	-
- Nucleus Software Solutions Pte Ltd.	13,785,286	7,183,101
- Nucleus Software Limited	1,657,972	1,451,944
- VirStra i -Technology Services Limited	214,056	-
d. Service income accrued but not due		
Wholly owned subsidiaries		
- Nucleus Software Netherlands B.V	15,970,517	23,382,503
e. Advance from customers		
Wholly owned subsidiaries		
- Nucleus Software Japan Kabushiki Kaisha	229,791	-
f. Interest income accrued but not due		
Wholly owned subsidiaries		
- Nucleus Software Inc.	709,008	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 includes 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 September, 2012

(Amount in Rupees)							
Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Revenue from external customers	127,471,051	96,086,578	77,402,489	49,333,196	96,844,893	50,011,783	497,149,990
Expenses	95,989,583	48,385,240	58,485,090	29,728,160	36,569,483	22,948,964	292,106,520
Segment result	31,481,468	47,701,338	18,917,399	19,605,036	60,275,410	27,062,819	205,043,470
Unallocated corporate expenditure							133,201,862
Operating profit before taxation							71,841,608
Other income							72,320,093
Net foreign exchange gain /(loss)							(11,661,280)
Profit before taxation							132,500,421
Tax Expense							
Current tax expense for current period							27,124,818
MAT Credit Entitlement							-
Deferred tax charge/(credit)							(606,432)
							26,518,386
Profit for the period							105,982,035

b. For the quarter ended 30 September, 2011
(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Revenue from external customers	139,118,059	95,479,808	111,239,182	80,463,566	104,176,666	28,325,959	558,803,240
Expenses	123,310,088	58,217,045	59,123,793	38,799,909	50,173,184	16,652,709	346,276,728
Segment result	15,807,971	37,262,763	52,115,389	41,663,657	54,003,482	11,673,250	212,526,512
Unallocated corporate expenditure							133,956,373
Operating profit before taxation							78,570,139
Other income							68,362,539
Foreign exchange gain /(loss)							31,348,208
Profit before taxation							178,280,886
Tax Expense							
Current tax expense for current period							40,000,000
MAT Credit Entitlement							1,200,000
Deferred tax charge/(credit)							(1,158,220)
							40,041,780
Profit for the period							138,239,106

c. For the half year ended 30 September, 2012
(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Revenue from external customers	277,910,085	191,247,542	159,049,396	99,443,669	194,105,582	94,322,605	1,016,078,879
Expenses	188,702,052	100,125,917	120,690,670	69,734,300	83,609,816	44,010,902	606,873,657
Segment result	89,208,033	91,121,625	38,358,726	29,709,369	110,495,766	50,311,703	409,205,222
Unallocated corporate expenditure							292,544,382
Operating profit before taxation							116,660,840
Other income							109,296,997
Net foreign exchange gain /(loss)							32,705,378
Profit before taxation							258,663,215
Tax Expense							
Current tax expense for current period							62,724,818
MAT Credit Entitlement							-
Deferred tax charge/(credit)							(2,218,889)
							60,505,929

Profit for the period
198,157,286
d. For the half year ended 30 September, 2011
(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Revenue from external customers	251,870,985	192,452,047	192,193,638	157,239,471	189,656,811	58,007,732	1,041,420,684
Expenses	225,666,752	114,837,571	104,470,446	79,864,735	101,321,819	38,075,763	664,237,086
Segment result	26,204,233	77,614,476	87,723,192	77,374,736	88,334,992	19,931,969	377,183,598
Unallocated corporate expenditure							269,455,554
Operating profit before taxation							107,728,044
Other income							101,481,137
Foreign exchange gain /(loss)							32,563,377
Profit before taxation							241,772,558
Tax Expense							
Current tax expense for current period							49,200,000
MAT Credit Entitlement							-
Deferred tax charge/(credit)							2,638,383
							51,838,383
Profit for the period							189,934,175

Assets and liabilities of reportable primary segment are as follows:
a. As at 30 September, 2012
(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Segment assets	337,903,548	79,771,992	166,957,151	96,086,281	144,205,164	107,406,184	932,330,320
Unallocated corporate assets							2,776,656,700
Total assets							3,708,987,020
Segment liabilities	185,049,074	40,017,307	107,033,353	54,869,676	83,472,864	55,903,596	526,345,870
Unallocated corporate liabilities							30,561,331
Total liabilities							556,907,201
Capital employed							3,152,079,819

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 September, 2012
(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							6,631,799
Total capital expenditure							6,631,799
Depreciation expenditure (unallocated)							10,941,424
Total depreciation							10,941,424
Segment non-cash expense other than depreciation	4,648,178	-	(724,117)	-	3,324,714		7,248,775
Total non cash expenditure other than depreciation	4,648,178	-	(724,117)	-	3,324,714	-	7,248,775

b. For the quarter ended 30 September, 2011
(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							9,319,447
Total capital expenditure							9,319,447
Depreciation expenditure (unallocated)							16,388,120
Total depreciation							16,388,120

Segment non-cash expense other than depreciation	699,585	308,247	1,897,699	-	-	-	2,905,531
Total non cash expenditure other than depreciation	699,585	308,247	1,897,699	-	-	-	2,905,531

c. For the half year ended 30 September, 2012

							(Amount in Rupees)
Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							16,817,057
Total capital expenditure							16,817,057
Depreciation expenditure (unallocated)							23,974,807
Total depreciation							23,974,807
Segment non-cash expense other than depreciation	1,152,266	-	842,885	-	5,968,834	919,475	8,883,460
Total non cash expenditure other than depreciation	1,152,266	-	842,885	-	5,968,834	919,475	8,883,460

d. For the half year ended 30 September, 2011

							(Amount in Rupees)
Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							11,878,960
Total capital expenditure							11,878,960
Depreciation expenditure (unallocated)							34,018,645
Total depreciation							34,018,645
Segment non-cash expense other than depreciation	1,972,266	308,247	1,916,799	-	147,741	6,117,252	10,462,305
Total non cash expenditure other than depreciation	1,972,266	308,247	1,916,799	-	147,741	6,117,252	10,462,305

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 September, 2012			
Revenue	452,663,549	44,486,441	497,149,990
Carrying amount of segment assets	848,902,665	83,427,655	932,330,320
b. For the quarter ended 30 September, 2011			
Revenue	523,020,883	35,782,357	558,803,240
Carrying amount of segment assets	825,596,780	56,483,019	882,079,799
c. For the half year ending 30 September, 2012			
Revenue	928,145,132	87,933,747	1,016,078,879
Carrying amount of segment assets	851,644,361	80,685,959	932,330,320
d. For the half year ending 30 September, 2011			
Revenue	978,725,385	62,695,299	1,041,420,684
Carrying amount of segment assets	828,977,093	53,102,706	882,079,799

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. 15,436,239 ; Rs. 29,373,766 (Rs. 14,672,784 ; Rs. 30,076,671) for the quarter and half year ended 30 September, 2012 respectively, 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 Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs 1,000,000 in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

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	
	Plan Assets at period beginning, at fair value	-
	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 Sept 2012	31 March 2012
In USD	Sell	9,101,000	10,750,000
Equivalent amount in Rupees	Sell	480,896,840	546,960,000

- b. Other current assets include net marked to market gain of Rupees 22,893,838 relating to forward contracts which are outstanding as at period end. The gain on such forward contract which are designated as effective, aggregating Rupees 22,755,662 have been credited to Hedging Reserve. The loss on ineffective contracts aggregating to Rupees 138,176 has been debited 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 Sept 2012		As at 31 March 2012	
	Amount in foreign currency	Amount in rupees	Amount in foreign currency	Amount in rupees
Receivable				
USD	9,617,987	508,214,433	15,534,392	784,876,585
EURO	560,516	38,283,232	1,234,341	83,824,066
MYR	1,272,482	21,924,872	3,289,324	54,600,193
SGD	117,134	5,052,007	246,768	9,984,233
CHF	2,182	123,213	12,845	723,816
SEK	166,520	1,347,147	62,844	482,642
GBP	34,745	2,974,553	62,899	5,128,155
Payable				
USD	3,076,881	162,582,392	5,955,649	303,023,399
AED	246,395	3,555,476	354,446	4,905,539
SGD	321,272	13,856,451	177,536	7,183,101
JPY	3,933,376	2,677,449	-	-
SEK	62,844	508,408	62,884	482,642
CHF	12,845	725,486	12,845	723,816
EURO	240,072	16,396,932	230,985	15,686,184
GBP	70,119	6,002,854	63,285	5,159,654
MYR	24,833	427,881	-	-

2.36 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

Particulars	Quarter ended 30 Sept 2012	Quarter ended 30 Sept 2011	Half year ended 30 Sept 2012	Half year ended 30 Sept 2011
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Income from software services and products	497,149,990	558,803,240	1,016,078,879	1,041,420,684
Software development expenses	320,929,938	377,409,492	677,089,935	719,578,005
Gross Profit	176,220,052	181,393,748	338,988,944	321,842,679
Selling and marketing expenses	45,068,782	44,766,924	106,187,610	89,435,676
General and administration expenses	48,368,238	41,657,575	92,165,687	90,660,314
Operating profit before depreciation	82,783,032	94,969,249	140,635,647	141,746,689
Depreciation and amortisation expense	10,941,424	16,388,120	23,974,807	34,018,645
Operating profit after depreciation	71,841,608	78,581,129	116,660,840	107,728,044
Other income	60,658,813	99,699,757	142,002,375	134,044,514
Profit before taxation	132,500,421	178,280,886	258,663,215	241,772,558
Tax expense:				
- Current tax expense for current period	27,124,818	40,000,000	62,724,818	49,200,000
- MAT credit entitlement	-	1,200,000	-	-
- Deferred tax charge/(credit)	(606,432)	(1,158,220)	(2,218,889)	2,638,383
Profit after taxation	105,982,035	138,239,106	198,157,286	189,934,175

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 4,864,702 (Year ended 31 March, 2012 - 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 September, 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. 791,216,777 (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 October, 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 September, 2012

	Notes Ref.	As at 30 Sep, 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	136,540	167,640
c. Reserves and surplus	2.3	3,080,941,330	2,817,421,828
		3,404,927,410	3,141,439,008
2. NON-CURRENT LIABILITIES			
a. Long-term provisions	2.4	119,136,424	112,631,182
b. Deferred tax liabilities (net)	2.5	-	-
c. Other long term liabilities	2.6	-	-
		119,136,424	112,631,182
3. CURRENT LIABILITIES			
a. Trade payables	2.7	220,020,693	300,796,129
b. Other current liabilities	2.8	323,663,930	404,847,310
c. Short-term provisions	2.9	38,075,032	131,147,976
		581,759,655	836,791,415
		4,105,823,489	4,090,861,605
<u>ASSETS</u>			
4. NON-CURRENT ASSETS			
a. Fixed assets			
- Tangible assets	2.10	462,115,771	473,042,374
- Intangible assets	2.10	16,450,028	16,079,558
		478,565,799	489,121,932
b. Non-current investments	2.11	2,523,000	2,523,000
c. Deferred tax assets (net)	2.12	59,368,127	56,613,368
d. Long-term loans and advances	2.13	220,450,964	199,771,294
e. Other non current assets	2.14	3,482,002	12,289,265
		764,389,892	760,318,859
5. CURRENT ASSETS			
a. Current investments	2.15	1,166,275,785	1,041,280,367
b. Trade receivables	2.16	599,399,857	878,322,125
c. Cash and cash equivalents	2.17	1,181,314,440	921,885,987
d. Short-term loans and advances	2.18	107,385,673	113,188,279
e. Other current assets	2.19	287,057,843	375,865,988
		3,341,433,597	3,330,542,746
		4,105,823,489	4,090,861,605

See accompanying notes forming part of the 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: Noida
Date : 21 Oct, 2012

NUCLEUS SOFTWARE EXPORTS LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER, 2012					
	Notes Ref.	For the quarter ended 30 Sept 2012 (Rupees)	30 Sept 2011 (Rupees)	For the half year ended 30 Sept 2012 (Rupees)	30 Sept 2011 (Rupees)
1. REVENUE FROM OPERATIONS					
Income from software services and products	2.20	717,472,041	739,119,481	1,456,928,464	1,381,864,758
2. OTHER INCOME	2.21	25,593,389	72,027,215	110,630,369	105,192,388
3. TOTAL REVENUE (1+2)		743,065,429	811,146,697	1,567,558,833	1,487,057,146
4. EXPENSES					
a. Employee benefits expense	2.22	407,564,579	384,572,810	836,877,054	789,424,593
b. Operating and other expenses	2.23	189,455,930	246,390,750	406,906,933	428,654,577
c. Finance cost	2.24	894,126	693,259	1,944,477	1,515,068
d. Depreciation and amortisation expense	2.10	13,706,730	19,355,680	29,612,435	39,502,169
Total Expenses		611,621,365	651,012,498	1,275,340,898	1,259,096,406
5. PROFIT BEFORE TAX (3-4)		131,444,064	160,134,198	292,217,935	227,960,739
6. TAX EXPENSE					
a. Current tax expense for current year		31,448,067	45,616,115	71,068,042	60,521,403
b. MAT Credit Entitlement		-	1,200,000	-	-
c. Deferred tax credit (net)		(956,449)	(1,158,220)	(2,754,759)	2,638,383
7. PROFIT FOR THE YEAR		100,952,446	114,476,303	223,904,652	164,800,953
8. EARNINGS PER EQUITY SHARE	2.28				
Equity shares of Rs. 10 each					
a. Basic		3.12	3.54	6.91	5.09
b. Diluted		3.12	3.54	6.91	5.09
Number of shares used in computing earnings per share					
a. Basic		32,383,454	32,382,564	32,383,454	32,382,564
b. Diluted		32,383,454	32,382,564	32,383,454	32,382,564

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 October, 2012

NUCLEUS SOFTWARE EXPORTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER, 2012

	Notes Ref.	Half year ended 30 Sep,2012 (Rupees)	Year ended 31 March 2012 (Rupees)
A. Cash flow from operating activities			
Net profit before tax		292,217,935	483,037,428
Adjustment for:			
Depreciation		29,612,435	74,503,704
Exchange difference on translation of foreign currency accounts		(29,303,570)	(11,678,207)
Dividend received from non trade investments		(46,780,785)	(88,779,805)
Dividend on Long term trade investment		(50,000)	
Interest on fixed deposits		(28,546,238)	(39,404,315)
(Profit)/Loss on sale of investments		41,426	(10,222,787)
Amortisation of employees compensation expenses		-	(6,230,635)
Profit on sale of fixed assets (net)		(365,557)	256,326
Loss on assets discarded		-	-
Bad debts / advances written off		-	-
Provisions written back		(3,242,396)	(8,355,612)
Advances and other current assets written off		(1,990,496)	14,944,394
Provision for doubtful debts / advances		10,940,587	31,390,860
Provision for diminishing in value of investment			-
Operating profit before working capital changes		222,533,341	439,461,351
Trade receivable		299,551,613	(412,141,742)
Short-term loans and advances		13,376,171	216,024
Long-term loans and advances		2,319,600	2,449,205
Other current assets		81,955,665	2,834,347
Other non-current assets		8,807,263	(12,289,265)
Adjustment for (increase) / decrease in operating liabilities			
Trade payables and other current liabilities		(139,484,806)	142,028,706
Short-term provisions		1,019,206	9,513,759
Long-term provisions		6,505,242	18,314,680
Other long term liabilities		-	(997,636)
		496,583,294	189,389,429
Direct taxes paid		(61,925,241)	(53,076,235)
Fringe benefit tax paid		-	-
Wealth tax paid		(18,793)	(18,793)
Net cash from operating activities (A)		434,639,260	136,294,402
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress		(19,056,297)	(67,723,263)
Profit / (Loss) on sale of fixed assets		365,557	(256,326)
Purchase of current investments		(1,930,265,358)	(4,543,133,547)
Proceeds on sale of current investments		1,805,228,513	4,759,468,424
Proceeds on sale of non trade investments		-	-

Purchase of fixed deposits	-	-
Interest on fixed deposits	29,641,428	21,193,326
Income tax paid	(9,546,138)	(9,487,421)
Dividend received from non trade investments	46,780,785	88,779,805
Dividend on Long term trade investment	50,000	
Profit on Sale of Long term non trade investment	-	10,222,787
Net cash from/ (used in) investing activities (B)	(76,801,510)	259,063,785

C. Cash flow from financing activities

Dividend paid (including corporate dividend tax)	(94,094,198)	(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)	(94,094,198)	(93,967,258)

Net increase / (decrease) in cash and cash equivalents (A+B+C)	263,743,553	301,390,929
Opening cash and cash equivalents	921,885,987	617,467,102
Exchange difference on translation of foreign currency bank accounts	(4,315,100)	3,027,956
Closing cash and cash equivalents (Refer note 2.17)	1,181,314,440	921,885,987

See accompanying notes forming part of the consolidated financial statements

1 & 2

Notes:

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

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

JANKI BALLABH
Chairman

VISHNU R DUSAD
Managing Director

P K SANGHI
Chief Financial Officer

POONAM BHASIN
Company Secretary

Place : New Delhi
Date : 21 Oct, 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	Sep-12	% of Revenue	Sep-11	% of Revenue	Growth (%)
Revenue From Operations	71.75	100.00	73.91	100.00	(2.93)
Expenses					
a) Employee benefit expense	40.76	56.81	38.46	52.03	5.98
b) Travel expense	5.13	7.15	4.76	6.44	7.68
c) Outsourced technical service expense	2.26	3.15	7.18	9.72	(68.53)
d) Finance cost (Bank Charges)	0.09	0.12	0.07	0.09	28.79
e) Other expense	11.56	16.11	12.69	17.17	(8.96)
Total Expenses	59.79	83.34	63.17	85.46	(5.34)
Operating Profit (EBITDA)	11.96	16.66	10.75	14.54	11.25
Depreciation	1.37	1.91	1.94	2.62	(29.18)
Operating Profit after Depreciation	10.59	14.75	8.81	11.92	20.14
Other Income	4.39	6.12	3.14	4.25	39.86
Foreign Exchange Gain/ (Loss)	(1.83)	(2.55)	4.06	5.50	(145.01)
Profit Before Tax	13.14	18.32	16.01	21.67	(17.92)
Taxation					
- Current (Net of MAT credit entitlement)	3.14	4.38	4.68	6.34	(32.85)
- Other taxes	(0.10)	(0.13)	(0.12)	(0.16)	17.41
Profit After Tax	10.10	14.07	11.45	15.49	(11.80)

Revenue from Operations

We derive our revenue from the following business segments:

- Products
- Projects and Services

During the quarter the total revenue is Rs.71.75 crore against Rs.73.91 crore for the corresponding quarter previous year.

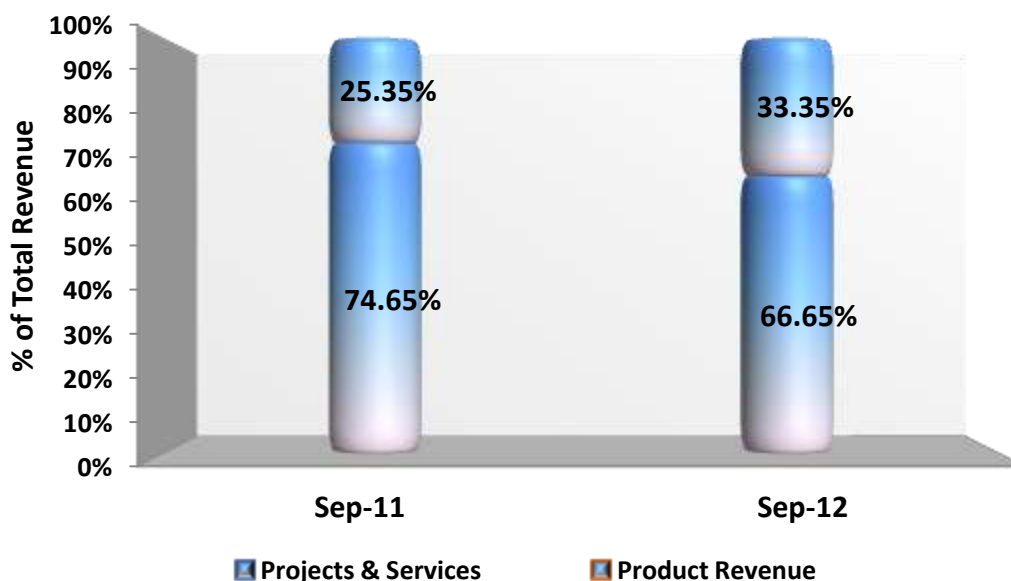
Revenue from Products

Product revenue arises from Products and related services comprising of license fees, revenue from customization and implementation of products and post production and maintenance support. Product revenue is Rs.47.82 crore during the quarter, constituting 66.65% of the total revenue against Rs.55.18 crore, 74.65% of total revenue, in the corresponding quarter previous year. We are a Company focused on Product business.

Revenue from Projects and Services

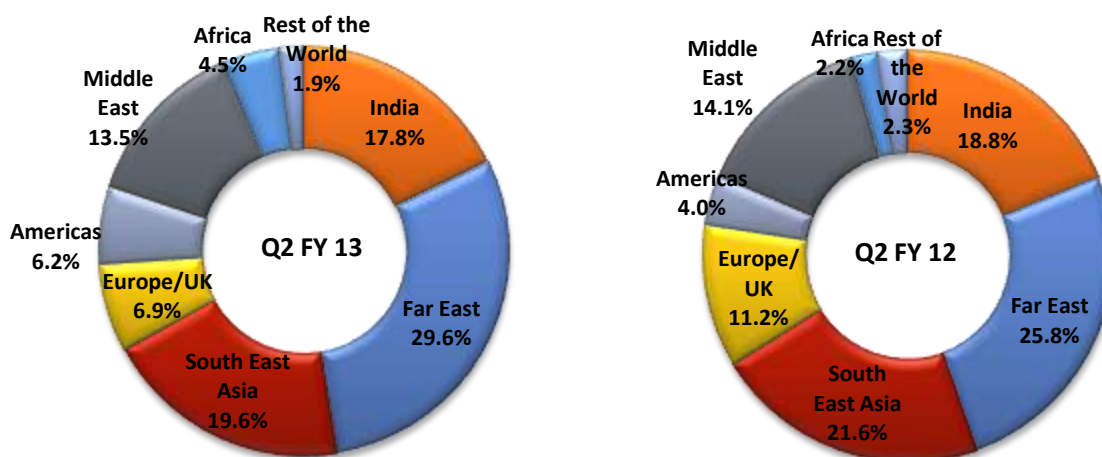
Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements consisting of application development & maintenance, testing services, consulting and infrastructure management services with a strong banking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

Revenue from software projects and services segment during the quarter is Rs.23.93 crore constituting 33.35% of the total revenue against Rs.18.74 crore, constituting 25.35% of total revenue in the corresponding quarter previous year. This has increased by 27.71%.



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 5.98% to Rs.40.76 crore, 56.81% of total revenue. For the corresponding quarter previous year, they were at Rs.38.46 crore, 52.03% of total revenue.

(Rs. in crore)					
For the Quarter Ended	Sep-12	% of Revenue	Sep-11	% of Revenue	Growth (%)
Salaries and bonus	37.58	52.39	35.51	48.04	5.85
Contribution to provident and other funds	2.01	2.80	1.88	2.54	6.54
Gratuity expense	0.53	0.74	0.53	0.72	(0.72)
Staff welfare	0.64	0.89	0.53	0.72	19.04
Total Employee Benefit Expenses	40.76	56.81	38.46	52.03	5.98

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.19.04 crore, 26.53% of revenue for the quarter, with a decline of 22.96% against Rs.24.71 crore, 33.43% of revenue in the corresponding quarter previous year.

	(Rs. in crore)				
For the Quarter Ended	Sep-12	% of Revenue	Sep-11	% of Revenue	Growth (%)
Outsourced Software expense	2.26	3.15	7.18	9.72	(68.53)
Travelling	5.13	7.15	4.76	6.44	7.68
Cost of software purchased for delivery to clients	0.35	0.49	1.99	2.69	(82.38)
Power and fuel	1.02	1.42	0.93	1.26	8.75
Rent	2.79	3.90	1.94	2.62	44.25
Rates & Taxes	0.08	0.12	0.07	0.09	21.89
Repair and maintenance	0.71	0.99	0.50	0.68	40.59
Legal and professional	2.26	3.15	1.75	2.37	29.20
Directors remuneration	0.19	0.27	0.23	0.31	(15.35)
Conveyance	0.35	0.48	0.42	0.57	(18.30)
Communication	0.67	0.93	0.65	0.88	2.06
Information technology expenses	0.47	0.66	0.45	0.61	5.73
Provision for doubtful debts/advances/other current assets	0.72	1.00	1.29	1.75	(44.68)
Commission to channel partners	0.28	0.40	0.61	0.82	(53.08)
Training and recruitment	0.45	0.63	0.19	0.26	132.73
Conference, exhibition and seminar	0.05	0.07	0.60	0.81	(91.74)
Advertisement and business promotion	0.29	0.41	0.15	0.20	95.76
Insurance	0.13	0.19	0.15	0.21	(11.72)
Finance Cost	0.09	0.12	0.07	0.09	28.79
Miscellaneous expenses	0.73	1.02	0.76	1.03	(3.59)
Total Operating and Other Expenses	19.04	26.53	24.71	33.43	(22.96)

- Outsourced software expense is lower than corresponding quarter previous year by 68.53%.
- Cost of software purchased for delivery to clients has decreased by 82.38% 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.0.72 crore against Rs.1.29 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.11.96 crore, 16.66% of revenue against Rs.10.75 crore, 14.54% of revenue in the corresponding quarter previous year which represents an increase of 11.25%.

Depreciation

Depreciation on fixed assets was Rs.1.37 crore, 1.91% of revenue for the quarter against Rs.1.94 crore, 2.62% 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	Sep-12	Sep-11
Dividend on investment in Mutual fund units	2.40	1.81
Interest Income	1.52	0.66
Foreign Exchange differences on consolidation	0.15	-0.15
Provisions written back	0.30	0.66
Others	0.02	0.15
Total	4.39	3.14

Other income for the quarter is Rs.4.39 crore, against Rs.3.14 crore in the corresponding quarter previous year.

Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from cancellation of options and forward contracts, translation of current assets and liabilities at quarter end rates and those arising from realization/payments of receivables/payables respectively. During the quarter, the Company had a foreign exchange loss of Rs.1.83 crore against a gain of Rs.4.06 crore 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	Sep-12	Sep-11
Current Tax	3.14	4.56
MAT Credit Entitlement	-	0.12
Deferred Tax Credit (net)	(0.10)	(0.12)
Earlier Year Tax	-	-
Total	3.05	4.57

Profit after Tax

Our profit after tax for the quarter is Rs.10.10 crore, 14.07% of revenue, against Rs.11.45 crore, 15.49% 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 September 30, 2012 is 32,383,454 equity shares of Rs. 10 each, against 32,383,454 as on September 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 Sep 30, 2012		As at June 30, 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
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		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 July 1, 2012	Additions/ (Deletions) during the period	Closing Balance as on Sep 30, 2012
General Reserve	79.72	(0.38)	79.33
Securities Premium	2.19	(0.00)	2.19
Capital Reserve	0.87	0.01	0.88
Employee Stock Options	-	-	-
Foreign Currency Translation Reserve	9.59	(0.47)	9.12
Hedging Reserve	(3.37)	5.88	2.51
Profit and Loss Account Balance	203.60	10.48	214.08
Total	292.59	15.50	308.09

Fixed Assets

As at September 30, 2012 gross block of fixed assets including investment in technology assets is Rs.121.02 crore (Rs. 120.48 crore June 30, 2012).

As at	(Rs. in crore)		
	30-Sep-12	30-Jun-12	Inc/Dec (%)
Gross Block			
Freehold land	0.34	0.34	-
Leasehold land	18.78	18.78	-
Leasehold improvement	1.28	1.28	-
Building	28.17	28.16	0.05
Office and other equipment	19.04	19.03	0.07
Computers	32.09	31.79	0.95
Vehicles	1.51	1.51	-
Furniture and fixtures	5.26	5.26	-
Software	14.55	14.33	1.50
Total	121.02	120.48	0.45
Less: Accumulated Depreciation	73.17	72.03	1.58
Net Block	47.86	48.45	(1.22)
Net Fixed Assets	47.86	48.45	(1.22)

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 September 30, 2012 the cash and bank balances stood at Rs.118.13 crore (Rs. 71.97 crore on June 30, 2012) and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs.116.63 crore (Rs. 150.83 crore on June 30, 2012).

Total cash and cash equivalents are thus at Rs.234.76 crore as on September 30, 2012 against Rs. 222.80 crore as on June 30, 2012.

	(Rs. in crore)	
Cash & Cash Equivalents as at	30-Sep-12	30-Jun-12
Balances with Bank		
In Current Accounts	25.76	19.10
In Fixed Deposit Account	92.37	52.87
Investments in Mutual Funds	116.63	150.83
Total	234.76	222.80

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.12.14 crore for the quarter against Rs.10.12 crore in the June quarter. Operating cash flow is Rs.18.15 crore against Rs.25.32 crore in June quarter. 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-Sep-12	30-Jun-12
Operating cash flow as % of revenue	16.92%	13.69%
Days of sale receivable	77	89
Cash and Equivalents as % of assets	57.18%	53.43%
Cash and Equivalents as % of revenue (LTM)	81.02%	76.32%
Current investments as % of assets	28.41%	36.17%
Current investments as % of revenue (LTM)	40.25%	51.67%

Trade Receivables

Our trade receivables as on September 30, 2012 are Rs.59.94 crore, against Rs.72.69 crore as on June 30, 2012. All the trade receivables are recoverable as per the Management.

Days of sales receivables (DSR) is at 77 days as on September 30, 2012 against 89 days as on June 30, 2012.

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

As at	30-Sep-12	30-Jun-12
Less than 6 months	92.87%	97.77%
More than 6 months	7.13%	2.23%

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 September 30, 2012 are Rs.32.78 against Rs.30.48 crore as on June 30, 2012.

(Rs. in crore)

As at	30-Sep-12	30-Jun-12
Long term Loans and advances		
Security deposits	3.02	2.97
Advance income tax	13.05	12.42
Prepaid expenses	0.63	0.70
MAT credit entitlement	5.07	4.14
Staff Loans	0.28	0.36
Capital advances	0.00	-
Total	22.05	20.58
Short term Loans and advances		
Prepaid expenses	5.29	4.30
Supplier advances	0.34	0.42
MAT credit entitlement	0.18	1.96
Employee advances	0.78	0.98
Others	4.15	2.24
Total	10.74	9.90
Total Loans and Advances	32.78	30.48

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs.3.02 crore as on September 30, 2012 (Rs. 2.97 crore as on June 30, 2012).

Advance income tax is Rs.13.05 crore as on June 30, 2012 (Rs. 12.42 crore as on June 30, 2012).

Current Liabilities

(Rs. in crore)

As at	30-Sep-12	30-Jun-12
Trade Payables	22.00	25.37
Advances from customers	9.50	10.69
Deferred Revenue	18.81	24.00
Mark-to-market loss on forward and options contracts	-	3.26
Unclaimed dividend	0.21	0.19
Book Overdraft	0.19	-
Payable for purchase of fixed assets	-	0.32
Retention Money	-	-
Other Payables- statutory remittances	3.66	3.33
Short term provisions	-	-
Compensated absences	1.53	1.50
Gratuity	2.28	2.25
Proposed dividend	-	8.10
Tax on dividend	-	1.31
Total	58.18	80.33

Trade payables represent the amount payable for providing goods and services and is Rs.22.00 crore as on September 30, 2012 (Rs.25.37 crore as on June 30, 2012).

Advances from customers as on September 30, 2012 is Rs.9.50 crore (Rs.10.69 crore as on June 30, 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 September 30, 2012 is Rs.3.81 crore (Rs.13.16 crore as on June 30, 2012).

Long Term Provisions

Provisions as on September 30, 2012 are Rs.11.91 crore (Rs. 11.68 crore as on June 30, 2012). The break up of provisions at the quarter end is given below.

(Rs. in crore)

As at	30-Sep-12	30-Jun-12
Gratuity	6.94	6.90
Compensated Absences	4.97	4.78
Total	11.91	11.68

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

ADDITIONAL INFORMATION TO SHAREHOLDERS

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

Financial reporting for the third quarter between 21st to 31st of January 2013
ending December 31, 2012.

Financial reporting for the fourth quarter between 21st to 30th of April 2013
ending March 31, 2013.

Financial results for the year ending between 21st to 30th of April 2013
March 31, 2013
5. SHARE RELATED DATA
 - The Shares of Nucleus are listed on The National Stock Exchange of India limited, and Bombay Stock Exchange Limited
 - Scrip Code (NSE) NUCLEUS
 - Scrip Code (BSE) 531209
 - The Company's shares are traded in "Group B" category at the Bombay Stock Exchange Ltd.
 - International Securities Identification
Number (ISIN code-NSDL and CDSL) INE096B01018
 - Face value of the Company's equity shares is Rs. 10.

- Shares of the Company are compulsorily traded in demat form.
- 98.81 % of the Company's equity shares are in demat form.
- The Company has 17,134 shareholders as on September 30, 2012.
- The Company has not issued any GDRs / ADRs. The Company has granted options to employees under ESOP (1999), ESOP (2002), ESOP (2005) and ESOP (2006) scheme. The options if exercised at the end of the vesting period shall be converted into equity shares.
- The dividend declared and paid in the previous financial years is given below:

Financial Year	Dividend (%)	Dividend Per Share in Rs.	Dividend Pay Out in Rs. Crore
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 September 30, 2012. (Consolidated)

Particulars	Quarter Ended			Half Year Ended		Year Ended
	Sept 30, 2012	June 30, 2012	Sept 30, 2011	Sept 30, 2012	Sept 30, 2011	March 31, 2012
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
INCOME FROM OPERATIONS						
Income from Software Products and Services	7,174.72	7,394.56	7,391.19	14,569.28	13,818.64	28,225.48
Total Income from operations (net)	7,174.72	7,394.56	7,391.19	14,569.28	13,818.64	28,225.48
EXPENSES						
a) Employee benefits expense	4,075.65	4,293.12	3,845.73	8,368.77	7,894.25	15,707.72
b) Depreciation and amortisation expense	137.07	159.06	193.56	296.13	395.02	745.04
c) Travel expense	512.85	519.07	476.26	1,031.92	883.95	1,954.55
d) Outsourced technical service expense	226.06	319.77	718.24	545.83	1,151.19	1,987.92
e) Other expenses	1,155.65	1,335.67	1,269.40	2,491.32	2,251.40	4,987.72
Total Expenses	6,107.28	6,626.69	6,503.19	12,733.97	12,575.81	25,382.95
PROFIT FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS AND TAXES (1-2)	1,067.44	767.87	888.00	1,835.31	1,242.83	2,842.53
Other Income	255.93	850.37	720.28	1,106.30	1,051.93	2,020.64
PROFIT FROM OPERATIONS BEFORE FINANCE COSTS AND TAXES (3+4)	1,323.37	1,618.24	1,608.28	2,941.61	2,294.76	4,863.17
Finance costs	8.94	10.50	6.94	19.44	15.15	32.81
PROFIT BEFORE TAXES (5-6)	1,314.43	1,607.74	1,601.34	2,922.17	2,279.61	4,830.36
Tax expense	304.91	378.22	456.58	683.13	631.60	1,296.35
PROFIT AFTER TAXES (7-8)	1,009.52	1,229.52	1,144.76	2,239.04	1,648.01	3,534.01
Minority Interest	-	-	-	-	-	-
NET PROFIT FOR THE PERIOD (9-10)	1,009.52	1,229.52	1,144.76	2,239.04	1,648.01	3,534.01
Paid-up Equity Share Capital (Face Value Rs.10 each)	3,238.50	3,238.50	3,238.50	3,238.50	3,238.50	3,238.50
Reserves excluding Revaluation Reserves	-	-	-	-	-	28,174.22
Earnings Per Share (Rs.) (Par value Rs.10 each) (not annualised)						
Basic	3.12	3.80	3.54	6.91	5.09	10.91
Diluted	3.12	3.80	3.54	6.91	5.09	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 3,19,98,692 shares (98.81% of the paid up share capital) as at September 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	6	6	Nil
2.	Non-receipt of Dividend Warrant	2	2	Nil
3.	Non-Receipt of Shares after transfer	-	-	Nil
4.	Non-Receipt of Annual Report	1	1	Nil
5.	SEBI/Stock Exchange/Legal	1	1	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	Percentage of	No of Shares	Percentage of
	From	To	Share Holders	Share Holders		Shares
1	1	5,000	16942	98.87	4533878	14.00
2	5,001	10,000	103	0.60	751756	2.32
3	10,001	20,000	43	0.25	593986	1.83
4	20,001	30,000	9	0.05	230799	0.71
5	30,001	40,000	5	0.03	188972	0.58
6	40,001	50,000	2	0.01	95260	0.29
7	50,001	1,00,000	9	0.05	687395	2.12
8	1,00,001	And Above	22	0.13	25301408	78.13
TOTAL			17135	100.00	32383454	100.00

12. Categories of Shareholders

Category	As on September 30, 2012		
	No. of Share Holders	Voting Strength (%)	No. of Shares Held
Promoter and Promoter Group	9	57.44	1,86,01,866
Individuals	16,036	22.01	71,25,633
Bodies Corporate	502	2.54	8,23,639
Non-Resident Indians	439	2.10	6,80,347
Foreign Institutional Investors	2	5.04	16,32,536
Mutual Funds	12	10.64	34,44,644
Financial Institutions/ Banks	0	0.00	Nil
Clearing Members and Trusts	134	0.23	74,789
Total	17,134	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 1,622 people as on September 30, 2012 as compared to 1,644 people as on June 30, 2012.

Distribution of the employees is:

A. Distribution of the Employees:

	March 31, 2012	June 30, 2012	September 30, 2012
Technical Employee's	1,418	1,299	1,296
Non-Technical Employee's including Business Development Group	238	345	326
TOTAL	1,656	1,644	
	March 31, 2012	June 30, 2012	September 30, 2012
Male	1,301	1,294	1,262
Female	355	344	360
Total	1,600	1,644	1,622

B. The Age Profile Of The Employees Is:

	March 31, 2012	June 30, 2012	September 30, 2012
Between 20 and 25 years	397	388	354
Between 26 and 30 years	551	534	498
Between 31 and 40 years	616	628	667
Between 41 and 50 years	79	78	87
51 years and above	13	15	16
Total	1,656	1,644	1,622

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: pk sanghi@nucleussoftware.com

Poonam Bhasin - Company Secretary

Tel: +91 (120) 4031400

E Mail: poonam@nucleussoftware.com

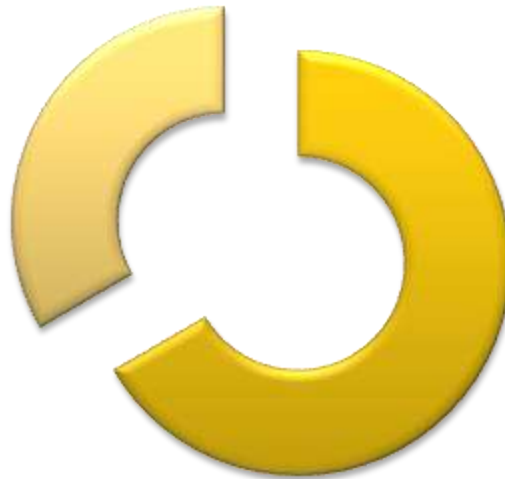
CONSOLIDATED SEGMENT INFORMATION

(Rs. in Crore)

REVENUE BY	Quarter Ended						Half Year Ended				Year ended	
	Sep 30, 2012	% of Rev	June 30, 2012	% of Rev	Sept 30, 2011	% of Rev	Sep 30, 2012	% of Rev	Sep 30, 2011	% of Rev	Mar 31, 2012	% of Rev
GEOGRAPHICAL SEGMENTS												
INDIA	12.75	17.77	15.04	20.34	13.91	18.82	27.79	19.08	25.19	18.23	51.14	18.12
FAR EAST	21.24	29.61	20.77	28.09	19.06	25.79	42.01	28.84	36.57	26.46	75.28	26.67
SOUTH EAST ASIA	14.09	19.63	14.53	19.65	15.94	21.57	28.61	19.64	29.03	21.01	59.83	21.20
EUROPE /U.K.	4.96	6.92	5.05	6.83	8.31	11.25	10.01	6.87	17.05	12.34	29.73	10.53
AMERICAS	4.43	6.17	4.77	6.46	2.94	3.98	9.20	6.32	4.82	3.49	12.19	4.32
MIDDLE EAST	9.68	13.50	9.73	13.15	10.42	14.09	19.41	13.32	18.97	13.72	38.03	13.47
AFRICA	3.26	4.54	2.93	3.96	1.59	2.15	6.18	4.24	2.82	2.04	8.53	3.02
REST OF THE WORLD	1.34	1.87	1.13	1.52	1.73	2.35	2.47	1.69	3.75	2.72	7.53	2.67
TOTAL	71.75	100.00	73.95	100.00	73.91	100.00	145.69	100.00	138.19	100.00	282.25	100.00
CURRENCY SEGMENTS												
INR	12.75	17.77	15.04	20.34	13.91	18.82	27.79	19.08	25.19	18.23	51.14	18.12
JPY	9.05	12.62	6.99	9.45	3.96	5.36	16.04	11.01	6.21	4.49	20.21	7.16
SGD	7.18	10.00	6.99	9.46	5.53	7.48	14.17	9.73	10.96	7.93	23.64	8.38
GBP	0.32	0.45	0.33	0.45	-	-	0.65	0.45	-	-	-	-
USD	39.24	54.69	41.65	56.32	46.23	62.55	80.89	55.52	87.77	63.52	174.04	61.66
MYR	1.38	1.92	0.99	1.34	0.94	1.27	2.37	1.63	2.46	1.78	4.31	1.53
EUR	1.09	1.52	1.14	1.55	2.40	3.25	2.24	1.53	3.85	2.78	5.60	1.99
KRW	0.66	0.93	0.72	0.98	0.93	1.26	1.39	0.95	1.75	1.27	3.31	1.17
CHF	0.05	0.06	0.05	0.06	-	-	0.09	0.06	0.00	-	-	-
SEK	0.03	0.04	0.03	0.04	-	-	0.06	0.04	0.00	-	-	-
TOTAL	71.75	100.00	73.95	100.00	73.91	100.00	145.69	100.00	138.19	100.00	282.25	100.00
BUSINESS SEGMENTS												
PRODUCTS	47.82	66.65	50.58	68.40	55.18	74.65	98.40	67.54	102.26	74.00	204.99	72.63
Own	47.47	66.16	47.23	63.87	53.03	71.75	94.70	65.00	97.64	70.66	197.35	69.92
Traded	0.35	0.48	3.35	4.53	2.15	2.90	3.70	2.54	4.62	3.34	7.64	2.71
PROJECTS & SERVICES	23.93	33.35	23.37	31.60	18.74	25.35	47.29	32.46	35.93	26.00	77.26	27.37
TOTAL	71.75	100.00	73.95	100.00	73.91	100.00	145.69	100.00	138.19	100.00	282.25	100.00

Quarter Ended Sep 30, 2012

**PROJECTS &
SERVICES
33.35%**



**PRODUCTS
66.65%**

Quarter Ended Sep 30, 2011

**PROJECTS &
SERVICES
25.35%**



**PRODUCTS
74.65%**

RATIO ANALYSIS

Consolidated Performance					
Particulars	Quarter Ended		Half Year Ended		Year Ended
	Sep-12	Sep-11	Sep-12	Sep-11	Mar-12
Ratios- Financial Performance					
Export Revenue/ Revenue (%)	82.23%	81.18%	80.92%	81.77%	81.88%
Domestic Revenue/ Revenue (%)	17.77%	18.82%	19.08%	18.23%	18.12%
Total Operating Expenses/ Revenue (%)	83.34%	85.46%	85.50%	88.26%	87.40%
Operating Profit/ Revenue (%)	16.66%	14.54%	14.50%	11.74%	12.59%
Depreciation/ Revenue (%)	1.91%	2.62%	2.03%	2.86%	2.64%
Other Income/ Revenue (%)	6.12%	4.25%	5.58%	4.64%	5.98%
Tax/ Revenue (%)	4.25%	6.18%	4.69%	4.57%	4.59%
Effective Tax Rate - Tax/ PBT (%)	23.20%	28.51%	23.38%	27.71%	26.84%
PAT from Ordinary Activities/ Revenue(%)	7.95%	11.24%	9.79%	7.28%	6.54%
PAT from Ordinary Activities/Net Worth(%) (LTM)			6.66%	5.67%	5.88%
Ratios- Return					
ROCE(PBIT/ Average Capital Employed) (%) (LTM)	13.23%	12.47%			12.49%
ROANW (PAT/Average Net Worth) (%) (LTM)	12.40%	9.64%			11.74%
Ratios - Growth (YoY)					
Growth in Export Revenue (%)	-1.67%	-1.40%	4.34%	-4.31%	0.66%
Growth in Total Revenue (%)	-2.93%	5.30%	5.43%	1.36%	4.35%
Operating Expenses Growth (%)	-5.34%	8.01%	2.14%	1.72%	2.79%
Operating Profit Growth (%)	11.25%	-8.20%	30.15%	-1.22%	16.63%
PAT Growth (%)	-11.81%	28.65%	35.86%	16.06%	34.17%
EPS Growth (%)	-11.82%	28.73%	35.86%	15.95%	34.23%
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (Rs.)	1.76	2.57	4.40	3.11	5.70
Earning Per Share (Including Other Income) (Rs.)	3.12	3.54	6.91	5.09	10.91
Cash Earning Per Share from Ordinary Activities (Rs.)	2.19	3.16	5.32	4.33	8.00
Cash Earning Per Share (Including Other Income)(Rs.)	3.54	4.13	7.83	6.31	13.21
Book Value Per Share (Rs.)	105.14	92.76	105.14	92.76	97.00
Price/Earning (Annualized)	6.96	4.66	6.28	6.48	5.67
Price/ Cash Earning (Annualized)	6.13	3.99	5.55	5.23	4.68
Price/Book Value	0.83	0.71	0.83	0.71	0.64

Particulars	Quarter Ended	Year Ended
	Sep-12	Mar-12
Ratios - Balance Sheet		
Debt-Equity Ratio	-	-
Debtors Turnover (Days)	77	114
Asset Turnover Ratio (LTM)	0.70	0.69
Current Ratio	5.74	3.98
Cash and Equivalents/Total Assets (%)	57.18%	47.99%
Cash and Equivalents/ Revenue (%) (LTM)	81.02%	69.55%
Depreciation/Average Gross Block(%) (LTM)	5.35%	6.49%
Technology Investment/ Revenue (%)	1.05%	1.19%