



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Nucleus Software Exports Limited will be held on Friday the **6th July 2007** at 3.00 P.M. at FICCI Auditorium, Federation House, Tansen Marg, New Delhi – 110 001 to transact the following business:

ORDINARY BUSINESS:

1. To review, consider and adopt the Audited Balance Sheet as at March 31, 2007 and Profit and Loss account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm payment of Interim Dividend on equity shares.
3. To appoint a Director in place of Mr. Suresh Joshi, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Prithvi Haldea, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration. M/s BSR & Co., Chartered Accountants, the retiring auditors are eligible for reappointment.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION for increase in the authorized share capital of the Company and consequent amendments in the Memorandum of Association of the Company:

“RESOLVED THAT pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where shares of the Company are listed, the consent of the Members be and is hereby granted for increase in the Authorised Share Capital of the Company from Rs.20,00,00,000 (Rupees Twenty crore) divided into 2,00,00,000 (Two crore) equity shares of Rs.10/- (Rupees Ten) each to Rs. 40,00,00,000 (Rupees Forty Crore) divided into 4,00,00,000 (Four Crore) equity shares of Rs. 10/- (Rupees Ten) each, ranking pari passu with the existing equity shares and that the existing Clause V of the Memorandum of Association of the Company be replaced with the following new Clause V:

CLAUSE V- MEMORANDUM OF ASSOCIATION

The Authorised Share Capital of the Company is Rs.40,00,00,000 (Rupees Forty Crore) divided into 4,00,00,000 (Four crore) equity shares of Rs.10/- (Rupees Ten) each.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION for issue of Bonus Shares to the equity shareholders of the Company:

“RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956, the Foreign Exchange Management Act, 1999, guidelines issued by the Securities and Exchange Board of India, other applicable statutes and provisions, if any, the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where shares of the Company are listed, recommendations of the Board of Directors and subject to the approvals, if any, required from the regulatory authorities, consent of the members be and is hereby accorded to the Board of Directors of the Company for capitalization of such sum standing to the credit of the Company’s General Reserve Account/Securities Premium account as may be necessary, for the purpose of issue of fully paid up bonus shares of Rs.10/- each to the members whose names



appear on the Register of members as on such Record date to be hereafter fixed by the Board, in the proportion of one bonus share for every one existing fully paid up equity share held by or allotted to such member as on record date .

RESOLVED FURTHER THAT all such new shares as and when issued shall rank pari passu in all respects, including the full dividend for the financial year in which the shares are allotted, with the existing equity shares of the Company.

RESOLVED FURTHER THAT pursuant to the SEBI (Employee Stock Option Scheme and Employee Purchase Scheme) guidelines 1999, as amended to date, and the existing Employee Stock Option Schemes –ESOP (1999), ESOP (2002), ESOP (2005) and ESOP (2006) as approved by the shareholders pursuant to resolutions dated 29th December 1999, 31st July 2002, 8th July 2005 and 8th July 2006 of the Company, the Compensation Committee (as constituted for supervision and administration of the scheme) be and is hereby authorized to make amendments to the abovementioned Schemes as in their absolute discretion deem fit including adjustments to the Employee Stock Options granted to employees of the Company under the respective Scheme, with respect to number of options and exercise price for the options granted in equal or appropriate proportion to the ratio of bonus shares to be issued to the shareholders of the Company.

RESOLVED FURTHER THAT no allotment letters shall be issued to the allottees of the bonus shares and that the certificate(s) in respect of bonus shares shall thereafter be dispatched to the allottees within the prescribed period except in respect of those allottees who opt for issue of shares in dematerialised form.

RESOLVED FURTHER THAT issue and allotment of the said bonus shares to Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and other foreign investors of the Company will be subject to the approval of the Reserve Bank of India (RBI) as may be necessary.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required and as it may in its sole and absolute discretion deem necessary, expedient or incidental in regard to issue of Bonus Shares, including but without limitation to filing of any documents with Securities and Exchange Board of India, Stock Exchanges where shares of the Company are listed , Depositories and/or other concerned authorities , applying and seeking necessary listing approvals from the Stock Exchanges and to settle any question , difficulty or doubt that may arise in regard thereto.”

**By Order of the Board
For Nucleus Software Exports Limited**

**(Poonam Bhasin)
Company Secretary**

**Place: New Delhi
Date : April 30, 2007**

Notes:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. Members/Proxies should bring duly filled attendance slips attached herewith for attending the meeting.
4. The Register of Members and Share Transfer Books shall remain closed from June 30, 2007 to July 6, 2007 (both days inclusive)
5. The information required to be provided under the Listing Agreement entered into by the Company with the Stock Exchanges regarding the Director who is proposed to be reappointed is given in the annexure to the Notice.



6. The Interim Dividend on equity shares approved by the Board of Directors for the Financial year 2006-07, was paid to those shareholders whose names appeared on the Register of Members of the Company on March 22, 2007, and to those whose names appeared as beneficial owner in the records of National Securities Depository Ltd and Central Depository Services (India) Ltd. at close of business as on March 22, 2007.
7. Members whose shareholding(s) are in electronic mode are requested to direct changes relating to address, bank mandate and Electronic Clearing Service (ECS) details to their respective Depository participants.
8. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (D.P) ID number on all correspondence with the Company.
9. Members who are holding shares in more than one folio are requested to intimate to the Company the detail of all folio numbers for consolidation into a single folio.
10. Members/Proxy holders are requested to bring their copies of the Annual Report with them to the Annual General Meeting, as extra copies will not be provided.
11. Members are requested to note that dividend not encashed or claimed within seven years from the date of transfer to the Company's unpaid dividend account, will, as per section 205A of the Companies Act, 1956 be transferred to the Investor Education and Protection Fund (IEPF). The detail of unpaid/unclaimed dividend which shall be transferred to the IEPF during the year 2007-2008 is as follows:

Financial Year	Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEPF
1999-2000 (Interim)	7 th September 2000	6 th September 2007	5 th October 2007

Members who wish to claim dividends, which remain unclaimed, are requested to either correspond with the Company Secretary at the Company's registered office or the Company's Registrar and Share Transfer Agent M/s. Karvy Computer Share Private Limited, Karvy House, Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081.

12. Members are requested to send their queries to the Company, if any, on accounts and operations of the Company at least ten days before the meeting so that the same could be suitably answered at the meeting.
- 13. MEMBERS MAY NOTE THAT NO GIFTS/GIFTS COUPONS SHALL BE DISTRIBUTED AT THE VENUE OF THE MEETING. FURTHER PLEASE NOTE THAT SNACK BOXES SHALL NOT BE ALLOWED TO BE TAKEN INSIDE THE AUDITORIUM.**

Explanatory Statement as required by Sec 173 (2) of the Companies Act, 1956

Item No. 6

The present authorised share capital of the Company is Rs.20,00,00,000 (Rupees Twenty crore) divided into 2,00,00,000 (Two crore) equity shares of Rs.10/- (Rupees Ten) each. The Company is proposing to issue Bonus Shares to its members and a proposal in this regard is contained in this notice. Considering the proposed Bonus issue, the Board has approved, subject to the members approval, an increase in the authorised share capital to Rs. 40,00,00,000 (Rupees Forty Crore) divided into 4,00,00,000 (Four Crore) equity shares of Rs.10/- (Rupees Ten) each.

Pursuant to the provisions of Sections 16 and 94 of the Companies Act, 1956, an increase in the authorised share capital of the Company and consequent amendment in the capital clause of the Memorandum of Association of the Company requires approval of the members. Approval of the members is therefore sought in terms of the said sections by way of Ordinary Resolution.

The Board of Directors recommend the resolution under Item No. 6 of the Notice of the Annual General Meeting for approval of members.

None of the Directors of the Company is in any way concerned or interested in the Resolution.



Item No.7

The Board of Directors at its meeting held on April 30, 2007 recommended the issue of Bonus Shares in proportion of one equity shares for every one equity share held by the members on a date to be fixed by the Board of Directors, by capitalizing such sum standing to the credit of the Company's General Reserve Account/ Securities Premium account and distribution of the sum so capitalized as Bonus Share requires approval of the members of the Company. Further, it is necessary to authorize the Board to take all necessary actions and to complete all the regulatory formalities in connection with the Bonus issue.

The members of the Company at the Annual General Meetings held on 29th December 1999, 31st July 2002, 8th July 2005 and 8th July 2006 had approved Employee Stock Option Schemes as existing in the Company. The Compensation Committee is authorised for administration and superintendence of the abovementioned schemes. The Committee has granted options to the eligible employees under these schemes from time to time. Under these schemes, the Compensation Committee is authorised to make a fair and reasonable adjustment in a manner as provided in the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 to the number of Options and to the exercise price at the time of corporate actions.

If issue of bonus shares is approved by shareholders, the Compensation Committee may, if deemed fit, make fair and reasonable adjustments to the number of options granted and their exercise price.

The new equity shares shall rank pari passu in all respects with the existing equity shares of the Company, including in relation to rights to dividend for the financial year in which shares are allotted.

Your Directors recommend the resolution under Item No. 7 of the Notice of the Annual General Meeting for approval of members.

The Directors of the Company are interested in the said resolution to the extent of their shareholding in the Company.



ANNEXURE A

PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT

Mr. Suresh Joshi

Mr. Suresh Joshi, graduate in Science has been associated with Nucleus since early 1989. His association began with developing modules for Credit Card System. He joined the Board of Directors of the Company in December 1994. He has a long career in Information Technology, including stints with IBM in India. He has completed many consulting assignments in India and abroad in-

- Financial Systems design and implementation
- Strengthening systems and procedures
- Software Quality Assurance.

Currently Mr.Suresh Joshi is Chairman of Softenger (India) Pvt. Ltd. Softenger provides services in management of IT infrastructure at several locations in India and abroad. Mr.Suresh Joshi is holding 4,800 Equity Shares of the Company and 24,450 options granted under various ESOP Plans of the Company.

Directorships held in other Companies

Softenger (India) Pvt. Ltd.

Memberships/Chairmanships of committees of other Companies (includes only Audit Committee and Shareholders/ Investor Grievance Committee)

Nil

Mr. Prithvi Haldea

Mr. Prithvi Haldea did his MBA from Birla Institute of Technology & Science, Pilani in 1971. Over the next 18 years, he worked at senior positions in the corporate sector in the areas of exports, consulting and advertising. During the late 70s and early 80s, he was also associated with the information industry and, among various activities, worked as a consultant with The World Bank and the U.S Department of Commerce. In 1989, Mr. Haldea set up PRIME Database. PRIME is the country's first and still the only database on the primary capital market. It has a large subscriber base, and is widely reported by the media.

Mr. Haldea is presently a member, among others, of Primary Market Advisory Committee of SEBI, SEBI Committee on Disclosures & Accounting Standards, Listing Advisory Committee of NSE, Listing Committee of BSE, Index Committee of BSE and Delisting Committee of DSE. He is on the Board of Directors of UTI Asset Management Co. Pvt. Ltd., Mr. Haldea is also the Co-Chairman of the ASSOCHAM's Capital Market Committee and a member of CII's Capital Market Committee. In the past, Mr. Haldea has served as a member of Central Listing Authority, Finance Minister's High Level Expert Committee on Corporate Bonds and Securitisation, Secondary Market Advisory Committee of SEBI and SEBI's Committee for Review of MAPIN. He is a visiting faculty at several institutions, and has presented scores of papers at various conferences in India and abroad.

As an investor protection activist, Mr. Haldea regularly raises issues with regulators and in the media. He has also launched three unique websites: www.watchoutinvestors.com, aggregating information on economic defaulters which now lists over 80,000 cases, www.primedirectors.com, a databank of professionals for listed companies to select independent directors, now hosting profiles of over 17,000 professionals and www.directorsdatabase.com, covering names and profiles of directors of companies listed at BSE. Mr. Haldea does not hold any shares of the Company. Mr.Haldea holds 29,450 stock options granted under various ESOP Plans of the Company.

Mr. Prithvi Haldea joined the Board of Directors of Nucleus Software Exports Ltd. in June 2001.

Directorships held in other Companies

- Praxis Consulting & Information Services Pvt. Ltd.
- Venture Media Pvt. Ltd.
- primedatabase.com Pvt. Ltd.
- Protect Insurance Services (India) Pvt. Ltd.
- Prime Investor Protection Association and League
- UTI Asset Management Company Pvt. Ltd.

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Memberships/Chairmanships of Committees of other Companies (includes only Audit Committee and Shareholders/ Investor Grievance Committee)





NUCLEUS SOFTWARE EXPORTS LTD.

NUCLEUS SOFTWARE EXPORTS LTD.

Registered Office : 33-35, Thyagraj Nagar Market, New Delhi-110 003

PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE. Joint shareholders may obtain additional Attendance Slip on request.

ATTENDANCE SLIP

DP.ID
Client.ID

Regd. Folio No.

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held:

I hereby record my presence at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company held on Friday, July 6, 2007 at 03.00 p.m. at FICCI Auditorium, Federation House, Tansen Marg, New Delhi-110001.

Signature of the Shareholder or Proxy

..... TEAR HERE

NUCLEUS SOFTWARE EXPORTS LTD.

Registered Office : 33-35, Thyagraj Nagar Market, New Delhi-110 003

PROXY FORM

DP.ID
Client.ID

Regd. Folio No.

I/We of being a member/members of Nucleus Software Exports Ltd. hereby appoint of or failing him of

as my/our proxy to vote for me/us and on my/our behalf at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company to be held on Friday, July 6, 2007 at 03.00 p.m. or at any adjournment thereof.

Signed.....day of.....2007.

Affix a Rs.1 Revenue Stamp

Note: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

