

Consolidated Balance Sheet as at 31 March 2010

Amount in Rupees

	Schedule	As at 31 March 2010	As at 31 March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	323,715,240	323,715,240
Advance pursuant to Stock Option Schemes		3,451,740	5,999,100
Reserves and Surplus	2	2,386,980,001	2,079,345,937
		<u>2,714,146,981</u>	<u>2,409,060,277</u>
Deferred Tax Liability (refer note 2, schedule 16)		1,111,447	2,541,492
		<u>2,715,258,428</u>	<u>2,411,601,769</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	1,126,414,695	1,120,218,666
Less: Accumulated Depreciation		(584,096,885)	(481,171,475)
Net Block		<u>542,317,810</u>	<u>639,047,191</u>
Add: Capital Work in Progress (including capital advances)		5,199,458	3,100,736
		<u>547,517,268</u>	<u>642,147,927</u>
Investments	4	958,980,145	162,902,975
Deferred Tax Asset (refer note 2, schedule 16)		31,241,899	17,623,147
Current Assets, Loans and Advances			
Sundry Debtors	5	576,829,926	801,005,914
Cash and Bank Balances	6	667,453,589	1,061,360,508
Loans and Advances	7	293,467,588	227,679,275
Other Current Assets	8	309,511,774	294,329,402
		<u>1,847,262,877</u>	<u>2,384,375,099</u>
Less: Current Liabilities and Provisions			
Current Liabilities	9	(465,989,117)	(600,625,716)
Provisions	10	(203,754,644)	(194,821,663)
		<u>(669,743,761)</u>	<u>(795,447,379)</u>
Net Current Assets		<u>1,177,519,116</u>	<u>1,588,927,720</u>
		<u>2,715,258,428</u>	<u>2,411,601,769</u>
Significant accounting policies and notes to the accounts	16		

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

As per our report of even date attached

For B S R & Co.

Chartered Accountants
Firm Registration No.: 101248W

Jiten Chopra
Partner
Membership No.: 092894

Gurgaon
April 25, 2010

NOIDA (U.P.)
April 25, 2010

For and on behalf of the Board of Directors

Janki Ballabh
Chairman

P K Sanghi
Chief Financial Officer

Vishnu R Dusad
Managing Director

Poonam Bhasin
Company Secretary

	As at 31 March 2010	As at 31 March 2009
SCHEDULE 1		
SHARE CAPITAL		
Authorised capital		
40,000,000 (40,000,000) equity shares of Rs.10 each	400,000,000	400,000,000
Issued, subscribed and paid up		
Issued		
32,372,824 (32,372,824) equity shares of Rs.10 each	323,728,240	323,728,240
Subscribed and paid up		
32,370,024 (32,370,024) equity shares of Rs.10 each, fully paid up	323,700,240	323,700,240
Of the above:		
16,185,012 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of securities premium account during the year ended 31 March 2008		
8,045,406 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of securities premium account during the year ended 31 March 2005		
2,637,050 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of general reserve and securities premium account during the year ended 31 March 2002		
1,452,270 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of general reserve during the year ended 31 March 1995		
Add: 2,800 (2,800) forfeited equity shares pending for reissue	15,000	15,000
	<u>323,715,240</u>	<u>323,715,240</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
General reserve		
Balance as at 1 April	654,264,361	614,474,280
Add: Transferred from Profit and Loss Account	46,104,121	39,790,081
	<u>700,368,482</u>	<u>654,264,361</u>
Securities premium account		
Balance as at 1 April	20,953,189	20,484,589
Add: Share premium received	-	360,000
Add : On conversion of stock options issued to employees	-	123,600
Less: Amount utilised for issuance of bonus shares	-	15,000
	<u>20,953,189</u>	<u>20,953,189</u>
Capital reserve account		
Balance as at 1 April	2,540,030	1,800,030
Add: Amount forfeited against employees stock option plan	2,947,360	740,000
	<u>5,487,390</u>	<u>2,540,030</u>
Employee stock options		
Balance as at 1 April	14,340,608	15,248,208
Less: Reversal on forfeiture of stock options granted	6,136,380	784,000
Less: Transferred to securities premium account on exercise of stock options	-	123,600
	<u>8,204,228</u>	<u>14,340,608</u>
Less: Deferred employee compensation	-	(1,976,054)
	<u>8,204,228</u>	<u>12,364,554</u>
Foreign currency translation reserve		
Balance as at 1 April	42,171,611	12,273,940
Add: Movement during the year	(6,786,660)	29,897,671
	<u>35,384,951</u>	<u>42,171,611</u>
Hedging reserve (refer note 3, schedule16)		
Balance as at 1 April	(12,268,744)	(12,268,744)
Add: Movement during the year	25,992,318	-
	<u>13,723,574</u>	<u>(12,268,744)</u>
Profit and Loss Account		
Balance as at 1 April	1,359,320,936	1,171,206,713
Add: Profit for the year	384,007,501	322,582,578
Less: Transferred to general reserve	46,104,121	39,790,081
Less: Proposed dividend	80,925,060	80,925,060
Less: Corporate dividend tax	13,441,069	13,753,214
	<u>1,602,858,187</u>	<u>1,359,320,936</u>
	<u>2,386,980,001</u>	<u>2,079,345,937</u>

Schedules forming part of the financial statements

SCHEDULE 3 FIXED ASSETS

Amount in Rupees

	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2009	Additions	Deductions / adjustments	As at 31 March 2010	As at 1 April 2009	Depreciation for the year	Deductions / adjustments	As at 31 March 2010	As at 31 March 2009
Tangible assets									
Freehold land	3,360,720	-	-	3,360,720	-	-	-	3,360,720	3,360,720
Leasehold land	187,842,361	-	-	187,842,361	6,066,555	2,001,440	-	179,774,366	181,775,806
Leasehold improvement	12,539,955	-	-	12,539,955	4,929,850	4,177,188	(2)	3,432,919	7,610,105
Buildings	243,025,991	-	(750,000)	242,275,991	27,538,556	7,995,149	(137,192)	206,879,478	215,487,435
Plant and machinery (including Office equipment)	166,956,036	2,962,860	(520,077)	169,398,819	91,826,382	26,108,586	(415,027)	51,878,878	75,129,654
Computers	290,879,316	7,283,536	(7,647,228)	290,515,624	193,484,451	45,402,284	(7,358,966)	58,987,855	97,394,865
Vehicles	18,124,280	1,958,429	(2,902,068)	17,180,641	10,158,988	2,936,449	(2,018,627)	6,103,831	7,965,292
Furniture and fixtures	53,833,067	608,702	(485,999)	53,955,770	39,081,386	5,809,407	(480,078)	9,545,055	14,751,681
Intangible assets									
Software	143,656,940	5,714,965	(27,091)	149,344,814	108,085,307	18,915,701	(10,902)	22,354,708	35,571,633
Current year	1,120,218,666	18,528,492	(12,332,463)	1,126,414,695	481,171,475	113,346,204	(10,420,794)	542,317,810	639,047,191
Previous year	950,342,530	228,670,906	(58,794,770)	1,120,218,666	379,276,057	132,770,459	(30,875,041)	639,047,191	

* includes the effect of translation in respect of assets held by foreign subsidiaries which are considered as non-integral to the operations of the company in terms of Accounting Standard 11 as specified in the Companies (Accounting Standard) Rules, 2006

SCHEDULE 4

INVESTMENTS

Long term investments

Equity shares - Trade and unquoted

25,000 (25,000) equity shares of Rs 10 each, fully paid up, in
Ujjivan Financial Services Private Limited

2,500,000	2,500,000
<u>2,500,000</u>	<u>2,500,000</u>

Current investments

Investments in bonds and mutual funds - Non trade and unquoted

843,889 (Nil) units of face value of Rs. 100 each of
ICICI Prudential Flexible Income Plan - Premium - (D)

89,228,309	–
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Nil (5,255,930) units of face value of Rs. 10 each of
ICICI Prudential Institutional Liquid Plan-Super Inst-(D)

–	52,561,930
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6,446,666 (Nil) units of face value of Rs. 10 each of
Birla Sun Life Savings Fund-Inst-(D)

64,510,501	–
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7,718,375 (Nil) units of face value of Rs. 10 each of
Fortis Money Plus Plan-Inst-(D)

77,207,676	–
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Nil (2,828,469) units of face value of Rs. 10 each of
HDFC Cash Management Fund-Savings Plan-(D)

–	30,084,727
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Nil (1,231,736) units of face value of Rs. 10 each of
HDFC Liquid Fund Premium Plan-(D)

–	15,100,840
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5,958,385 (Nil) units of face value of Rs. 10 each of
HDFC Cash Management Fund-Treasury Advantage Plan-Wholesale-(D)

59,771,541	–
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7,898,841 (Nil) units of face value of Rs. 10 each of
JP Morgan India Treasury Fund-Super Inst-(D)

79,058,710	–
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Nil (1,966,813) units of face value of Rs. 10 each of
Reliance Liquid Fund -Treasury Plan Institutional Option-(D)

–	30,067,057
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4,475,934 (Nil) units of face value of Rs. 10 each of
Reliance Medium Term Fund - (D)

76,518,328	–
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20,231 (Nil) units of face value of Rs. 1000 each of
Reliance Money Manager Fund-Inst-(D)

20,253,632	–
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9,954,857 (Nil) units of face value of Rs. 10 each of
LICMF Savings Plus Fund-(D)

99,548,567	–
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Nil (684,631) units of face value of Rs. 10 each of LICMF Liquid Fund-(D)

–	7,517,318
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9,899,960 (Nil) units of face value of Rs. 10 each of
Kotak Flexi Debt Scheme - Inst. (D)

99,469,852	–
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7,335,658 (Nil) units of face value of Rs. 10 each of
JM Money Manager Fund Super Plus Plan-(D)

73,395,456	–
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47,849 (Nil) units of face value of Rs 1000 each of
UTI Treasury Advantage Fund-Inst-(D)

47,859,307	–
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	As at 31 March 2010	As at 31 March 2009
4,497,335 (Nil) units of face value of Rs 10 each of S252 SBNPP Ultra ST Fund Super-Inst-(D)	45,139,750	–
1,999,606 (Nil) units of face value of Rs 10 each of TFLD TATA Floater Fund (D)	20,067,250	–
Nil (1,640,006) units of face value of Rs. 10 each of Reliance Liquid Fund - Treasury Plan-Inst-(D)	–	25,071,103
47,295(Nil) units of face value of Rs. 100 each of ICICI Flexible Income Plan Premium -(D)	5,000,765	–
5,397,483(Nil) units of face value of Rs. 10 each of LICMF Income Plus Fund- (D)	53,974,829	–
4,545,267(Nil) units of face value of Rs. 10 each of LICMF Savings Plus Fund- (D)	45,452,672	–
	<u>956,457,145</u>	<u>160,402,975</u>
Investments in Government Securities (refer note 3 below)		
- National savings certificates	23,000	–
	<u>23,000</u>	<u>–</u>
	<u>958,980,145</u>	<u>162,902,975</u>

Notes:

1. Net asset value (NAV) of current investments Rs.956,457,145 (Rs.160,402,975) as at 31 March 2010
2. Refer note 7, schedule 16 for details of investments purchased and sold during the year ended 31 March 2010
3. Provided as security to government authorities

SCHEDULE 5**SUNDRY DEBTORS**

(Unsecured)

Debts outstanding for a period exceeding six months

- Considered good	122,392,969	93,145,175
- Considered doubtful	16,946,831	17,468,880
	<u>139,339,800</u>	<u>110,614,055</u>
Less: Provision for doubtful debts	<u>(16,946,831)</u>	<u>(17,468,880)</u>
	122,392,969	93,145,175
Other debts (considered good)	454,436,957	707,860,739
	<u>576,829,926</u>	<u>801,005,914</u>

	As at 31 March 2010	As at 31 March 2009
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SCHEDULE 6**CASH AND BANK BALANCES** (refer note 6, schedule 16)

Cash in hand	162,242	555,575
Cheques in hand	8,121,930	1,366,929
Balances with scheduled banks:		
– in current accounts	101,665,923	128,049,285
– in fixed deposit accounts**	386,770,013	732,842,214
Balance with non scheduled bank: *		
– in current account		
Citibank-U.K.	79,827	1,019,739
Citibank-UAE	926,456	476,810
Citibank-Singapore	42,826,097	69,446,702
Citibank-Korea	13,402,091	15,533,513
Citibank-Philippines	1,280,369	1,515,627
PNC Bank-USA	6,700,374	7,517,994
Bank of Tokyo Mitsubishi -Japan	5,860,080	47,189,175
Shinsei Bank - Japan	4,368,051	22,326,932
Citibank -Japan	93,574,154	–
Citibank -Hong Kong	–	15,012
ANZ Bank - Australia	–	451,325
Citibank -Singapore	810,893	827,789
Citibank -Netherlands	905,089	4,365,472
– in fixed deposit accounts		
ANZ Bank - Australia	–	17,500
Remittance in transit	–	27,842,915
	667,453,589	1,061,360,508

* Maximum amount outstanding during the year

– in current accounts		
Citibank-U.K.	2,148,871	2,307,184
Citibank-UAE	4,508,639	3,212,886
Citibank-Singapore	175,082,127	147,448,221
Citibank-Korea	23,863,462	38,156,749
Citibank-Philippines	1,513,351	1,488,714
PNC Bank-USA	11,971,661	37,658,824
Bank of Tokyo Mitsubishi -Japan	155,838,223	124,095,400
Shinsei Bank - Japan	49,552,493	32,653,113
Citibank -Japan	99,264,082	–
Citibank -Hong Kong	14,024	44,937
ANZ Bank - Australia	517,800	470,232
Citibank -Singapore	826,546	24,077,058
Citibank -Netherlands	6,877,379	6,607,348
– in fixed deposit accounts		
ANZ Bank - Australia	–	18,065

** include fixed deposits amounting to Rs.5,870,013 (Rs.5,665,165) under lien with bank on account of guarantees issued on behalf of the Company

SCHEDULE 7**LOANS AND ADVANCES**

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received	43,646,953	45,468,410
Security deposits	28,644,688	27,749,006
Mark to Market on Options/Forward contracts (refer note 3, schedule16)	12,861,347	–
Advance income tax [net of provision Rs. 153,651,259 (Rs. 76,716,282)]	85,017,325	47,822,108
Advance fringe benefit tax [net of provision Rs. 24,915,859 (Rs. 24,583,704)]	2,732,275	2,592,274
MAT credit entitlement (refer note 8, schedule16)	87,353,354	77,865,904
Prepaid expenses	33,211,646	26,181,573
	293,467,588	227,679,275

	As at 31 March 2010	As at 31 March 2009
SCHEDULE 8		
OTHER CURRENT ASSETS		
Service income accrued but not due [net of provision of Rs.18,763,212 (Rs.12,010,692)]	295,156,911	267,626,766
Interest accrued but not due	14,354,863	26,702,636
	<u>309,511,774</u>	<u>294,329,402</u>
SCHEDULE 9		
CURRENT LIABILITIES		
Sundry creditors	318,112,186	380,723,410
Withholding tax	–	25,770,224
Advances from customers	114,705,126	103,709,986
Mark to Market on Options / Forward contracts (refer note 3, schedule16)	–	42,275,541
Unclaimed dividend	1,467,148	1,194,215
Other liabilities	27,802,380	46,952,340
Book overdraft	3,902,277	–
	<u>465,989,117</u>	<u>600,625,716</u>
SCHEDULE 10		
PROVISIONS		
Gratuity	62,565,402	54,471,069
Leave encashment	46,823,339	43,361,832
Taxation [Net of advance tax Rs.Nil (Rs.6,281,491)]	–	2,310,488
Proposed dividend	80,925,060	80,925,060
Corporate dividend tax	13,440,843	13,753,214
	<u>203,754,644</u>	<u>194,821,663</u>

**SCHEDULE 16
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE
ACCOUNTS**

1. Significant accounting policies

(i) Basis of preparation

The consolidated 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) Principles of consolidation

These consolidated financial statements relate to Nucleus Software Exports Ltd., the parent company and its subsidiaries (hereinafter collectively referred as "the Group"), which are as follows:

Name of the Company	% Shareholding	Country of incorporation
Nucleus Software Solutions Pte. Ltd.	100	Singapore
Nucleus Software Inc.	100	United States of America
Nucleus Software Japan Kabushiki Kaiga	100	Japan
Nucleus Software (Australia) Pty. Ltd.	100	Australia
Nucleus Software (HK) Ltd.	100	Hong Kong (de registered on January 8, 2010)
VirStra i – Technology Services Limited	100	India
VirStra i – Technology (Singapore) Pte. Ltd.	100	Singapore
Nucleus Software Netherlands B.V.	100	Netherlands
Nucleus Software Limited	100	India

The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down under Accounting Standard 21 on "Consolidated Financial Statements" as specified in the Companies (Accounting Standard) Rules, 2006.

The financial statements of the parent company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating inter company balances/transactions and resulting unrealised profits in full. Unrealised losses resulting from inter company transactions have also been eliminated except to the extent that the recoverable value of related assets is lower than their cost to the Group. The amount shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

The consolidated financial statements are prepared, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

The consolidated financial statements are prepared using uniform accounting policies for the transaction and other events in similar circumstances, except as disclosed otherwise.

(iii) 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.

(iv) Foreign exchange transactions and translation of financial statements of foreign subsidiaries

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 period are recognised in the Profit and Loss Account. Monetary current assets and monetary current liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Profit and Loss Account.

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

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

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

The financial statements of the foreign subsidiaries being integral operations are translated into Indian rupees as follows:

- a) Income and expense items are translated at the weighted average exchange rates.
- b) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date.
- c) Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.
- d) All resulting exchange differences are recognised in the Profit and Loss Account of the reporting period.
- e) Amounts disclosed as contingent liabilities are translated at the closing rate.

The financial statements of the foreign subsidiaries being non-integral operations are translated into Indian rupees as follows:

- a) Income and expense items are translated at the weighted average exchange rates.
- b) Assets and liabilities, both monetary and non-monetary are translated at the closing rate.
- c) All resulting exchange differences are accumulated in a foreign currency translation reserve which is reflected under reserves and surplus.

- d) Amounts disclosed as contingent liabilities are translated at the closing rate.

(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 in respect of 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 period in which such losses become certain based on the current estimates.

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

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

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the 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.

(vi) 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.

(vii) Fixed assets and capital work in progress

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

(viii) Depreciation

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

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

Tangible assets	Useful life (in years)
Building	30
Plant and machinery (including office equipment)	5
Computers	3-5
Vehicles	5
Furniture and fixtures	5-7
Temporary wooden structures (included in furniture and fixtures)	1
Intangible assets	
Software	3

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

(ix) Investments

Investments are classified into long term and current investments based on the intent of management at the time of acquisition. Long-term investments 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.

(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) Employee benefits

India

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

Gratuity

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plan is determined based on an actuarial

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

Other long term employee benefits

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

Singapore

The Company's contribution to central provident fund is deposited with the appropriate authorities and charged to the Profit and Loss Account.

United States of America

The Company's social security contributions are charged to the Profit and Loss Account.

Australia

The Company's contributions to superannuation are charged to the Profit and Loss Account.

(xii) Employee stock option based compensation

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

(xiii) Earnings per share

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

(xiv) Operating leases

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

(xv) Taxation

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

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

(xvi) 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.

(xvii) 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.

2. Deferred tax asset/(liability)

Components of net deferred tax asset:

	Amount in Rupees	
	As at 31 March 2010	As at 31 March 2009
Deferred tax asset		
Provision for doubtful debts and income accrued	7,562,429	5,564,048
Provision for retirement benefits	34,697,723	28,891,161
	<u>42,260,152</u>	<u>34,455,209</u>
Deferred tax liability		
Difference of depreciation as per Income-tax laws and books of accounts	(11,018,253)	(16,832,062)
Net deferred tax asset	<u>31,241,899</u>	<u>17,623,147</u>

Components of net deferred tax liability:

	Amount in Rupees	
	As at 31 March 2010	As at 31 March 2009
Deferred tax asset		
Provision for retirement benefits	40,121	73,205
	<u>40,121</u>	<u>73,205</u>
Deferred tax liability		
Difference of depreciation as per Income-tax laws and books of accounts	(1,151,568)	(2,614,697)
Net deferred tax liability	<u>(1,111,447)</u>	<u>(2,541,492)</u>

3. Forward contracts

	As at 31 March 2010	As at 31 March 2009
Forward contract outstanding		
In USD	10,000,000	5,750,000
Equivalent amount in Rupees	450,900,000	291,755,000
Options contract outstanding		
In USD	400,000	3,400,000
Equivalent amount in Rupees	18,036,000	172,516,000

As at 31 March 2010, the Company has recorded marked to market gain of Rs.13,723,574 relating to forward contracts that are designated as effective cash flow hedges with a corresponding credit to hedging reserves. Further as at 31 March 2010, the Company has recorded marked to market loss of Rs.862,227 relating to foreign currency options which does not qualify for hedging and accordingly the loss has been recognized in the Profit and Loss Account.

4. Employees Stock Option Plan ("ESOP")

The Securities and Exchange Board of India ('SEBI') has issued the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, which is effective for all stock option schemes established after June 19, 1999. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option, including up-front payments, if any, is to be recognised and amortised on a straight-line basis over the vesting period, ranging from twelve to thirty six months.

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 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.

Details of options granted/ exercised and forfeited are as follows:

2002 Stock Option Scheme

	Year ended 31 March 2010	Year ended 31 March 2009
Options outstanding at the beginning of the year	126,050	141,550
Options granted	–	–
Options forfeited	(52,750)	(14,000)
Options exercised	–	(1,500)
	<u>73,300</u>	<u>126,050</u>

2005 Stock Option Scheme

	Year ended 31 March 2010	Year ended 31 March 2009
Options outstanding at the beginning of the year	142,000	142,000
Options granted	–	–
Options forfeited	(56,600)	–
Options exercised	–	–
	<u>85,400</u>	<u>142,000</u>

2006 Stock Option Scheme

	Year ended 31 March 2010	Year ended 31 March 2009
Options outstanding at the beginning of the year	189,860	249,860
Options granted	40,000	–
Options forfeited	(128,786)	(60,000)
Options exercised	–	–
	<u>101,074</u>	<u>189,860</u>

The movement in deferred stock compensation expense during the year ended is as follows:

	Year ended 31 March 2010	Amount in Rupees Year ended 31 March 2009
Balance brought forward	1,976,054	5,980,726
Add: Recognised during the year	–	–
Less: Amortisation expense*	1,893,895	4,004,672
Less: Reversal due to forfeiture	82,159	–
Balance carried forward	<u>–</u>	<u>1,976,054</u>

*excluding write back of stock compensation expense in respect of forfeited/ lapsed options of Rs.6,136,380 (Rs.784,000).

5. Managerial Remuneration*

	Year ended 31 March 2010	Amount in Rupees Year ended 31 March 2009
A. Whole time directors		
Salary	6,000,000	6,000,000
Contribution to provident and other funds	360,000	360,000
Commission	12,949,000	5,525,000
Perquisites	551,000	–
	<u>19,860,000</u>	<u>11,885,000</u>
B. Non executive directors		
Commission	5,738,800	4,115,960
Sitting fees	2,320,000	1,865,000
	<u>8,058,800</u>	<u>5,980,960</u>

*The above remuneration does not include expense towards retirement benefits since the same is based on actuarial valuations carried out for the group as a whole.

6. Bank Balances

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

Name of Bank	Amount in Rupees	
	As at 31 March 2010	As at 31 March 2009
Canara Bank	1,911	86,026
Citi Bank	3,907,644	10,083,596
Citi Bank - EEFC accounts in US dollar	88,834,300	105,739,058
DBS Bank	43,594	247,809
HDFC Bank - EEFC accounts in US dollar	238,428	2,320,123
HDFC Bank	4,988,884	6,369,981
HDFC Bank - Unclaimed dividend accounts	1,082,364	802,973
HSBC Bank - Unclaimed dividend accounts	389,917	394,042
ICICI Bank	1,076,930	1,710,969
State Bank of India	1,101,951	233,332
Vijaya Bank	–	61,376
Total	101,665,923	128,049,285

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

Name of Bank	Amount in Rupees	
	As at 31 March 2010	As at 31 March 2009
HDFC Bank	9,446,013	222,234,512
Canara Bank	26,900,000	181,007,037
Citi Bank	5,024,000	48,900,665
DBS Bank	–	22,500,000
Punjab National Bank	43,900,000	66,000,000
ICICI Bank	29,700,000	127,300,000
State Bank of India	49,800,000	7,500,000
Corporation Bank	73,500,000	37,400,000
Bank of India	59,400,000	20,000,000
State Bank of Hyderabad	89,100,000	-
Total	386,770,013	732,842,214

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

Name of Bank	Amount in Rupees	
	As at 31 March 2010	As at 31 March 2009
Citi Bank, U.A.E	926,456	476,810
Citi Bank, United Kingdom	79,827	1,019,739
Citi Bank-Singapore	42,826,097	69,446,702
Citi Bank-Korea	13,402,091	15,533,513
Citi Bank-Philippines	1,280,369	1,515,627
PNC Bank-USA	6,700,374	7,517,994
Bank of Tokyo Mitshubishi-Japan	5,860,080	47,189,175
Shinsei Bank-Japan	4,368,051	22,326,932

Amount in Rupees

Name of Bank	As at 31 March 2010	As at 31 March 2009
Citi Bank- Japan	93,574,154	–
Citi Bank-HongKong	–	15,012
ANZ Bank-Australia	–	451,325
Citi Bank-Singapore	810,893	827,789
Citi Bank-Netherlands	905,089	4,365,472
Total	170,733,481	170,686,090

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

ANZ Bank - Australia	–	17,500
Total	–	17,500

None of the directors or their relatives are interested in any of the non-scheduled banks mentioned above.

7. Details of Investments Purchased/Sold during the Year ended 31 March 2010

Amount in Rupees

Name of the investment	Face value Amount	Purchased during the year		Sold during the year	
		Quantity	Amount	Quantity	Amount
SBNPP Money Fund Inst.- Daily Dividend Reinvestment	10	4,457,851	45,003,343	4,457,851	45,003,343
TATA Liquid Super High Investment Fund-Daily Dividend	10,000	9,870	11,000,866	9,870	11,000,866
Fortis Overnight Fund-Institutional Daily Dividend	10	8,348,059	83,505,638	8,348,059	83,505,638
Kotak Flexi Debt Scheme Institutional- Daily Dividend	10	99,527	1,000,000	99,527	1,000,000
Kotak Liquid (Institutional)-Daily Dividend	10	6,461,219	79,008,430	6,461,219	79,008,430
Birla Sun Life Savings Fund-Institutional.- Daily Dividend-Reinvestment	10	1,498,981	15,000,000	1,498,981	15,000,000
HDFC Cash Management Fund-Savings Plan-Dividend	10	2,921,152	31,070,542	2,921,152	31,070,542
Reliance Liquid Fund -Treasury Plan Institutional Option- Dividend	10	9,004,771	137,657,728	9,004,771	137,657,728
JPPDI-JP Morgan India Treasury Fund- Super Institutional Daily Dividend Plan-Reinvest	10	1,298,844	13,000,000	1,298,844	13,000,000
JM High Liquidity Fund Institutional Plan- Daily Dividend Plan	10	5,292,019	53,004,334	5,292,019	53,004,334
Birla Sun Life Cash Plus Fund-Institutional Premium Plan-(D)	10	16,173,090	162,046,272	16,173,090	162,046,272
ICICI Prudential Flexible Income Plan Premium Daily Dividend	10	472,880	50,000,000	472,880	50,000,000
LICMF Savings Plus Fund-Daily Dividend Plan	10	100,920	1,009,196	100,920	1,009,196
UTI Treasury Advanatage Fund-Institutional Plan (Daily Dividend Option)-Re-investment	1,000	9,998	10,000,000	9,998	10,000,000
Fortis Money Plus Institutional Plan Daily Dividend	10	699,783	7,000,000	699,783	7,000,000
HDFC Liquid Fund Premium Plan-Dividend-Daily Reinvest	10	10,502,758	128,761,711	10,502,758	128,761,711
JP Morgan India Liquid Plus Fund-Super Inst-Dividend	10	6,895,225	69,006,725	6,895,225	69,006,725
Reliance Medium Term Fund- Daily Dividend Plan	10	2,749,262	47,000,000	2,749,262	47,000,000
Canara Robeco Liquid Fund- Institutional Dividend	10	2,390,423	24,002,235	2,390,423	24,002,235
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund	10	2,734,439	33,926,459	2,734,439	33,926,459

Name of the investment	Face value Amount	Amount in Rupees			
		Purchased during the year Quantity	Amount	Sold during the year Quantity	Amount
ICICI Prudential Institutional Liquid Plan-Super Institutional-Dividend	10	4,959,997	91,913,525	4,959,997	91,922,790
UTI Liquid Cash Plan Institutional-Daily Income Option-Re-investment	10	75,728	77,200,992	75,728	77,200,992
LICMF Liquid Fund-Dividend Plan	10	12,328,384	135,366,891	12,328,384	135,366,891
LICMF Liquid Fund-Dividend Plan	10	14,190,257	155,810,446	14,190,257	155,810,446
Reliance Medium Term Fund- Daily Dividend Plan	10	1,413,674	24,167,466	1,413,674	24,167,466
LICMF Income Plus Fund-Daily Dividend Plan	10	1,000,000	10,000,000	1,000,000	10,000,000
Reliance Liquid Fund -Treasury Plan Institutional Option-(D)	10	4,893,411	74,806,559	4,893,411	74,806,559
ICICI Prudential Institutional Liquid Plan-Super Inst-(D)	100	49,997	5,000,765	49,997	5,000,765

Details of Investments Purchased/Sold during the Year ended 31 March 2009

Name of the investment	Face value Amount	Amount in Rupees			
		Purchased during the year Quantity	Amount	Sold during the year Quantity	Amount
ICICI Prudential Flexible Income Plan-Dividend	10	10,256,033	108,442,165	10,256,033	108,442,165
HDFC Cash Management Fund-Savings Plus Plan -Wholesale-Dividend	10	5,035,685	50,515,476	5,035,685	50,515,476
Mirae Asset Liquid Plus Fund-IP-Dividend	1,000	21,089	21,118,683	21,089	20,741,296
ABN AMRO Money Plus Fund-IP-Dividend	10	840,402	8,404,123	840,402	8,406,624
DWS Fixed Term Fund- Series 57-Dividend	10	5,000,000	50,000,000	5,000,000	50,000,000
Lotus India FMP- 3 Months-Series XXXV-Dividend	10	2,040,077	20,400,850	2,040,077	20,410,558
Canara Robeco Monthly Interval Fund-Dividend	10	2,044,490	20,450,302	2,044,490	20,444,903
SBI Debt Fund Series -90 Days -26-Dividend	10	5,104,510	51,045,100	5,104,510	51,045,100
SBI Debt Fund Series -90 Days -29-Dividend	10	3,000,000	30,000,000	3,000,000	30,000,000
JM Interval Fund-Quarterly Plan 5 - Institutional Dividend Plan-Dividend	10	3,506,723	35,067,233	3,506,723	35,067,233
JM Fixed Maturity Fund-Series XII Quarterly Plan 3- Institutional-Dividend	10	3,478,772	34,787,722	3,478,772	34,787,722
DSPML FMP 3M Series 12-Institutional Dividend-Dividend	10	2,500,000	25,000,000	2,500,000	25,359,000
Reliance Fixed Horizon Fund-X -Series 13-Super Institutional Dividend Plan	10	1,017,815	10,178,146	1,017,815	10,325,220
Reliance Liquid Plus Fund-Institutional-Dividend	1,000	41,169	41,215,471	41,169	41,215,471
DWS Liquid Plus Fund-Regular-Dividend	10	549,548	5,503,559	549,548	5,503,559
Canara Robeco Liquid Plus -Institutional Plan-Dividend	10	5,917,090	73,413,925	5,917,090	73,413,925
JP Morgan India Liquid Plus Fund-Super Inst-Dividend	10	15,133,945	151,474,142	15,133,945	151,474,142
LIC MF Liquid Plus Fund-Dividend	10	30,245,862	302,458,623	30,245,862	302,458,623
JP Morgan India Liquid Fund-Super Inst-Dividend	10	11,320,238	113,294,838	11,320,238	113,294,838
LIC MF Liquid Fund-Dividend	10	1,366,389	15,003,087	1,366,389	15,003,087
ICICI Prudential Institutional Liquid Plan-Super Institutional-Dividend	10	7,001,001	70,013,508	7,001,001	70,013,508

Name of the investment	Face value Amount	Purchased during the year		Sold during the year	
		Quantity	Amount	Quantity	Amount
Canara Robeco Liquid Fund -Institutional Plan-Dividend	10	4,303,209	43,208,526	4,303,209	43,208,526
Sundaram BNP Paribas Liquid Plus -Super IP-Dividend	10	5,021,563	50,341,170	5,021,563	50,341,170
JM Money Manager Fund Super Plus Plan-Daily Dividend-Dividend	10	3,369,827	33,712,084	3,369,827	33,712,084
SBI SHF Liquid Plus Plus-IP-Dividend	10	1,003,064	10,035,659	1,003,064	10,035,659
Reliance Fixed Horizon Fund-VIII- Series 10-Institutional-Dividend	10	2,000,000	20,000,000	2,000,000	20,000,200
Sundaram BNP Paribas Interval Fund-Qly-Plan-C-Inst-Dividend	10	1,017,552	10,177,525	1,017,552	10,175,525
HDFC FMP 90D May 2008 (VIII) (2)-Wholesale Plan-Dividend	10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund-VIII-Series 11-Inst-Dividend	10	1,000,000	10,000,000	1,000,000	10,000,000
IDFC Fixed Maturity Plan- Quarterly Series 34-Dividend	10	1,017,690	10,176,900	1,017,690	10,176,900
HDFC Liquid Fund Premium Plan-Dividend	10	2,854,859	35,000,000	2,854,859	35,000,000
Reliance Medium Term Fund-Dividend	10	1,465,628	25,055,638	1,465,628	25,055,638
Reliance Liquid Fund-Treasury Plan-IP-(D)	10	981,408	15,002,982	981,408	15,002,982
UTI Fixed Income Interval Fund-Monthly Interval plan-II-IP-Reinvestment	10	2,013,272	20,132,725	2013272	20,132,725
SBI-SHF Liquid Plus-IP-daily dividend	10	2,012,309	20,133,151	2,012,309	20,133,151
J.M.Money Manager Fund Super Plus Plan-Dividend	10	2,862,498	28,636,714	2,862,498	28,636,714
LIC Income Plus Fund-Daily dividend plan	10	6,300,000	63,486,446	6,300,000	63,486,446
Reliance Medium term fund-Daily dividend plan	10	504,824	8,630,212	503,056	8,630,212
Reliance Liquid Fund- Treasury plan	10	457,899	7,000,000	457,899	7,000,000

8. Certain operations of the company are conducted through Software Technology Park ('STP'). Income from STP are tax exempt for 10 years commencing from the fiscal year in which the unit commences software development or 31 March 2011, whichever is earlier.

Pursuant to the change in the Indian Income-tax Act, 1961, the company has calculated its tax liability after considering Minimum Alternative Tax (MAT). The MAT credit entitlement can be carried forward and set off against the future tax liability. Accordingly a sum of Rs.87,353,354 (Rs.77,865,904) was carried forward and shown under "Loans and advances" in the Balance Sheet as at 31 March 2010.

9. Employee Benefit Obligations

Defined contribution plans

An amount of Rs.69,426,536 (Rs.61,902,454) for the year ended has been recognized as an expense in respect of Company's contribution for Provident Fund and Employee State Insurance Fund deposited with the government authorities.

Defined benefit plans

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

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

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	As at 31 March 2010	As at 31 March 2009
Obligation at period beginning	54,471,069	37,253,641
Current service cost	13,225,036	10,294,663
Interest cost	4,215,791	3,350,267
Actuarial losses/(gains)	(5,879,975)	5,277,873
Benefits paid	(3,466,519)	(1,705,375)
Obligation at period end	<u>62,565,402</u>	<u>54,471,069</u>
Change in plan assets		
Plan Assets at period beginning, at fair value		-
Contributions	3,466,519	1,705,375
Benefits paid	(3,466,519)	(1,705,375)
Plan assets at period end, at fair value	<u>-</u>	<u>-</u>

The Scheme does not have any assets as at the valuation date to meet the gratuity liability.

Gratuity cost for the period:

	As at 31 March 2010	As at 31 March 2009
Current service cost	13,225,036	10,294,663
Interest cost	4,215,791	3,350,317
Actuarial losses/(gains)	(5,879,975)	5,277,873
Net gratuity cost	<u>11,560,852</u>	<u>18,922,853</u>

Assumptions

Economic assumptions

	As at 31 March 2010	As at 31 March 2009
Discount rate	7.30% p.a	6.65% p.a
Salary escalation rate	10% p.a for first 3 years & 7% p.a thereafter	10% p.a for first 4 years & 7% p.a thereafter

a) 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.

b) Salary escalation rate:

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

Demographic assumptions

	As at 31 March 2010	As at 31 March 2009
Retirement age	58 years	58 years
Mortality table	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rates	Ages - Withdrawal Rate (%)	Ages - Withdrawal Rate (%)
	21-50 years - 20%	21-50 years - 20%
	51-54 years - 2%	51-54 years - 2%
	55-57 years - 1%	55-57 years - 1%

Description	India	Far East	Singapore	Europe	Middle East	Others	Amount in Rupees
							Total
Foreign Exchange gain /(loss)							(79,196,089)
Profit before tax							<u>348,543,239</u>
Provision for taxation							
- current tax							53,734,308
- MAT credit entitlement							(20,215,904)
- fringe benefit tax							7,020,686
- deferred tax charge							(14,876,749)
- income tax for earlier years							210,273
Provision for wealth tax							88,047
Net profit after taxation							<u>322,582,578</u>

Assets and liabilities of reportable primary segment are as follows:

As at 31 March 2010

Description	India	Far East	Singapore	Europe	Middle East	Others	Amount in Rupees
							Total
Segment assets	123,374,381	549,299,068	134,415,356	43,366,882	124,536,966	147,431,684	1,122,424,337
Unallocated corporate assets							<u>2,262,577,852</u>
Total assets							<u>3,385,002,189</u>
Segment liabilities	99,902,815	224,661,316	71,788,143	15,383,631	66,419,325	51,411,344	529,566,574
Unallocated corporate liabilities							<u>141,288,634</u>
Total liabilities							<u>670,855,208</u>
Capital employed							<u>2,714,146,981</u>

As at 31 March 2009

Description	India	Far East	Singapore	Europe	Middle East	Others	Amount in Rupees
							Total
Segment assets	273,542,623	544,342,369	117,542,181	45,597,113	176,480,847	179,429,534	1,336,934,667
Unallocated corporate assets							<u>1,870,114,481</u>
Total assets							<u>3,207,049,148</u>
Segment liabilities	85,734,137	294,715,170	88,948,821	15,413,575	56,146,660	57,637,889	598,596,252
Unallocated corporate liabilities							<u>199,392,619</u>
Total liabilities							<u>797,988,871</u>
Capital employed							<u>2,409,060,277</u>

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

For the year ended 31 March 2010

Description	India	Far East	Singapore	Europe	Middle East	Others	Amount in Rupees
							Total
Capital expenditure	-	3,309,377	2,104,192	-	-	-	5,413,569
Capital expenditure (unallocated)							<u>15,213,645</u>
Total capital expenditure							<u>20,627,214</u>
Depreciation expenditure	-	6,411,911	7,550,433	99,970	-	-	14,062,314
Depreciation expenditure (unallocated)							<u>99,283,890</u>
Total Depreciation							<u>113,346,204</u>
Segment non-cash expense other than depreciation	816,443	381,716	(383,528)	(329,829)	(2,132,873)	12,936,013	11,287,942
Total non cash expenditure other than depreciation	816,443	381,716	(383,528)	(329,829)	(2,132,873)	12,936,013	11,287,942

For the year ended 31 March 2009

Description	India	Far East	Singapore	Europe	Middle East	Others	Amount in Rupees
							Total
Capital expenditure	-	2,552,512	7,116,206	473,810	-	-	10,142,528
Capital expenditure (unallocated)							<u>201,141,716</u>
Total capital expenditure							<u>211,284,244</u>
Depreciation expenditure	-	11,131,108	9,455,024	18,151	-	-	20,604,283
Depreciation expenditure (unallocated)							<u>112,166,176</u>
Total Depreciation							<u>132,770,459</u>
Segment non-cash expense other than depreciation	10,970,127	4,626,940	14,356,642	131,826	14,197,293	12,045,305	56,328,133
Total non cash expenditure other than depreciation	10,970,127	4,626,940	14,356,642	131,826	14,197,293	12,045,305	<u>56,328,133</u>

b) Information in respect of secondary segment

For the year ended 31 March 2010

Amount in Rupees

Description	Products	Software projects and services	Total
Revenue	1,739,532,402	1,178,294,221	2,917,826,623
Carrying amount of segment assets	2,018,050,333	1,366,951,856	3,385,002,189

For the year ended 31 March 2009

Amount in Rupees

Description	Products	Software projects and services	Total
Revenue	2,199,616,587	1,084,411,669	3,284,028,256
Carrying amount of segment assets	700,773,687	367,858,993	1,068,632,680

Most of the fixed assets of the Group located in India have not been identified to any of the reportable segments, as these are used interchangeably between segments. Further, information related to carrying amount of assets by location of assets, to the extent possible, has been provided in primary segmentation.

11. Related party transactions

a) List of related parties

Related parties with whom transactions have taken place during the year:

Key managerial personnel:

– Vishnu R Dusad (Managing Director, parent company)

b) Transactions with related parties

Amount in Rupees

	Year Ended 31 March 2010	Year Ended 31 March 2009
Managerial remuneration		
Key managerial personnel	19,860,000	11,885,000
12. Legal and professional includes payment to auditors*		
Audit fees	5,728,127	5,540,412
Other services	633,561	1,575,000
Out of pocket expenses	143,532	244,343
	<u>6,505,220</u>	<u>7,359,755</u>

*excluding service tax.

13. Earnings per share

	Year Ended 31 March 2010	Year Ended 31 March 2009
Profit after taxation available to equity shareholders (Rupees)	384,007,501	322,582,578
Weighted average number of equity shares used in calculating basic earnings per share	32,370,024	32,369,568
Add: Effect of dilutive issue of shares	4,189	8,052
Weighted average number of equity shares used in calculating diluted earnings per share	32,374,213	32,377,620
Basic earnings per share (Rupees)	11.86	9.97
Diluted earnings per share (Rupees)	11.86	9.96

14. Capital commitments and contingent liabilities

- Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances) Rs.1,820,062 (Rs.1,404,533).
- Claim against the Group not acknowledged as debt Rs.324,000 (Rs.324,000).

15. The Company has acquired office premises under a non-cancellable operating lease. The future minimum lease expense in respect of such leases is as follows:

	Amount in Rupees	
	As at 31 March 2010	As at 31 March 2009
Not later than one year	18,185,939	35,264,512
Later than one year but not later than 5 years	3,334,857	13,729,378
	<u>21,520,796</u>	<u>48,993,890</u>

16. The following are the aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956:

	Amount in Rupees	
	Year ended 31 March 2010	Year ended 31 March 2009
Salaries and allowances	1,365,829,279	1,538,596,576
Contribution to provident and other funds	69,426,536	72,099,371
Directors' remuneration	27,614,960	17,505,960
Employee's stock compensation expenses	–	3,220,672
Staff welfare	23,012,092	26,451,033
Training and recruitment	7,233,642	15,840,550
Software and other development charges	76,265,562	79,306,710
Cost of software purchased for delivery to clients	114,579,188	150,623,613
Travelling	199,009,661	213,772,990
Conveyance	18,855,468	20,181,202
Communication	30,858,892	30,393,820
Rent	119,176,713	156,553,683
Rates and taxes	2,628,885	4,043,879
Legal and professional	72,630,850	61,518,278
Consultancy charges	116,309,154	191,235,860
Power and fuel	26,902,948	30,879,168
Repair and maintenance		
– Building	3,209,560	733,063
– Others	17,423,229	16,761,185
Advertisement and business promotion	6,214,671	14,233,969
Conference, exhibition and seminar	9,277,768	12,958,335
Information technology expenses	15,713,547	11,089,617
Advances and other current assets written off	245,787	4,846,684
Provision for doubtful debts / advances / other current assets	15,202,481	48,260,777
Commission to channel partners	6,084,101	4,542,383
Printing and stationery	3,305,494	5,081,532
Insurance	7,638,444	7,205,789
Bank charges	3,684,307	3,015,002
Loss on sale of fixed assets (net)	–	7,614,637
Loss on foreign exchange fluctuation on consolidation (net)	–	3,434,560
Miscellaneous expenses	18,708,051	35,976,652
Total	<u>2,377,041,270</u>	<u>2,787,977,550</u>

17. Following expenses are reimbursements from customers:

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Software development expenses		
Salaries and allowances	4,154,852	1,707,909
Staff welfare	512,504	515,540
Conveyance	1245,213	1,264,712
Communication	1,645,897	1,593,646
Bandwidth charges	2,407,166	6,921,088
Software and other development charges	–	65,055
Rent, rates and taxes	6,557,160	7,300,554
Assets hire charges	1,750,743	2,949,451
Legal and professional	4,582,225	3,520,523
Repair and maintenance	433,704	1,902,991
Training and recruitment	2,985,934	3,472,244
Printing and stationery	180,762	137,786
Insurance	1,199,493	674,523
Travelling		
– Foreign	3,807,645	4,959,542
– Domestic	382,073	691,621
Electricity and water	2,391,357	2,382,991
Miscellaneous expenses	1,177,653	1,339,542
	35,414,381	41,399,718
General and administration expenses		
Accounting charges	1,985,400	2,016,300
Bank charges	436,297	314,140
	2,421,697	2,330,440
Depreciation	5,585,727	10,459,014
Fringe Benefit tax	–	858,000
Grand total	43,421,805	55,047,172

18. Revenue recognised upto the reporting date in respect of contracts in progress at the reporting date aggregates Rs.857,955,259 (Rs.2,091,833,482).
19. During the year, one of the major customers of the Company, had on 25 July 2009 given a notice to the Company of partial cancellation of the contracts. During the quarter ended 31 March 2010, the Company and the customer have settled the matter without any liability on the Company.
20. During the current year, Nucleus Software (HK) Ltd, one of the wholly owned subsidiaries of the Company, has been wound up with effect from 8 January 2010.
21. During the current year, Nucleus Software (Australia) Pty Ltd., one of the wholly owned subsidiaries of the Company, has filed for voluntary winding up. Subsequent to the year end, the subsidiary has been wound up with effect from 5 April 2010.
22. One of the subsidiaries of the Company has been granted a Letter of Approval (LOA) from Office of Development Commissioner, Special Economic Zone, the Government of India on 25 June 2008 with a further extension of one year granted vide letter dated 30 June 2009. According to this, the Company has to commence operations by 24 June 2010. As per the management, the subsidiary is yet to commence its operations and is in the process of filing an application for further extension of LOA. Based on the assessment of the management, extension will be granted and would undertake requisite steps to comply with the conditions stipulated in the LOA.
23. Previous year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

For and on behalf of the Board of Directors

Janki Ballabh
Chairman

Vishnu R Dusad
Managing Director

P K Sanghi
Chief Financial Officer

Poonam Bhasin
Company Secretary

Noida (U.P)
April 25, 2010