

Table of Contents

- Financial Highlights.....2
- Letter to the Shareholders.....4

Financial Statements of Nucleus Software Exports Ltd.

- Auditor's Report.....8
- Balance Sheet.....9
- Profit & Loss Account.....10
- Statement of Cash Flow.....11
- Schedules.....12

Consolidated Financial Statements of Nucleus Software Exports Ltd. and its Subsidiaries

- Consolidated Financial Statements.....43
- Management Discussion and Analysis of Financial Condition and Results of Consolidated Operation of Nucleus Software Exports Ltd and its Subsidiary Companies.....46
- Consolidated Bank Balances Detail.....61
- Additional Information to Shareholders.....65
- Consolidated segment Information.....72
- Ratio Analysis.....73



Nucleus Software Exports Limited.

FINANCIAL HIGHLIGHTS

Rs. In Crore, except per share data

Particulars	Consolidated Performance		
	For the Quarter ended		For the Year Ended
	June 30, 2009	June 30, 2008	March 31, 2009
Revenue from Operations	80.54	82.90	328.40
Operating Profit (EBITDA)	16.01	14.19	49.60
Profit after Tax (PAT)	10.13	8.03	32.26
EBITDA as a % of Revenue from Operations	19.88%	17.12%	15.10%
PAT as a % of Revenue from Operations	12.58%	9.69%	9.82%
EPS*	3.13	2.48	9.97
Dividend Per Share	-	-	2.50
Dividend Payout	-	-	8.09
At the end of the Period	As at		
	June 30, 2009	June 30, 2008	For the Year Ended
Share Capital	32.37	32.37	32.37
Reserves and Surplus	220.18	191.26	207.93
Net Worth	252.55	223.63	240.30
Total Assets	253.29	224.30	241.16
Net Fixed Assets	61.34	68.94	64.21
Investments	26.50	66.65	16.29
Current Assets	239.75	179.22	238.44
Cash and Cash Equivalents	136.82	95.93	122.18
Working Capital	16.32	87.86	158.89
Market Capitalisation	274.82	700.26	164.60
No. of Shareholders	16,771	12,535	13,266
No. of Shares (Face Value of Rs.10.00)	32,370,024	323,670,024	32,370,024

FINANCIAL HIGHLIGHTS

|| figures in USD'000 except per share data

	Consolidated Performance		
	For the Quarter ended		Year Ended
	June 30, 2009	June 30, 2008	March 31, 2009
For the Period			
Revenue from Operations	16,514	19,333	72,287
Operating Profit (EBITDA)	3,283	3,309	10,918
Profit after Tax (PAT)	2,077	1,873	7,101
EBITDA as a % of Revenue from Operations	19.88%	17.12%	15.10%
PAT as a % of Revenue from Operations	12.58%	9.69%	9.82%
EPS*	0.06	0.06	0.22
Dividend Per Share		-	0.06
Dividend Payout		-	1,781
Particulars	As at		
	June 30, 2009	June 30, 2008	March 31, 2009
Share Capital	6,756	7,549	6,380
Reserves and Surplus	45,957	44,604	40,980
Net Worth	52,713	52,153	47,359
Total Assets	52,868	52,309	47,529
Net Fixed Assets	12,803	16,077	12,655
Investments	5,531	15,543	3,210
Current Assets	50,042	41,796	46,993
Cash and Cash Equivalents	28,558	22,372	24,080
Working Capital	3,406	20,490	31,315
Market Capitalisation	57,362	163,307	32,440

Note:

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the year/quarter.
- 2.) While Calculating the figures of group, intergroup transactions have been ignored.
- 3.) For the Quarter ended June 30th 2009, the revenue and expenditure items have been translated at an average rate of Rs. 48.77/US\$ and balancesheet items at a quarter ended rate of Rs. 47.91/US\$



Letter to the Shareholders

Dear Shareholder,

I am pleased to share with you the performance of your Company for the first quarter of the financial year 2009-10.

In terms of financial performance, consolidated revenue for the quarter was Rs. 80.54 crore against Rs. 82.90 crore in the corresponding quarter of FY 2008-09. Our total operating expense reduced by 6.09% to Rs. 64.53 crore, against Rs. 68.71 crore in the corresponding quarter of FY 2008-09, and we are progressing well towards achieving the targeted 10% reduction in overall expense for the current year over the previous year.

With the reduction in expenses, despite the fall in revenue, EBITDA increased by 12.85% to Rs.16.01 crore (19.88% of revenue) against Rs.14.19 crore (17.12% of revenue) in the corresponding quarter of FY 2008-09.

With decrease in withholding taxes, foreign exchange loss due to translation of receivables and other current assets in foreign currency to Rupees, net profit after tax (PAT) increased by 26.15% to Rs.10.13 crore, against Rs. 8.03 crore in the corresponding quarter of FY 2008-09. Earning per share for the quarter was Rs. 3.13 against Rs. 2.48 in the corresponding quarter of FY 2008-09.

Final Dividend of Rs. 2.50/- per share (25% on equity share of par value of Rs. 10/-) for the financial year ended March 31, 2009 was approved by the shareholders in Annual General Meeting held on July 8, 2009 and the same was paid subsequently.

The Product business revenue was Rs. 47.32 crore against Rs. 57.26 crore in the corresponding quarter of FY 2008-09. This includes Rs. 41.59 crore of product revenue from own business against Rs.47.52 crore in the corresponding quarter of FY 2008-09. The Company continues to focus and invest on development of niche Banking Products.

Operating cash flow after working capital changes was Rs. 15.16 crore. Receivables were at Rs. 73.55 crore against Rs. 80.10 crore as on March 31, 2009. The Company continues to enjoy a high level of liquidity. 'Cash and Bank balances' and 'Current Investments' were at Rs. 136.82 crore against Rs. 122.18 crore as on March 31, 2009.

We had a hedging position of US \$ 10.70 million, in June 30, 2009 and we are now covering close to our India receivables. This includes US \$ 2.20 million of options which are marked to market at a rate of Rs. 47.89 and US \$ 8.50 million of forwards, which are designated as highly probable forecast transactions and there is a mark-to-market gain of about Rs. 92 lakhs in the hedging reserve.

I would like to inform you that one of the major customers of our overseas subsidiary in Japan, has on July 25, 2009 given notice to the said subsidiary of partial cancellation of contracts, on a date one month from receipt of notice. The customer has further asked for early meetings, to have mutual agreement for the purpose of reaching a settlement. As per legal opinion received and an assessment by management, there is no liability on the parent Company, and there is no impact on the financial results of the Company for this quarter.

In relation to the consolidated accounts of the Company, in absence of any specific claim, and taking into consideration a legal opinion and assessment by management, no provision for any liability that may arise as a result of the notice of the cancellation has been made in the consolidated financial results of the Company for the quarter ended June 30, 2009.

Both GMAC China and UK implementations, which were under UAT in the previous quarter, have gone live. I am happy to bring to your notice, that the implementation at GMAC, UK, earlier this month, has been a tremendous success and has been very much appreciated by the customer. We also received the highest ever customer satisfaction rating for this implementation.



We won 11 product orders for 38 product modules of FinnOne™, our retail loan suite and Cash@Will™, the cash management product. We added 7 new customers and successfully implemented 18 product modules across the globe, during the quarter. We also appointed 7 new partners with a focus on Latin America, Argentina, Mexico, Chile, Brazil, and Columbia. We have also formed new partnerships in Egypt and Indonesia.

Our focus continued on increasing the robustness of our products, thus reducing support issues at customers' end and also our support efforts. The new release of FinnOne™ is in the final rounds of testing, and we will be deploying it at our client sites within the financial year. With successful implementations at existing customer locations, Cash@Will™ is now seeing new traction in the markets. We intend to migrate Cash@Will to the Java J2EE platform in the coming quarters.

The Manpower numbers are at 2000 as on June 30, 2009 and we are continuing with a cautious approach to hiring, and have been managing our requirements with internal resource movements. Increased focus has been imparted to project reviews, to improve the effort utilization and productivity of employees. Process compliance initiatives and enhancements to internal tool for project & productivity management were the key achievements of this quarter.

On November 15, 2008 the Board of Directors appointed Mr. Janki Ballabh as an additional Director and Chairman of the Board. His appointment as Director, liable to retire by rotation, was approved by the shareholders at the Annual General Meeting held on July 8, 2009.

Mr. Suresh Joshi, a Non-Executive Director liable to retire by rotation at the Annual General Meeting held on July 8, 2009, vacated his office as Director on the date of Annual General Meeting as he did not offer himself for re-appointment due to advancing age. We duly acknowledge his contribution in the growth of the Company.

I would like to share with you that "Forrester Research" in its new report on 'Global Banking Platform Deals 2008: Vendors' recognized Nucleus amongst the 17 vendors of globally deployed banking platforms evaluated on their 2008 deals.



The environment in which we are all operating, is going through challenges and issues which impact the decision making process in the industry. The present phase of slowdown is a roadblock for a short time, but in the long term, the growth story of IT sector is still intact. Our diversified client base ensures that the current economic downturn does not cause any major impact to our business, but we remain cautious, considering the environment.

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

Vishnu R Dusad

Chief Executive Officer & Managing Director

Date: June 26, 2009



Auditors' Report

To the Board of Directors of
Nucleus Software Exports Ltd.

As required by you, we have audited the attached Balance Sheet of Nucleus Software Exports Ltd. ("the Company") as at 30 June 2009, the Profit and Loss Account for the quarter ended on that date and also the Cash Flow Statement of the Company for the quarter ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of the books;
- c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable; and
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30 June 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the quarter ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the quarter ended on that date.

for B S R & Co.
Chartered Accountants

Place: Gurgaon
Date :

Vikram Advani
Partner
Membership No.: 091765



Nucleus Software Exports Ltd.

Balance Sheet as at 30 June 2009

	Schedule	As at 30 June 2009 (Rupees)	As at 31 March 2009 (Rupees)
Sources of funds			
Shareholders' funds			
Share capital	1	323,715,240	323,715,240
Advance pursuant to stock option schemes		5,650,100	5,999,100
Reserves and surplus	2	1,834,218,518	1,727,290,025
		<u>2,163,583,858</u>	<u>2,057,004,365</u>
		2,163,583,858	2,057,004,365
Application of funds			
Fixed assets			
Gross block	3	882,004,252	885,944,866
Less: Accumulated depreciation		<u>(415,210,079)</u>	<u>(393,789,994)</u>
Net block		466,794,173	492,154,872
Add: Capital work in progress (including capital advances)		-	919,233
		<u>466,794,173</u>	<u>493,074,105</u>
Investments	4	358,448,785	296,293,234
Deferred tax asset (refer note 3, schedule 16)		19,342,000	14,721,892
Current assets, loans and advances			
Sundry debtors	5	494,759,023	512,700,324
Cash and bank balances	6	916,146,226	824,813,049
Loans and advances	7	183,451,678	169,103,521
Other current assets	8	306,771,142	302,072,562
		<u>1,901,128,069</u>	<u>1,808,689,456</u>
Less: Current liabilities and provisions			
Current liabilities	9	(389,841,284)	(370,679,290)
Provisions	10	<u>(192,287,885)</u>	<u>(185,095,032)</u>
		<u>(582,129,169)</u>	<u>(555,774,322)</u>
Net current assets		1,318,998,900	1,252,915,134
		2,163,583,858	2,057,004,365

Significant accounting policies and notes to the accc 16

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

As per our report of even date attached

For **B S R & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Vikram Advani
Partner
Membership No.: 091765

Janki Ballabh
Chairman

Vishnu R Dusat
Managing Director

P K Sanghi
Chief Financial Officer

Poonam Bhasin
Company Secretary

Place: Gurgaon
Date: 26 July 2009

Place: Noida
Date: 26 July 2009



Nucleus Software Exports Ltd.

Profit and Loss Account for the quarter ended 30 June 2009

	Schedule	For the quarter ended		For the year ended
		30 June 2009	30 June 2008	31 March 2009
		(Rupees)	(Rupees)	(Rupees)
Sales and services	11	539,348,600	522,535,597	2,094,346,387
Software development expenses	12	<u>333,395,475</u>	<u>329,647,057</u>	<u>1,307,267,825</u>
Gross profit		205,953,125	192,888,540	787,078,562
Selling and marketing expenses	13	39,735,951	44,046,931	187,345,955
General and administration expenses	14	<u>34,057,645</u>	<u>45,058,962</u>	<u>217,724,001</u>
Operating profit before depreciation and withholding tax		132,159,529	103,782,647	382,008,606
Depreciation	3	27,080,588	23,060,347	101,177,086
Withholding taxes charged off		<u>870,332</u>	<u>21,801,368</u>	<u>72,624,682</u>
Operating profit after depreciation and withholding tax		104,208,609	58,920,932	208,206,838
Other income	15	26,594,349	61,049,837	165,629,052
Loss on foreign exchange fluctuation (net)		<u>(26,242,047)</u>	<u>(79,525,100)</u>	<u>(88,096,691)</u>
Profit before taxation		104,560,911	40,445,669	285,739,199
Provision for tax - current income tax		11,400,000	6,000,000	33,500,000
- MAT credit (entitlement) / reversal (refer note 9, schedule 16)		8,400,000	(5,000,000)	(5,200,000)
- fringe benefit tax		-	1,870,000	7,020,686
- deferred tax credit (refer note 3, schedule 16)		(4,620,108)	(8,554,659)	(13,101,386)
- income tax for earlier years		-	-	1,943,173
Provision for wealth tax		-	-	88,047
Profit after taxation		89,381,019	46,130,328	261,488,679
Profit amount available for appropriation				
Profit for the period / year		89,381,019	46,130,328	261,488,679
Add: Balance brought forward		1,083,451,476	935,567,064	935,567,064
Total amount available for appropriation		1,172,832,495	981,697,392	1,197,055,743
Proposed dividend		-	-	80,925,060
Corporate dividend tax		-	-	6,530,339
Transferred to general reserve		-	-	26,148,868
Balance carried forward to the Balance Sheet		1,172,832,495	981,697,392	1,083,451,476
Earnings per equity share (par value Rs. 10 each) (refer note 17, schedule 16)				
Basic		2.76	1.43	8.08
Diluted		2.75	1.41	8.07
Number of shares used in computing earnings per equity share				
Basic		32,370,024	32,367,024	32,369,568
Diluted		32,371,105	32,641,019	32,377,620

Significant accounting policies and notes to the accounts 16

The schedules referred to above form an integral part of the Profit and Loss account

As per our report of even date attached

For **BSR & Co.**

Chartered Accountants

Vikram Advani

Partner

Membership No.: 091765

For and on behalf of the Board of Directors

Janki Ballabh

Chairman

Vishnu R Dusat

Managing Director

P K Sanghi

Chief Financial Officer

Poonam Bhasin

Company Secretary

Place: Gurgaon

Date: 26 July 2009

Place: Noida

Date: 26 July 2009



Nucleus Software Exports Ltd.
Cash Flow Statement for the quarter ended 30 June 2009

	For the quarter ended 30 June 2009 (Rupees)	For the quarter ended 30 June 2008 (Rupees)	For the year ended 31 March 2009 (Rupees)
A. Cash flow from operating activities			
Net profit before tax	104,560,911	40,445,669	285,739,199
<i>Adjustment for:</i>			
Depreciation	27,080,588	23,060,347	101,177,086
Exchange difference on translation of foreign currency accounts	17,458,871	58,193,313	9,665,202
Dividend received from non-trade investments	(1,655,551)	(3,671,163)	(13,916,401)
Dividend received from subsidiary	-	-	(42,500,000)
Interest on fixed deposits	(16,351,309)	(253,509)	(34,769,928)
Profit on sale of investments	-	(51,051,725)	(66,988,868)
Amortisation of employees stock compensation expenses	180,971	1,665,763	3,220,673
Profit on sale of fixed assets (net)	(335,100)	-	-
Advances and other current assets written off	228,978	-	4,846,684
Provision for doubtful debts / advances / other current assets	2,416,469	943,031	30,679,934
Provisions written back	(7,595,244)	(5,300,000)	(5,511,808)
Provision for diminution in the value of investments	-	-	5,515,363
Operating profit before working capital changes	125,989,584	64,031,726	277,157,136
(Increase) / decrease in sundry debtors	8,146,095	(96,798,394)	(69,417,582)
(Increase) / decrease in loans and advances	(6,319,657)	(10,064,913)	12,824,301
(Increase) / decrease in other current assets	10,955,531	(15,591,197)	60,902,154
(Decrease) / increase in current liabilities and provisions	42,388,620	102,036,637	(8,418,249)
	181,160,173	43,613,859	273,047,760
Income tax paid (net)	(21,770,690)	(6,830,420)	(51,127,761)
Wealth tax paid	-	-	(88,047)
Fringe benefit tax paid	-	(1,800,000)	(6,880,686)
Net cash from operating activities (A)	159,389,483	34,983,439	214,951,266
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress	(8,003,186)	(12,179,915)	(81,187,982)
Sale of fixed assets	335,100	-	-
Purchase of current investments	(241,493,259)	(499,720,495)	(1,685,829,309)
Proceeds from sale of current investments	179,337,708	663,318,753	2,353,813,139
Proceeds from sale of non trade investments	-	-	158,732,400
Investments in shares of subsidiaries	-	(2,500,000)	(106,391,000)
Advance towards investment in shares of subsidiary	-	(97,500,000)	-
Loans and advances to subsidiaries (net)	(2,753,799)	(25,899,018)	(30,367,749)
Interest on fixed deposits and loan to subsidiaries	6,601,321	76,909	9,150,848
Income tax paid	(5,557,810)	(137,568)	(15,415,620)
Dividend received from non-trade investments	1,655,551	3,671,163	13,916,401
Dividend received from subsidiary	-	-	42,500,000
Net cash from / (used in) investing activities (B)	(69,878,374)	29,129,829	658,921,128
C. Cash flow from financing activities			
Dividend paid (including corporate dividend tax)	-	-	(106,380,524)
Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised	-	-	360,000
Net cash from / (used) in financing activities (C)	-	-	(106,020,524)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	89,511,109	64,113,268	767,851,870
Opening cash and cash equivalents	824,813,049	57,191,639	57,191,639
Exchange difference on translation of foreign currency bank accounts	1,822,068	692,572	(230,460)
Closing cash and cash equivalents*	916,146,226	121,997,479	824,813,049

*include fixed deposits amounting to Rs. 6,910,449 (Rs.5,365,165) under lien with bank on account of guarantees issued on behalf of the Company and other fixed deposits amounting to Rs. 678,685,000 (Rs. 713,577,049)

Note:

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

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

As per our report of even date attached

For **B S R & Co.**
Chartered Accountants
Vikram Advani
Partner
Membership No.: 091765

For and on behalf of the Board of Directors

Janki Ballabh
Chairman

P K Sanghi
Chief Financial Officer

Place: Gurgaon
Date: 26 July 2009

Place: Noida
Date: 26 July 2009



Nucleus Software Exports Ltd.

Schedules forming part of the financial statements

	As at 30 June 2009 (Rupees)	As at 31 March 2009 (Rupees)
SCHEDULE 1:		
Share capital		
Authorised capital		
40,000,000 (40,000,000) equity shares of Rs.10 each	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up		
Issued		
32,372,824 (32,372,824) equity shares of Rs.10 each	<u>323,728,240</u>	<u>323,728,240</u>
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	618,391,859	592,242,991
Add: Transferred from Profit and Loss Account	-	26,148,868
	<u>618,391,859</u>	<u>618,391,859</u>
Securities premium account		
Balance as at 1 April	20,953,189	20,484,589
Add: Securities 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	349,000	740,000
	<u>2,889,030</u>	<u>2,540,030</u>
Employee stock options		
Balance as at 1 April	14,340,608	15,248,208
Add: Options granted during the period / year	-	-
Less: Reversal on forfeiture of stock options granted	568,560	784,000
Less: Transferred to securities premium account on exercise of stock options	-	123,600
	<u>13,772,048</u>	<u>14,340,608</u>
Less: Deferred employee compensation	(1,226,523)	(1,976,054)
	<u>12,545,525</u>	<u>12,364,554</u>
Hedging reserve (refer note 4, schedule16)		
Balance as at 1 April	(10,411,083)	-
Add: Movement during the period / year	17,017,503	(10,411,083)
Profit and Loss Account		
Balance as at 1 April	1,083,451,476	935,567,064
Add: Profit for the period / year	89,381,019	261,488,679
Less: Transferred to general reserve	-	26,148,868
Less: Proposed dividend	-	80,925,060
Less: Corporate dividend tax	-	6,530,339
	<u>1,172,832,495</u>	<u>1,083,451,476</u>
	<u>1,834,218,518</u>	<u>1,727,290,025</u>

Nucleus Software Exports Ltd.
Schedules forming part of the financial statements

SCHEDULE 3:

Fixed assets (Rupees)

	Gross block			Accumulated depreciation			Net block			
	As at 1 April 2008	Additions	Debitations / adjustments	As at 31 December 2008	As at 1 April 2008	Depreciation for the period	Debitations / adjustments	As at 31 December 2008	As at 31 December 2007	As at 31 March 2008
Tangible assets										
Freehold land	3,360,720	-	-	3,360,720	-	-	-	3,360,720	3,360,720	3,360,720
Leasehold land	66,395,000	-	-	66,395,000	4,377,181	563,667	-	61,454,152	62,205,708	62,017,819
Leasehold improvement	9,105,792	1,430,074	-	10,535,866	1,831,870	2,002,000	-	6,701,996	7,740,902	7,273,922
Building	242,917,825	131,009	(804,498)	242,244,336	19,462,875	6,049,457	-	216,732,004	225,487,345	223,454,950
Plant and machinery (including Office equipments)	114,916,615	22,093,538	-	137,010,153	30,839,976	16,836,629	-	67,676,605	68,257,524	64,076,639
Computers	188,098,858	29,832,864	-	217,931,722	103,632,897	28,732,105	-	132,365,002	81,923,890	84,465,961
Vehicles	16,554,013	724,351	-	17,278,364	6,249,336	2,510,287	-	8,759,623	10,339,366	10,304,677
Furniture and fixtures	45,281,071	995,512	-	46,276,583	26,260,934	4,716,524	-	15,299,125	19,823,896	19,020,137
Intangible assets										
Softwares	102,233,955	26,256,776	-	128,490,731	79,957,839	12,868,707	-	35,064,185	22,629,462	22,276,116
Total	788,863,849	81,064,144	(804,498)	870,123,495	292,612,908	74,279,376	-	505,231,211	501,788,813	496,250,941
Previous period	548,039,427	231,444,121	(6,354,014)	773,129,534	217,038,659	58,753,334	(4,451,272)	501,788,813	-	-
Previous year	548,039,427	248,170,761	(7,346,339)	788,863,849	217,038,659	81,017,846	(5,443,597)	496,250,941	-	-



SCHEDULE 4:

Investments

Long term investments

Equity shares - Trade and unquoted

25,000 (25,000) equity shares of Rs 100 each, fully paid up, in Ujjivan Financial Services Private Limited	2,500,000	2,500,000
	2,500,000	2,500,000

Equity shares in wholly owned subsidiaries - Unquoted

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
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
200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaiga, Japan, a wholly owned subsidiary	4,092,262	4,092,262
316,000 (316,000) equity shares of Australian Dollar 1 each, fully paid up, in Nucleus Software (Australia) Pty. Ltd., Australia, a wholly owned subsidiary	9,790,955	9,790,955
Less: Provision for diminution in value of investment in Nucleus Software (Australia) Pty. Ltd., Australia	(9,790,955)	(9,790,955)
100,000 (100,000) equity shares of Hongkong Dollar 1 each, fully paid up, in Nucleus Software (HK) Ltd., Hong Kong, a wholly owned subsidiary	619,885	619,885
Less: Provision for diminution in value of investment in Nucleus Software (HK) Ltd., Hong Kong	(619,885)	(619,885)
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
2,000 (2,000) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands, a wholly owned subsidiary	11,756,000	11,756,000
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
	158,461,362	158,461,362

Current investments

Investments in bonds and mutual funds - Non trade and unquoted

19,726 (Nil) units of face value of Rs 1,000 each of UTI Liquid Cash Plan - Inst. (D)	20,109,229	-
1,894,062 (Nil) units of face value of Rs. 10 each of ICICI Prudential Flexible Income Plan - Premium - (D)	20,026,863	-
5,711,745 (5,255,930) units of face value of Rs. 10 each of ICICI Prudential Institutional Liquid Plan-Super Institutional-(D)	57,120,950	52,561,930
Nil (2,828,469) units of face value of Rs. 10 each of HDFC Cash Management Fund-Savings Plan-(D)	-	30,084,727
3,324,611 (1,231,736) units of face value of Rs. 10 each of HDFC Liquid Fund Premium Plan-(D)	40,759,068	15,100,840
Nil (1,966,813) units of face value of Rs 10 each of Reliance Liquid Fund -Treasury Plan Institutional Option-(D)	-	30,067,057
1,478,979 (Nil) units of face value of Rs 10 each of Reliance Medium Term Fund - (D)	25,283,887	-
3,113,581 (684,631) units of face value of Rs. 10 each of LICMF Liquid Fund-(D)	34,187,426	7,517,318
	197,487,423	135,331,872
	358,448,785	296,293,234

Notes:

1. Net asset value (NAV) of current investments is Rs. 197,495,344 (Rs. 135,331,872) as at 30 June 2009.
2. Refer note 8, schedule 16 for details of investments purchased and sold during the quarter ended 30 June 2009.



Nucleus Software Exports Ltd.

Schedules forming part of the financial statements

	As at 30 June 2009 (Rupees)	As at 31 March 2009 (Rupees)
SCHEDULE 5:		
Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	44,201,477	86,754,261
- Considered doubtful	16,309,900	14,314,413
	<u>60,511,377</u>	<u>101,068,674</u>
Less: Provision for doubtful debts	(16,309,900)	(14,314,413)
	44,201,477	86,754,261
Other debts (considered good)*	450,557,546	425,946,063
	<u>494,759,023</u>	<u>512,700,324</u>

* includes debt amounting to Rs. 8,716,191 (Rs. 10,615,001) from Nucleus Software Inc., USA, Rs. 30,345,367 (Rs. 7,696,718) from Nucleus Software Japan Kabushiki Kaiga, Rs. 36,775,623 (Rs. 16,029,068) from Nucleus Software Solutions Pte. Ltd., Singapore, Rs. 626,796 (Rs. 610,246) from Nucleus Software Netherlands B.V., Netherlands and Rs. 7,363,963 (Rs. 2,704,526) from VirStra i -Technology Services Limited, India, being companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.

SCHEDULE 6:

Cash and bank balances (refer note 7, schedule 16)

Cash in hand	656,137	1,854,881
Balances with scheduled banks:		
- in current accounts	228,530,075	74,676,490
- in fixed deposit accounts*	685,595,449	718,942,214
Balance with non scheduled banks:		
- in current account (Citibank, United Kingdom)	345,563	1,019,739
[Maximum amount outstanding during the year Rs. 2,148,871 (Rs. 2,307,184)]		
- in current account (Citibank, U.A.E)	1,019,002	476,810
[Maximum amount outstanding during the year Rs. 3,585,632 (Rs. 3,212,886)]		
Remittance in transit	-	27,842,915
	<u>916,146,226</u>	<u>824,813,049</u>

*include fixed deposits amounting to Rs. 6,910,449 (Rs.5,365,165) 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	12,198,703	11,440,354
Loans and advances to subsidiaries*	25,614,849	25,114,849
Security deposits	10,751,446	9,891,046
Advance income tax [net of provision Rs. 73,006,885 (Rs. 61,606,885)]	57,495,286	41,566,786
Advance fringe benefit tax [net of provision Rs. 24,583,704 (Rs. 24,583,704)]	2,592,274	2,592,274
MAT credit entitlement (refer note 9, schedule 16)	48,900,000	57,300,000
Prepaid expenses	25,899,120	21,198,212
	<u>183,451,678</u>	<u>169,103,521</u>

* includes loan amounting to Rs. 25,614,849 (Rs. 25,114,849) to Nucleus Software Limited, [maximum amount outstanding during the year Rs. 25,614,849 (Rs. 25,114,849)], being companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.



SCHEDULE 8:

Other current assets

Service income accrued but not due [net of provision of Rs. 12,010,692 (Rs. 12,010,692)]*	270,318,518	275,369,926
Interest accrued but not due	36,452,624	26,702,636
	306,771,142	302,072,562

* Includes service income accrued but not due amounting to Rs. 1,720,255 (Rs. 22,22,570) from Nucleus Software Japan Kabushiki Kaiga being company under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.

SCHEDULE 9:

Current liabilities

Sundry creditors **	233,965,682	202,633,269
Withholding tax	25,610,442	25,770,224
Due to subsidiaries	4,638,073	6,891,872
Advances from customers	75,403,375	59,815,181
Mark to Market on Options / Forward contracts (refer note 4, schedule16)	6,446,737	40,417,880
Unclaimed dividends	1,137,881	1,194,215
Other liabilities**	42,639,094	33,956,649
	389,841,284	370,679,290

* The Company has no amounts payable to micro, small and medium enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified from the available information.

Includes salary, bonus and incentives payable of Rs. 113,561,100 (Rs. 54,367,100).

** Includes contribution to provident and other funds payable of Rs. 8,115,683 (Rs. 8,499,304).

SCHEDULE 10:

Provisions

Gratuity	55,841,655	51,341,655
Leave encashment	41,767,956	39,075,103
Proposed dividend	80,925,060	80,925,060
Corporate dividend tax	13,753,214	13,753,214
	192,287,885	185,095,032



	For the quarter ended 30 June 2009 (Rupees)	30 June 2008 (Rupees)	For the year ended 31 March 2009 (Rupees)
SCHEDULE 11:			
Sales and services			
Software development services and products			
- Domestic	107,852,801	81,329,852	382,272,032
- Overseas	431,495,799	441,205,745	1,712,074,355
	<u>539,348,600</u>	<u>522,535,597</u>	<u>2,094,346,387</u>
SCHEDULE 12:			
Software development expenses			
Salaries and allowances	209,892,721	219,092,691	853,455,537
Contribution to provident and other funds	12,083,471	10,747,085	48,499,723
Directors' remuneration	2,400,000	770,000	6,210,000
Employee's stock compensation expenses (net)	154,854	1,433,899	2,737,584
Staff welfare	3,614,183	4,030,627	16,133,330
Conveyance	2,932,058	2,350,535	10,954,723
Communication	2,724,679	3,113,152	15,060,620
Rent	3,966,531	2,640,247	5,331,569
Legal and professional	7,882,429	7,342,091	18,333,397
Repair and maintenance			
- Buildings	581,730	177,592	558,689
- Others	2,987,867	2,488,971	11,293,073
Training and recruitment	650,657	3,392,603	11,495,603
Printing and stationery	404,964	504,082	922,899
Insurance	707,493	816,174	3,165,838
Software and other development charges	20,311,570	9,669,371	79,306,710
Cost of software purchased for delivery to clients	21,398,598	23,038,116	53,811,355
Travelling	31,984,993	29,279,860	133,363,188
Power and fuel	5,786,730	6,665,836	24,563,233
Information technology expenses	2,455,314	1,860,581	9,210,475
Miscellaneous expenses	474,633	233,544	2,860,279
	<u>333,395,475</u>	<u>329,647,057</u>	<u>1,307,267,825</u>
SCHEDULE 13:			
Selling and marketing expenses			
Salaries and allowances	16,735,597	19,573,203	80,466,585
Contribution to provident and other funds	514,598	586,440	2,503,103
Directors' remuneration	2,400,000	770,000	6,210,000
Employee's stock compensation expenses (net)	12,257	75,239	196,123
Staff welfare	334,321	267,419	1,556,938
Conveyance	542,467	525,708	2,904,912
Communication	1,214,324	251,848	1,350,934
Rent	1,010,332	1,850,230	8,544,802
Legal and professional	1,547,763	1,844,398	13,610,004
Repair and maintenance			
- Buildings	30,539	9,323	29,330
- Others	156,850	130,661	592,842
Training and recruitment	29,880	134,999	448,948
Printing and stationery	255,005	1,125,500	1,727,967
Insurance	29,292	31,154	175,979
Travelling	7,671,077	9,507,620	27,050,489
Advertisement and business promotion	876,078	4,334,337	8,897,607
Power and fuel	470,895	510,490	1,926,985
Conference, exhibition and seminar	1,209,513	-	12,840,739
Information technology expenses	101,688	71,019	352,399
Commission to channel partners	3,225,411	589,734	5,658,663
Miscellaneous expenses	1,368,064	1,857,609	10,300,606
	<u>39,735,951</u>	<u>44,046,931</u>	<u>187,345,955</u>



For the quarter ended
30 June 2009 **30 June 2008** **For the year ended**
(Rupees) **(Rupees)** **31 March 2009**
(Rupees)

SCHEDULE 14:

General and administration expenses

Salaries and allowances	19,003,019	23,364,483	92,634,600
Contribution to provident and other funds	1,118,096	1,303,819	5,893,266
Directors' remuneration	1,200,000	385,000	3,105,000
Employee's stock compensation expenses (net)	13,860	156,626	286,966
Staff welfare	468,731	605,939	2,472,713
Conveyance	528,050	519,830	2,189,302
Communication	699,834	857,376	2,042,499
Rent	40,800	67,799	228,199
Rates and taxes	1,000,783	866,551	2,388,574
Legal and professional	2,081,235	3,083,013	18,743,171
Repair and maintenance			
- Buildings	151,028	46,106	145,045
- Others	775,703	646,181	2,931,883
Training and recruitment	84,777	695,877	1,783,081
Printing and stationery	385,893	543,127	1,089,036
Insurance	99,642	79,861	307,902
Bank charges	1,383,747	344,192	1,767,758
Travelling	253,784	5,727,713	15,718,451
Advertisement and business promotion	62,668	625,065	1,381,390
Power and fuel	525,234	603,197	2,189,656
Conference, exhibition and seminar	30,000	12,900	34,510
Information technology expenses	256,238	182,056	896,415
Advances and other current assets written off	228,978	-	4,846,684
Provision for doubtful debts /advances / other current assets *	2,416,469	943,031	30,679,934
Provision for diminution in the value of investments	-	-	5,515,363
Miscellaneous expenses	1,249,076	3,399,220	18,452,603
	34,057,645	45,058,962	217,724,001

*Includes bad debts written off Rs. 420,982 (Rs. 164,189; Rs. 5,937,802) and net of write back of provisions for other current assets Rs. Nil (Rs. Nil; Rs. 11,351,044)

SCHEDULE 15:

Other income

Dividend received from non-trade investments	1,655,551	3,671,163	13,916,401
Dividend received from subsidiary	-	-	42,500,000
Interest on fixed deposits [gross of tax deducted at source Rs. 1,440,723 (Rs. 17,470; Rs. 1,532,671)]	16,351,309	253,509	34,769,928
Profit on sale of fixed assets (net)	335,100	-	-
Profit on sale of investments			
- Long term trade investment	-	21,849,760	21,849,760
- Current non trade investments	-	29,201,965	45,139,108
Provisions written back	7,595,244	5,300,000	5,511,808
Miscellaneous income	657,145	773,440	1,942,047
	26,594,349	61,049,837	165,629,052

SCHEDULE 16:

Significant accounting policies and notes to the accounts

1. Company Overview

Nucleus Software Exports Ltd. ('Nucleus' or 'the Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 30 June 2009, the Company is listed on three stock exchanges in India namely National Stock Exchange, Bombay Stock Exchange and Madras Stock Exchange. The Company has wholly owned subsidiaries in Singapore, USA, Japan, Australia, Hong-Kong, 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.

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"). The interim financial statements are prepared to conform to the Accounting Standard 25 on 'Interim Financial Reporting' as specified in the Companies (Accounting Standard) Rules, 2006. These financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2009. Accounting policies have been consistently applied except where a newly issued accounting standard, is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

(ii) Use of estimates

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

(iii) Revenue recognition

Revenue from software development services comprises income from time and material and fixed price contracts. Revenue from time and material contracts is recognised as the services are rendered. Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the year in which such losses become certain based on the current estimates.

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

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

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

(iv) Expenditure

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

(v) Fixed assets and capital work in progress

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

(vi) Depreciation

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

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

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

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

(vii) Investments

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

(viii) Research and development

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

(ix) Foreign exchange transactions

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

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

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

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

(x) Employee stock option based compensation

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

(xi) Employee benefits

Short-term employee benefits

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

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.

Provisions in respect of gratuity 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 after keeping into consideration events occurring during the interim period.

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.

Provisions in respect of 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 after keeping into consideration events occurring during the interim period.

(xii) Operating leases

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

(xiii) Earnings per share

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

(xiv) Taxation

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

is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

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

(xv) Impairment of assets

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

(xvi) Contingencies

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

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

3. Deferred tax asset

Components of net deferred tax asset:

(Amounts in Rupees)

	As at 30 June 2009	As at 30 June 2008	As at 31 March 2009
Deferred tax asset			
Provision for doubtful debts	3,857,600	647,107	3,260,917
Provision for retirement benefits	30,363,454	21,535,301	28,293,037
	34,221,054	22,182,408	31,553,954
Deferred tax liability			
Difference of depreciation as per Income-tax laws and books of accounts	(14,879,054)	(12,007,243)	(16,832,062)
Net deferred tax asset	19,342,000	10,175,165	14,721,892

4. Forward contracts and options in foreign currency

	As at 30 June 2009	As at 30 June 2008	As at 31 March 2009
Forward contract outstanding			
In USD	6,500,000	8,322,100	4,750,000
Equivalent amount in Rupees	311,415,000	356,851,690	241,015,000
Options contract outstanding			
In USD	2,200,000	33,400,000	3,400,000
Equivalent amount in Rupees	105,402,000	1,432,192,000	172,516,000

As at 30 June 2009, the Company has recorded marked to market gain of Rs. 6,606,420 relating to forward contracts that are designated as effective cash flow hedges with a corresponding credit to hedging reserves. Further as at 30 June 2009, the Company has recorded marked to market loss of Rs. 13,053,157 relating to foreign currency options which does not qualify for hedging and accordingly the loss has been recognized in the Profit and Loss Account.

The Company's exposure in respect of foreign currency denominated assets not hedged as on 30 June 2009 by derivative instruments or otherwise is as follows:

Current Assets								
As at 30 June 2009			As at 30 June 2008			As at 31 March 2009		
Amount in foreign currency		Amount in rupees	Amount in foreign currency		Amount in rupees	Amount in foreign currency		Amount in rupees
USD	11,709,625	567,042,089	USD	18,094,240	775,881,006	USD	12,464,731	616,920,280
EURO	10,118	673,244	EURO	112,295	7,600,148	EURO	12,206	792,382
SGD	1,692,458	56,396,347	SGD	772,478	24,271,259	SGD	1,166,923	39,195,408
AED	1,429,611	18,470,526	AED	-	-	AED	468,056	6,379,597
			JPY	15,821,521	6,377,809	RM	1,211,277	16,957,876
Creditors								
As at 30 June 2009			As at 30 June 2008			As at 31 March 2009		
Amount in foreign currency		Amount in rupees	Amount in foreign currency		Amount in rupees	Amount in foreign currency		Amount in rupees
USD	2,833,147	135,736,067	USD	2,962,743	127,042,404	USD	2,704,414	124,706,872
EURO	6,226	418,438	EURO	250	16,900	AED	4,081	55,623
AUD	14,699	567,385	AUD	22,186	914,968	AUD	16,211	567,385
SGD	123,393	4,084,324	SGD	-	-	SGD	200,169	6,663,637

5. 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 19 June 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 graded vesting basis over the vesting period of the options.

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. On exercise of stock options, option holders are entitled to bonus shares in the ratio of 1:1, pursuant to approval of bonus shares by the shareholders in the annual general meeting held on 6 July 2007.

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

2002 Stock Option Scheme

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Options outstanding at the beginning of the period	126,050	141,550	141,550
Options granted	-	-	-
Options forfeited	(6,900)	-	(14,000)
Options exercised	-	-	(1,500)
Balance carried forward	119,150	141,550	126,050

2005 Stock Option Scheme

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Options outstanding at the beginning of the period	142,000	142,000	142,000
Options granted	-	-	-
Options forfeited	(14,000)	-	-
Options exercised	-	-	-
Balance carried forward	128,000	142,000	142,000

2006 Stock Option Scheme

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Options outstanding at the beginning of the period	189,860	249,860	249,860
Options granted	-	-	-
Options forfeited	-	-	(60,000)
Options exercised	-	-	-
Balance carried forward	189,860	249,860	189,860

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

(Amounts in Rupees)

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Balance brought forward	1,976,054	5,980,726	5,980,726
Add: Recognised during the period	-	-	-
Less: Amortisation expense*	749,531	1,665,763	4,004,672
Less: Reversal due to forfeiture	-	-	-
Balance carried forward	1,226,523	4,314,963	1,976,054

*excluding write back of stock compensation expense of vested options.

6. Managerial Remuneration

(Amounts in Rupees)

	Quarter ended 30 June 2009*	Quarter ended 30 June 2008*	Year ended 31 March 2009
A. Managing Director			
Salary and perquisites	1,500,000	1,500,000	6,000,000
Contribution to provident and other funds	90,000	90,000	360,000
Commission	3,037,000	-	5,525,000
	4,627,000	1,590,000	11,885,000
B. Non Executive Directors			
Commission	863,000	-	2,375,000
Sitting fees	600,000	425,000	1,625,000
	1,463,000	425,000	4,000,000

* The limits for the purpose of computing managerial remuneration as per Section 349 of the Companies Act, 1956 apply only with reference to the financial year of the Company for the purpose of the Companies Act, 1956.

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

7. Bank Balances

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

(Amounts in Rupees)

Name of Bank	As at 30 June 2009	As at 30 June 2008	As at 31 March 2009
Canara Bank	86,026	86,026	86,026
Citi Bank	20,778,418	40,854,750	6,922,063
Citi Bank – EEFC accounts in US dollar	128,772,340	2,378,330	57,259,931
DBS Bank	194,912	54,933	247,809
HDFC Bank – EEFC accounts in US dollar	3,582,888	81,105	2,320,022
HDFC Bank	42,306,556	38,165,861	4,637,947
HDFC Bank - Unclaimed dividend accounts	746,639	570,015	802,973
HSBC Bank - Unclaimed dividend accounts	394,042	448,693	394,042
ICICI Bank	30,975,379	23,846,339	1,710,969
State Bank of India	631,499	15,000	233,332
Vijaya Bank	61,376	61,376	61,376
Total	228,530,075	106,562,428	74,676,490

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

(Amounts in Rupees)

Name of Bank	As at 30 June 2009	As at 30 June 2008	As at 31 March 2009
HDFC Bank	181,382,429	693,821	222,234,512
Canara Bank	198,012,355	979,572	181,007,037
Citi Bank	5,100,665	9,778,110	35,000,665
DBS Bank	7,500,000	-	22,500,000
Punjab National Bank	66,000,000	-	66,000,000
ICICI Bank	83,200,000	-	127,300,000
State Bank of India	47,400,000	-	7,500,000
Corporation Bank	77,000,000	-	37,400,000
Bank of India	20,000,000	-	20,000,000
Total	685,595,449	11,451,503	718,942,214

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

Name of Bank	As at 30 June 2009	As at 30 June 2008	As at 31 March 2009
Citi Bank, U.A.E	1,019,002	2,240,744	476,810
Citi Bank, United Kingdom	345,563	1,387,950	1,019,739
Total	1,364,565	3,628,694	1,496,549

8. Details of investments purchased and sold during the quarter

Name of the investment	Face value Amount (Rupees)	Purchased during the quarter		Sold during the quarter	
		Quantity	Amount (Rupees)	Quantity	Amount (Rupees)
HDFC Cash Management Fund- Savings Plan-Daily Dividend	10	5,563	59,168	5,563	59,168
LICMF Liquid Fund-Dividend	10	544,866	5,982,682	544,866	5,982,682
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend	10	1,999,600	20,000,000	1,999,600	20,000,000
HDFC Liquid Fund Premium Plan-Dividend	10	5,709,718	70,000,000	5,709,718	70,000,000
Reliance Liquid Fund-Treasury Plan-Institutional Option-Daily Dividend	10	1,513,951	23,144,074	1,513,951	23,144,074

Details of investments purchased and sold during the quarter ended 30 June 2008

Name of the investment	Face value	Purchased during the quarter		Sold during the quarter	
	Amount (Rupees)	Quantity	Amount (Rupees)	Quantity	Amount (Rupees)
SBI SHF Liquid Plus-Institutional Plan-(Dividend)	10	1,003,064	10,035,659	1,003,064	10,035,659
JM Money Manager Fund Plus Plan-(Dividend)	10	3,369,827	33,712,084	3,369,827	33,712,084
LIC MF Liquid Plus Fund-(Dividend)	10	12,822,511	128,225,114	12,822,511	128,225,114
Reliance Liquid Plus Fund-Institutional Option-(Dividend)	1,000	16,996	17,015,571	16,996	17,015,571
Sundaram BNP Paribas Liquid Plus-Super Inst.-(Dividend)	10	5,021,563	50,341,170	5,021,563	50,341,170
DWS Liquid Plus Fund-Regular-(Dividend)	10	549,193	5,500,000	549,193	5,500,000
Canara Robeco Liquid Plus-Institutional Plan-(Dividend)	10	2,424,991	30,087,103	2,424,991	30,087,103
JP Morgan India Liquid Plus Fund-Dividend Plan-Reinvest	10	3,025,382	30,280,749	3,025,382	30,280,749

9. Some of the operations of the company are conducted through Software Technology Park ('STP'). Income from STP are tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development or 31 March 2010.

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 liabilities. Accordingly, a sum of Rs. 48,900,000 (Rs. 59,100,000; Rs. 57,300,000) was carried forward and shown under "Loans and advances" in the Balance Sheet as at 30 June 2009.

10. Segment reporting – Basis of preparation

(i) 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 Standard) 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.

(ii) Composition of reportable segments

The Company operates in five main geographical segments: India, Far East, Singapore, 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.

Information in respect of primary segment

The profit and loss for reportable primary segment is set out below:

For the quarter ended 30 June 2009

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	107,852,801	130,618,301	56,903,790	37,508,241	138,921,577	67,543,890	539,348,600
Expenses	106,549,701	105,707,140	39,326,399	20,039,670	80,004,396	37,112,866	388,740,172
Segment result	1,303,100	24,911,161	17,577,391	17,468,571	58,917,181	30,431,024	150,608,428
Unallocated corporate expenditure							46,399,819
Operating profit before taxation							104,208,609
Other income							26,594,349
Foreign exchange gain							(26,242,047)
Profit before tax							104,560,911
Provision for taxation							
- current income							11,400,000
- MAT credit entitlement							8,400,000
- fringe benefit							-
- deferred tax credit							(4,620,108)
- income tax for earlier years							-
Provision for wealth tax							-
Net profit after							89,381,019



For the quarter ended 30 June 2008

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	81,329,852	219,272,348	31,939,915	66,954,947	72,124,045	50,914,490	522,535,597
Expenses	76,654,379	187,062,432	23,506,135	27,699,495	56,640,404	48,794,320	420,357,165
Segment result	4,675,473	32,209,916	8,433,780	39,255,452	15,483,641	2,120,170	102,178,432
Unallocated corporate expenditure							43,257,500
Operating profit before taxation							58,920,932
Other income							61,049,837
Foreign exchange gain / (loss)							(79,525,100)
Profit before tax							40,445,669
Provision for taxation							
– current income tax							6,000,000
– MAT credit entitlement							(5,000,000)
– fringe benefit tax							1,870,000
– deferred tax credit							(8,554,659)
– income tax for earlier years							-
Provision for wealth tax							-
Net profit after taxation							46,130,328



For the year ended 31 March 2009

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	382,272,032	781,338,765	148,892,095	216,114,713	320,227,865	245,500,917	2,094,346,387
Expenses	328,827,617	687,717,666	120,245,004	113,238,695	242,272,383	200,528,189	1,692,829,554
Segment result	53,444,415	93,621,099	28,647,091	102,876,018	77,955,482	44,972,728	401,516,833
Unallocated corporate expenditure							193,309,995
Operating profit before taxation							208,206,838
Other income							165,629,052
Foreign							(88,096,691)
Profit before tax							285,739,199
Provision for - current income tax							33,500,000
- MAT credit entitlement							(5,200,000)
- fringe benefit tax							7,020,686
- deferred tax charge credit							(13,101,386)
- income tax for earlier years							1,943,173
Provision for wealth tax							88,047
Net profit							261,488,679

Assets and liabilities of reportable primary segment are as follows:

As at 30 June 2009

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Segment assets	139,239,309	244,987,912	60,826,138	23,852,148	173,073,217	123,098,817	765,077,541
Unallocated corporate assets							1,980,635,486
Total assets							2,745,713,027
Segment liabilities	111,573,784	162,436,918	23,206,095	11,287,352	77,654,890	53,568,201	439,727,240
Unallocated corporate liabilities							142,401,929
Total liabilities							582,129,169
Capital employed							2,163,583,858



As at 30 June 2008

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Segment assets	111,105,772	368,816,213	30,180,483	15,232,281	108,795,910	283,912,901	918,043,560
Unallocated corporate assets							1,738,601,030
Total assets							2,656,644,590
Segment liabilities	55,578,792	193,463,751	37,861,358	29,624,371	53,756,230	79,882,581	450,167,083
Unallocated corporate liabilities							280,989,983
Total liabilities							731,157,066
Capital employed							1,925,487,524

As at 31 March 2009

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Segment assets	120,246,029	258,594,953	58,198,463	40,592,828	176,480,847	133,957,130	788,070,250
Unallocated corporate assets							1,824,708,437
Total assets							2,612,778,687
Segment liabilities	58,186,070	161,976,114	17,879,252	15,302,725	56,146,660	51,742,862	361,233,683
Unallocated corporate liabilities							194,540,639
Total liabilities							555,774,322
Capital employed							2,057,004,365

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



For the quarter ended 30 June 2009

(Amounts in

Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							800,656
Total capital expenditure							800,656
Depreciation expenditure (unallocated)							27,080,588
Total depreciation							27,080,588
Segment non-cash expense other than depreciation	1,193,682	63,419	10,377	6,889	540,648	782,425	2,597,440
Total non cash expenditure other than depreciation	1,193,682	63,419	10,377	6,889	540,648	782,425	2,597,440

For the quarter ended 30 June 2008

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							7,679,755
Total capital expenditure							7,679,755
Depreciation expenditure (unallocated)							23,060,347
Total depreciation							23,060,347
Segment non-cash expense other than depreciation	1,329,301	649,261	115,300	108,918	253,088	152,926	2,608,794
Total non cash expenditure other than depreciation	1,329,301	649,261	115,300	108,918	253,088	152,926	2,608,794

For the year ended 31 March 2009

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							77,512,852
Total capital expenditure							77,512,852
Depreciation expenditure (unallocated)							101,177,086
Total depreciation							101,177,086
Segment non-cash expense other than depreciation	10,970,127	1,226,577	1,299,248	131,826	9,352,897	15,768,819	38,749,494
Total non cash expenditure other than depreciation	10,970,127	1,226,577	1,299,248	131,826	9,352,897	15,768,819	38,749,494

b) Information in respect of secondary segment

i) Information for business segments

For the quarter ended 30 June 2009

(Amounts in Rupees)

Description	Products	Software projects and services	Total
Revenue	421,948,347	117,400,253	539,348,600
Carrying amount of segment assets	598,542,767	166,534,774	765,077,541

For the quarter ended 30 June 2008

(Amounts in Rupees)

Description	Products	Software projects and services	Total
Revenue	438,010,917	84,524,680	522,535,597
Carrying amount of segment assets	769,542,025	148,501,535	918,043,560

For the year ended 31 March 2009

(Amounts in Rupees)

Description	Products	Software projects and services	Total
Revenue	1,793,005,266	301,341,121	2,094,346,387
Carrying amount of segment assets	626,783,399	161,286,851	788,070,250

As mentioned earlier, 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. 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 – where control exists

Wholly owned subsidiary companies

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaiga, Japan
- Nucleus Software Inc., USA
- Nucleus Software (H.K) Ltd., Hong Kong
- Nucleus Software (Australia) Pty Ltd., Australia
- VirStra i -Technology Services Limited, India
- Nucleus Software Netherlands B.V, Netherlands
- Nucleus Software Limited, India (incorporated on 21 April 2008)

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

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

Other related parties:

Key managerial personnel:

- Vishnu R Dusad (Managing director)

b) Transactions with related parties
(Amounts in Rupees)

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009	
i	Software development, services and products			
	-Nucleus Software Japan Kabushiki Kaiga.	25,445,860	104,267,072	417,357,972
	-Nucleus Software Solutions Pte Ltd.	45,332,434	26,143,063	80,976,770
	-Others	3,750,000	3,811,962	16,670,012
ii	Other income			
	<i>Dividend income</i>			
	-VirStra i -Technology Services Limited	-	-	42,500,000
	<i>Others</i>			
	-VirStra i -Technology Services Limited	386,111	494,811	2,202,220
iii	Managerial remuneration			
	-Vishnu R Dusad (Managing director)	4,627,000	1,590,000	11,885,000
iv	Reimbursement of expenses			
	<i>From wholly owned subsidiary companies :</i>			
	-VirStra i -Technology Services Limited	649,462	145,158	2,118,955
	-Nucleus Software Solutions Pte Ltd	34,419,697	1,735,673	9,385,249
	-Nucleus Software Japan Kabushiki Kaiga.	126,630	1,931,622	3,597,274
	-Nucleus Software Inc.	34,400	110,033	110,033
	-Others	16,545	-	-
	<i>To wholly owned subsidiary companies:</i>			
	-Nucleus Software Solutions Pte Ltd.	1,054,088	2,399,739	5,097,361
	-Nucleus Software Japan Kabushiki Kaiga.	258,738	-	4,896,652
v	Cost of services hired			
	-Nucleus Software Solutions Pte Ltd.	4,224,024	-	3,030,384
vi	Software and Other Development Charges			
	<i>To wholly owned subsidiary company:</i>			
	-Nucleus Software Japan Kabushiki Kaiga.	-	-	28,104,350
	-Nucleus Software Solutions Pte Ltd.	677,952		
vii	Commission paid			
	<i>To wholly owned subsidiary company:</i>			
	-Nucleus Software Inc.	1,335,280	-	1,116,280



	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009	
viii	Loans and advances			
	<i>Given to wholly owned subsidiary company</i>			
	-Nucleus Software Limited	500,000	122,574,849	27,114,849
	<i>Repaid by wholly owned subsidiary company</i>			
	-Nucleus Software Limited	-	-	2,000,000
ix	Investments			
	-Nucleus Software Limited	-	2,500,000	100,000,000
	-Nucleus Software Netherlands B.V	-	-	6,391,000

c) Outstanding balances as at period/ year end

(Amounts in Rupees)

	As at 30 June 2009	As at 30 June 2008	As at 31 March 2009	
i	Loans and advances			
	<i>To wholly owned subsidiaries</i>			
	-Nucleus Software Limited	25,614,849	122,574,849	25,114,849
ii	Debtors			
	<i>Wholly owned subsidiaries</i>			
	-Nucleus Software Japan Kabushiki Kaiga.	30,345,367	90,676,190	7,696,718
	-Nucleus Software Solutions Pte Ltd.	36,775,623	24,271,259	16,029,068
	-VirStra i -Technology Services Limited	7,363,963	3,821,048	2,704,526
	-Nucleus Software Inc.	8,716,191	22,593,003	10,615,001
	-Others	626,796	96,127	610,246
iii	Service income accrued but not due			
	<i>Wholly owned subsidiary Company</i>			
	-Nucleus Software Japan Kabushiki Kaiga.	1,426,233	81,412,488	52,292,340
	-Nucleus Software Inc.	-	624,349	-
iv	Sundry creditors			
	<i>Due to wholly owned subsidiaries</i>			
	-Nucleus Software (Australia) Pty Ltd.	567,385	914,968	567,385
	-Nucleus Software Solutions Pte Ltd.	4,070,688	11,453,034	6,324,487
v	Advance from customers			
	<i>Advances from wholly owned subsidiaries</i>			
	-Nucleus Software Solutions Pte Ltd.	-	5,730,912	-



12. Legal and professional (includes payment to auditors) *

(Amounts in Rupees)

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Audit fees	375,000	375,000	1,535,000
Other services	240,000	758,146	1,465,000
Out of pocket expenses	30,000	50,000	155,110
Total	645,000	1,183,146	3,155,110

*excluding service tax

13. CIF value of imports

(Amounts in Rupees)

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Capital goods	452,052	8,464,054	67,646,097
Total	452,052	8,464,054	67,646,097

14. Earnings in foreign currency

(Amounts in Rupees)

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Software development services and products	431,495,799	441,205,745	1,712,074,355
Others	579	850	2,458
Total	431,496,378	441,206,595	1,712,076,813

15. Expenditure in foreign currency

(Amounts in Rupees)

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Travel expenses	31,063,258	31,367,075	132,274,994
Professional charges	1,577,143	3,290,496	17,024,177
Cost of software purchased for delivery to clients	20,589,238	23,241,572	36,419,156
Conference, exhibition and seminar	1,148,006	547,583	10,880,495
	8,630,377	6,598,410	59,514,224
Software and Other Development Charges			
Salary in foreign currency	8,034,148	5,765,361	32,470,142
Others	6,404,064	6,309,719	28,039,554
Total	77,446,234	77,120,216	316,622,742

16. Earnings per share

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Profit after taxation available to equity shareholders (Rupees)	89,381,019	46,130,328	261,488,679
Weighted average number of equity shares used in calculating basic earnings per share	32,370,024	32,367,024	32,369,568
Add: Effect of dilutive issue of shares	1,081	273,995	8,052
Weighted average number of equity shares used in calculating diluted earnings per share	32,371,105	32,641,019	32,377,620
Basic earnings per share (Rupees)	2.76	1.43	8.08
Diluted earnings per share (Rupees)	2.75	1.41	8.07

17. 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.111,589; (Rs.26,554,102; Rs.1,309,533).
- Claim against the Company not acknowledged as debt Rs.324,000 (Rs.324,000; Rs.324,000).

18. Operating lease

The Company has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the quarter ended 30 June 2009 is Rs. 5,017,663 (Rs 4,558,276; Rs 14,104,570) respectively. The future minimum lease expense in respect of non-cancellable leases is as follows:

(Amount in Rupees)

	As at 30 June 2009	As at 30 June 2008	As at 31 March 2009
Not later than 1 year	4,641,447	6,401,447	4,641,447
Later than 1 year but not later than 5 years	6,381,979	11,023,437	7,542,352
Later than 5 years	-	-	-
	11,023,426	17,424,884	12,183,799

19. 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

(Amounts in Rupees)

	Quarter ended 30 June 2009	Quarter ended 30 June 2008	Year ended 31 March 2009
Salaries and allowances	245,631,337	262,030,377	1,026,556,722
Contribution to provident and other funds	13,716,165	12,637,344	56,896,091
Directors' remuneration (including stock compensation expense Rs. Nil; Rs. Nil; Rs Nil; Rs.312,723)	6,000,000	1,925,000	15,525,000
Employee's stock compensation expenses	180,971	1,665,764	3,220,673
Staff welfare	4,417,235	4,903,985	20,162,982
Training and Recruitment	765,314	4,223,479	13,727,632
Software and other development charges	20,311,570	9,669,371	79,306,710
Cost of software purchased for delivery to clients	21,398,598	23,038,116	53,811,355
Travelling	39,909,854	44,515,193	176,132,128
Conveyance	4,002,575	3,396,073	16,048,937
Communication	4,638,837	4,222,376	18,454,053
Rent	5,017,663	4,558,276	14,104,570
Rates and Taxes	1,000,783	866,551	2,388,574
Legal and professional	11,511,427	12,269,502	50,686,572
Power and fuel	6,782,859	7,779,523	28,679,874
Repair and maintenance			
- Buildings	763,297	233,021	733,063
- Others	3,920,420	3,265,813	14,817,798
Advertisement and business promotion	873,110	4,959,402	10,278,996
Conference, exhibition and seminar	1,239,513	12,900	12,875,249
Information technology expenses	2,813,240	2,113,656	10,459,290
Advances and other current assets written off	649,960	-	4,846,684
Commission to channel partner	3,225,411	589,734	5,658,663
Provision for doubtful debts / advances / other current assets	1,766,509	943,031	30,679,934
Provision for diminution in the value of investment	-	-	5,515,363
Printing and stationery	1,045,862	2,172,709	3,739,902
Insurance	836,427	927,189	3,649,719
Bank charges	1,383,747	344,192	1,767,758
Discounts	1,130,315	-	-
Miscellaneous expenses	2,256,072	5,490,373	31,613,489
Total	407,189,071	418,752,950	1,712,337,781

20. The company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the period/year and expects such records to be in existence latest by the due date of filing of the return of income, as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
21. Revenue recognised upto the reporting date in respect of contracts in progress at the reporting date aggregates Rs. 1,618,556,348 (Rs. 1,192,931,103; Rs. 1,457,086,628).
22. Previous period/year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current period and 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

Place: Noida
Date: 26 July 2009



Nucleus Software Exports Ltd.

Consolidated Balance Sheet as at 30 June 2009

	As at 30 June 2009 (Rupees)	As at 30 June 2008 (Rupees)	As at 31 March 2009 (Rupees)
Sources of funds			
Shareholders' funds			
Share capital	323,715,240	323,685,240	323,715,240
Advance pursuant to stock option schemes	5,650,100	6,754,100	5,999,100
Reserves and surplus	<u>2,201,782,379</u>	<u>1,912,603,324</u>	<u>2,079,345,937</u>
	2,531,147,719	2,243,042,664	2,409,060,277
Deferred tax liability (refer note 2, schedule 16)	1,731,395	2,796,851	2,541,492
	<u>2,532,879,114</u>	<u>2,245,839,515</u>	<u>2,411,601,769</u>
Application of funds			
Fixed assets			
Gross block	1,117,737,525	971,031,772	1,120,218,666
Less: Accumulated depreciation	<u>(507,171,726)</u>	<u>(416,348,693)</u>	<u>(481,171,475)</u>
Net block	610,565,799	554,683,079	639,047,191
Add: Capital work in progress (including capital advances)	<u>2,791,503</u>	<u>134,733,996</u>	<u>3,100,736</u>
	613,357,302	689,417,075	642,147,927
Investments	264,983,401	666,488,739	162,902,975
Deferred tax asset (refer note 2, schedule 16)	22,243,255	11,301,057	17,623,147
Current assets, loans and advances			
Sundry debtors	735,517,236	714,789,870	801,005,914
Cash and bank balances	1,105,743,166	295,291,464	1,061,360,508
Loans and advances	241,207,589	348,317,183	227,679,275
Other current assets	<u>319,555,159</u>	<u>433,791,088</u>	<u>294,329,402</u>
	2,402,023,150	1,792,189,605	2,384,375,098
Less: Current liabilities and provisions			
Current liabilities	(565,507,534)	(703,778,777)	(600,625,716)
Provisions	<u>(204,220,460)</u>	<u>(209,778,184)</u>	<u>(194,821,663)</u>
	(769,727,994)	(913,556,961)	(795,447,379)
Net current assets	1,632,295,156	878,632,644	1,588,927,720
	<u>2,532,879,114</u>	<u>2,245,839,515</u>	<u>2,411,601,769</u>

Significant accounting policies and notes to the accounts

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

As per our report of even date attached

For B S R & Co.
Chartered Accountants

Vikram Advani
Partner
Membership No.: 091765

Vishnu R Dusad
Managing Director

Poonam Bhasin
Company Secretary

Place: Gurgaon
Date: 26 April 2009



Nucleus Software Exports Ltd.

Consolidated Profit and Loss Account for the Quarter ended 30 June 2009

	For the quarter ended 30 June 2009 (Rupees)	ended 30 June 2008 (Rupees)	Year Ended 31 March 2009 (Rupees)
Sales and services	805,370,841	828,971,064	3,284,028,256
Software development expenses	538,429,661	560,608,848	2,225,452,271
Gross profit	266,941,180	268,362,216	1,058,575,985
Selling and marketing expenses	60,774,090	69,904,649	277,984,917
General and administration expenses	46,061,121	56,576,034	284,540,362
Operating profit before depreciation and withholding tax	160,105,969	141,881,533	496,050,706
Depreciation	31,982,684	33,737,092	132,770,459
Withholding taxes charged off	870,332	21,801,368	72,624,682
Operating profit after depreciation and withholding tax	127,252,953	86,343,072	290,655,565
Other income	31,634,284	63,257,369	137,083,763
(Loss) / Gain on foreign exchange fluctuation (net)	(42,810,690)	(74,817,998)	(79,196,089)
Profit before taxation	116,076,547	74,782,443	348,543,239
Provision for tax - current income tax	13,452,569	8,179,298	53,734,308
- MAT credit entitlement (refer note 8, schedule 16)	6,730,000	(7,000,000)	(20,215,904)
- fringe benefit tax	-	1,870,000	7,020,686
- deferred tax credit (refer note 2, schedule 16)	(5,417,863)	(8,554,659)	(14,876,749)
- income tax for earlier year	-	-	210,273
Provision for wealth tax	-	-	88,047
Profit after taxation	101,311,841	80,287,804	322,582,578
Profit available for appropriation			
Profit for the year	101,311,841	80,287,804	322,582,578
Add: Balance brought forward	1,359,320,935	1,171,206,713	1,171,206,712
Total amount available for appropriation	1,460,632,776	1,251,494,517	1,493,789,290
Proposed dividend	-	-	80,925,060
Corporate dividend tax	-	-	13,753,214
Transferred to general reserve	-	-	39,790,081
Balance carried forward to the Balance Sheet	1,460,632,776	1,251,494,517	1,359,320,935
Earnings per share (par value Rs. 10 each) (refer note 13, schedule 16)			
Basic	3.13	2.48	9.97
Diluted	3.13	2.46	9.96
Number of shares used in computing earnings per equity share			
Basic	32,370,024	32,367,024	32,369,568
Diluted	32,371,105	32,641,019	32,377,620

Significant accounting policies and notes to the accounts

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

As per our report of even date attached

For **B S R & Co.**

Chartered Accountants

Vikram Advani

Partner

Membership No.: 091765

Place: Gurgaon

Date: 26 April 2009



Nucleus Software Exports Ltd.

Consolidated Cash Flow Statement for the quarter ended 30 June 2009

	For the quarter ended 30 June 2009	For the quarter ended 30 June 2008	For the year ended 31 March 2009
A. Cash flow from operating activities			
Net profit before tax	116,076,547	74,782,443	348,543,239
<i>Adjustment for:</i>			
Depreciation	31,982,684	33,737,092	132,770,459
Exchange difference on translation of foreign currency accounts	16,572,713	57,457,896	39,862,501
Dividend received from non trade investments	(2,080,426)	(4,181,450)	(14,906,748)
Interest on fixed deposits	(16,647,096)	(348,424)	(35,617,650)
Profit on sale of investments	-	(51,051,725)	(66,988,868)
Amortisation of employees compensation expenses	180,971	1,665,764	3,220,672
Loss on sale of fixed assets (net)	-	-	7,614,637
Advances and other current assets written off	228,978	-	4,846,684
Provision for doubtful debts / advances	2,187,491	943,031	48,260,777
Operating profit before working capital changes	148,501,862	113,004,627	467,605,703
Decrease / (increase) in debtors	55,693,469	(23,530,213)	(147,080,667)
Decrease / (increase) in loans and advances	(3,690,422)	(173,171,963)	(3,805,308)
Decrease / (increase) in other current assets	(9,571,646)	(87,102,990)	71,359,468
(Decrease) / increase in current liabilities	(16,519,477)	139,906,888	78,684,156
	174,413,785	(30,893,651)	466,763,352
Direct taxes paid	(22,797,907)	(7,291,261)	(84,710,563)
Fringe benefit tax paid	-	(1,800,000)	(6,880,686)
Net cash from operating activities (A)	151,615,878	(39,984,912)	375,172,103
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress	(10,394,589)	(134,935,840)	(214,959,374)
Sale of fixed assets	-	-	20,305,092
Purchase of current investments	(241,493,259)	(499,720,495)	(1,858,919,660)
Proceeds on sale of current investments	139,412,833	789,967,099	2,509,956,771
Proceeds on sale of non trade investments	-	-	158,732,400
Interest on fixed deposits	6,897,108	209,694	10,036,440
Tax paid	(5,557,810)	(137,568)	(15,415,620)
Dividend received from non trade investments	2,080,426	4,181,450	14,906,748
Net cash from/ (used in) investing activities (B)	(109,055,291)	159,564,340	624,642,797
C. Cash flow from financing activities			
Dividend paid (including corporate dividend tax thereon)	-	-	(113,603,399)
Advance pursuant to employee stock option scheme	-	-	360,000
Net cash used in financing activities (C)	-	-	(113,243,399)
Net (decrease) / increase in cash and cash equivalents	42,560,587	119,579,429	886,571,501
Opening cash and cash equivalents	1,061,360,509	175,019,463	175,019,463
Effect of exchange rate change	1,822,070	692,571	(230,455)
Closing cash and cash equivalents *	1,105,743,166	295,291,464	1,061,360,509

*include fixed deposits amounting to Rs. 6,910,449 (Rs.5,365,165) under lien with bank on account of guarantees issued on behalf of the Company and other fixed deposits amounting to Rs. 678,685,000 (Rs. 713,577,049)

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.

As per our report of even date attached

For B S R & Co.
Chartered Accountants
Vikram Advani
Partner
Membership No.: 091765

For and on behalf of the Board of Directors

Janki Ballabh **Vishnu R Dusad**
Chairman Managing Director

P K Sanghi **Poonam Bhasin**
Chief Financial Officer Company Secretary

Place: Gurgaon
Date: 26 April 2009

Place: Noida
Date: 26 April 2009



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 is a leading global software powerhouse providing innovative and pioneering products and software solutions to the Banking and Financial Services Industry. Our core competence is in banking and financial services spanning across solutions in the areas of Retail & Corporate Banking, Credit Cards, Cash Management, Relationship Banking, Financial CRM, Credit Risk & Appraisal, EAI, Internet Banking, FX, Basel II, Data warehousing and Analytics. For over twenty years, the Company has 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™ is the offering from Nucleus Software in the area of Cash Management and Internet Banking.

Multi-product, multi-service, multi-currency and multi-lingual implementation has led to worldwide acceptability and customer satisfaction. Nucleus operates through integrated and well-networked subsidiaries in Australia, Hongkong, India, Japan, Netherlands, Singapore and USA and branch offices in India, Korea, Philippines, UAE and UK. Since 1995, the Company has deliberately chosen to develop software products and invested heavily in creation of intellectual property.

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 (BFSI) vertical. From a modest beginning with product development for a leading bank, Nucleus is today 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 every move is guided by a single-minded focus on becoming a leading IT solutions provider in the Banking and Financial Services Industry. It is this dream that steered our organization in 1996 towards creating products that redefine quality and efficiency, highly appreciating the value of a delighted customer. Today a comprehensive suite of products provides solutions to the banking business.

Deep functionality combined with latest technology and our domain expertise enables us to position the Company globally as a "Product Company".

Nucleus' success is based on a simple foundation of delivering quality services, reliable solutions, long-term partnerships, and a price / value structure. The Company, in its pursuit of excellence, has been felicitated for being a pioneer in the BFSI vertical.

Some of the notable accolades won by Nucleus are:

- Nucleus Software's FinnOne™ has been ranked '**World's No 1 Selling Lending Software product**' (for year 2008) by IBS Publishing of U.K. This is the third consecutive year, that it has been ranked amongst the top two.
- **Annual Report and Accounts of Nucleus Software for year ended March 31, 2008 have been adjudged as the BEST** under the category 'Information Technology, Communication and Entertainment enterprises' of the 'ICAI Awards for Excellence in Financial Reporting' by the Institute of Chartered Accountants of India (ICAI). **This award signifies that the accounting policies followed by Nucleus Software are the Best amongst the category.**
- Nucleus Software has been **ranked among the Top 25 Companies adopting "Good Corporate Governance Practices in India"** for the third consecutive year in 2008.
- Nucleus Software has been Ranked Amongst **India's Top 15 Exciting Emerging Companies to Work For by Nasscom.**
- Nucleus Software has been recognized under **"Best Practices" for Performance Management System by NASSCOM, 2008**
- Nucleus is 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 has been conferred the **Best Independent Software Vendor (ISV) Partner (North India for 2008) award by IBM**
- Nucleus Software was 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 was adjudged as **one of the fastest growing companies in Asia Pacific under Deloitte Technology Fast 500 – 2007.**
- Nucleus Software was conferred with **Oracle Partner of the Year Award in Fusion Middleware category at an APAC level.**
- Nucleus Software was awarded for being the **Fastest Growing ISV in 2007 by Oracle Corporation.**

- Nucleus Software was ranked **13th in Dataquest Top 20 Best Employers Survey 2006**. Survey was conducted by IDC-Dataquest amongst 200 IT employers across India.
- Received the award for **“Excellence in Financial Reporting” by the Institute of Chartered Accountants of India (ICAI) for financial year 2005**. Our Annual Report was adjudged No.2 in the category of ‘Information Technology, Communication and Entertainment Enterprises’ companies.
- Annual Report for financial year 2005 received the **‘Merit Award’ for “Best Presented Accounts Award” by the South Asian Federation of Accountants in January 2007** in the category of ‘Communication and Information Technology Sector’.
- Nucleus Software received the **best Partner award for “Building World Class Loan Management Solution on 9iAS technology”** by Oracle Corporation in 2003.
- Nasscom ranked Nucleus as one of the **Top 5 Indian Product Companies in its annual software and services industry performance report** for the financial year 2002.

Group Structure

Nucleus’ operations are managed through Parent Company based in India and well-networked subsidiaries in Australia, Hongkong, India, Japan, Netherlands, Singapore and USA. All major software development takes place in development centers in India and Singapore and the subsidiaries and branch offices in India, Korea, Philippines, UAE and UK provide an effective front-end for customer acquisition and servicing.

At the Parent Company level, global responsibilities for Software Delivery, Quality Assurance, Product and Account Management, Sales and Marketing, Finance and Human Resources have been defined to achieve the objectives.

During the year the Company has introduced Strategic Business Units “SBU”, based organization structure. Under this structure, Strategic Business Units have been set up based on geographies or key customers for serving the following objectives: .

- Meet business scalability requirements
- Integration between Sales and Delivery
- Searching newer geographies
- Improve Company visibility
- Better resource utilization
- Growth opportunities for employees

At the corporate level, strategic areas/tasks have been defined to guide the new structure and ensure corporate continuity, strategic planning and other corporate tasks.

At the SBU level, the new structure will ensure conversion of Strategic Plans into Regional Business Strategy, customer satisfaction, process compliance, resource allocation and retention and overall administration.

At the Project level, the new structure will develop project approach to implement strategies related to planning, initiation, execution and control.

In these uncertain times, a Resource Management Group (RMG) has been formed for just in time resource allocation to projects and monitoring idle time and productivity.

Risks and Concerns:

Concentration :

a) Client Concentration: - Your Company offers products and services to large international clients in the Banking and Financial Services (BFSI) space. With increasing penetration of accounts and value added services for existing customers, revenues from individual clients have become large. While increased revenue from individual clients has an advantage of lower marketing costs, predictability of revenue, easier resource planning and focused relationships, which deliver customer satisfaction. At the same time, it exposes to risks of the client reducing IT expenditure, reducing man month rates, reducing the size of engagement due to external factors etc. The concentration of business on a few customers could reduce the bargaining power of the Company with respect to its customers.

These advantages and risks have to be balanced and we believe the solution is to increase the number of large clients, as business with existing clients is the backbone of our platform for providing complete product and services solutions.

While we are committed to reduce the revenue from top 5 clients to 40 % of the total revenue in the medium term, during the quarter, your Company derived 62% of revenues from its top 5 clients against 74% of revenues from the top 5 clients in the corresponding quarter previous year. . In order to further reduce this risk, the Company is making substantial investments in marketing and brand building in other growing markets, to win new clients. We endeavor to mitigate risk by delivering value on a consistent basis. Despite the extremely uncertain economic scenario worldwide, the Company won 11 product orders for 38 product modules of FinnOne™, our retail loan suite and Cash@will™. The Company has been a regular participant at the Global Banking events to add to the brand and visibility, thereby attracting new customers. These initiatives will help in reaching out to more customers across the globe and reduce client concentration.

For the Year ended June 30,	2009	2008
% of Revenue from the top-five clients	62%	74%
Clients accounting for > 10% of revenues	3	3

b) Geographic concentration : Geographical risk is attributable to all the factors, which are peculiar or sensitive to a region. Concentration of revenue from any country exposes us to the risks specific to its economic condition, global trade policies, local laws, and political environment.

Majority of our revenue is derived from the Far East region. This concentration of revenue increases the susceptibility of revenue to events that take place in these geographies. Besides political risk, there are other risks of changes in

taxation policy, regulations regarding deputation of skilled manpower, civil unrest, epidemics and wars.

The geographical segmentation of revenue is given below: (based on Indian GAAP)

REVENUE BY	Quarter Ended	
	June, 30 2009	June, 30 2008
GEOGRAPHICAL SEGMENTS		
INDIA	12.93%	9.36%
FAR EAST	36.86%	53.10%
SOUTH EAST ASIA	22.81%	14.91%
EUROPE /U.K.	4.67%	8.07%
USA & CANADA	0.00%	0.29%
MIDDLE EAST	17.27%	8.70%
AFRICA	3.27%	3.80%
REST OF THE WORLD	2.20%	1.77%
TOTAL	100.00%	100.00%

Our success in different geographies is a function of:

- Maturity of the Banking and Financial Industry
- GDP of the country / region
- Marketing and sales effort
- Adaptability of our Product Offerings
- Growth of retail assets
- The pace of change in "Replacement" of expensive legacy systems.

In the BFSI segment, and more pertinently in the Product space, geographic concentration arises during the initial years as the reference base grows and gives confidence to new customers in our Product offerings.

We mitigate this risk by investing in new markets. We have been looking for opportunities in developed countries arising from the turmoil in consumer finance and also through replacement of legacy system. We have been pursuing prospects for our product business from Japan, Southeast Asia, Middle East, India, and Africa. Our efforts are yielding results and we have seen some new prospects from the European region too. To strengthen our hold in other parts of the world, we have signed five new partners in Latin America, Argentina, Brazil, Chile, Columbia, Egypt and Mexico to increase share of business in these countries. As the Company's products find greater acceptance, we are confident that this geographical concentration risk will not be a constraint in the future.

- c) **Political Concentration:** Our eight subsidiaries are located in seven countries (Australia, Hong Kong, India, Japan, Netherlands, Singapore and USA). Political activities in these countries also effect our operations and revenues. At the same time, such diversification strategy is also a de-risking mechanism to protect the Company from the political climate of any country. Any political instability in the Company's key consumer markets could impact business revenues.

In order to mitigate this risk, we undertake a proper research before commencing business in any new geography. We also remain abreast of political happening in the country as well as other geographies and take corrective measures at the onset of any trouble.

Our major operations are in India. Political environment in India has the greatest impact on our revenues. Political instability within the country could adversely impact flow of operations as well as customer confidence. All parties have recognized that India's world-class education system and low cost structure has given it a competitive advantage in software exports. We believe that all Indian Governments will continue to create a conducive environment for growth of high technology focused Companies, which includes the Software sector

- d) **Industry Concentration:** The Company operates in the BFSI space and offers Products and Services to large Banks and Financial Institutions. The prime focus on this domain exposes us to the risk of Industry concentration with attendant risk of our performance being linked to the health of the financial system and the banking sector worldwide.

The issue of risk management in the BFSI sector has always been a matter of great concern. Lately, many financial institutions reported failure, which also includes many large banks, investment banks and insurance companies. This resulted in the BFSI segment being the hardest hit sector in the economic downturn.

At this juncture transformation from existing legacy systems to technologically advanced and cost effective lending solutions from Indian IT vendors may be the way forward and could convert risk into opportunity. With regard to the BFSI sector, Information Technology can be used for better monitoring, faster collection, analysis of data and timely action. IT based risk management systems are some of the solutions that can help in managing the various risks involved.

While acknowledging this risk, we continue to focus on this sector and are confident that our "Value" based solutions will find greater market success. Our focus now is on improving efficiency by maintaining the existing operations at a lower cost. The present situation emphasizes the need for a strong risk management strategy to sense and avert systemic failures.



FINANCIAL CONDITION
RESULTS OF OPERATIONS

The consolidated financial results as below:

(Rs. in Crore)

	Quarter Ended June 30				
	2009	% of Revenue	2008	% of Revenue	Growth %
Income from Software Services and Products	80.54	100.00	82.90	100.00	-2.85
Software Development Expenses	53.84	66.85	56.06	67.62	-3.96
Gross Profit	26.70	33.15	26.84	32.38	-0.52
Selling and Marketing Expenses	6.08	7.55	6.99	8.43	-13.02
General and Administration Expenses	4.61	5.72	5.66	6.83	-18.55
Operating Profit before Interest, Depreciation and Withholding Taxes	16.01	19.88	14.19	17.12	12.83
Depreciation	3.19	3.96	3.37	4.07	-5.34
Withholding Taxes	0.09	0.11	2.18	2.63	-95.87
Operating Profit after Interest, Depreciation and Withholding Taxes	12.73	15.81	8.64	10.42	47.34
Other Income	3.16	3.92	6.32	7.62	-50.00
Foreign Exchange Gain/ (Loss)	(4.28)	-5.31	(7.48)	-9.02	NA
Profit before Tax	11.61	14.42	7.48	9.02	55.21
Provision for Taxation					
-Current	1.35	1.68	0.82	0.99	64.63
- MAT credit entitlement	0.67	0.83	(0.70)	-0.84	-195.71
- Fringe Benefit	-	0.00	0.19	0.23	-100.00
-Deferred	(0.54)	-0.67	(0.86)	-1.04	-37.21
Profit after Tax	10.13	12.58	8.03	9.69	26.15

REVENUE

We derive our revenue from the following business segments:

- Products
- Projects and Services

Products

Product revenue arising from Products and related services comprises of license fees, revenue from customization and implementation of products and post production technical support.

Product revenue was Rs.47.32 crore during the quarter constituting 58.75% of the total revenue against Rs. 57.26 crore, 69.07% of total revenue, in the corresponding quarter previous year.



Projects and Services

Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements, data migration services, consultancy services and production support. We execute Projects for large Banks on an Application Development and Maintenance (ADM) model with IPR held by client.

Revenue from software projects and services segment during the quarter was Rs. 33.22 crore constituting 41.25% of the total revenue against Rs. 25.64 crore constituting 30.93% of total revenue in the corresponding quarter previous year.

EXPENDITURE

Software Development Expenses

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

During the quarter our software development expenses were Rs.53.84 crore, 66.85% of revenue against Rs.56.06 crore, 67.62% of revenue in the corresponding quarter previous year.

(Rs. in crore)

Quarter Ended June 30					
Particulars	2009	% of Revenue	2008	% of Revenue	Growth %
Employee Costs	34.01	42.23	35.24	42.51	-3.49
Travel Expenses	4.74	5.89	3.92	4.73	20.92
Cost of Software Purchased for Delivery to Clients	3.37	4.18	6.26	7.55	-46.17
Communication	0.40	0.50	0.51	0.62	-21.57
Power and Fuel	0.60	0.74	0.71	0.86	-15.49
Rent, Rates and Taxes	2.40	2.98	3.18	3.84	-24.53
Software and Other Development Charges	2.03	2.52	0.97	1.17	109.28
Legal and Professional	0.79	0.98	0.75	0.90	5.33
Conveyance	0.34	0.42	0.28	0.34	21.43
IT Expenses	0.26	0.32	0.21	0.25	23.81
Repairs and Maintenance	0.39	0.48	0.30	0.36	30.00
Training and Recruitment	0.07	0.09	0.37	0.45	-81.08
Insurance	0.12	0.15	0.16	0.19	-25.00
Consultancy Charges	4.20	5.21	3.08	3.72	36.36
Others	0.12	0.15	0.12	0.14	0.00
Total Software Development Expenses	53.84	66.85	56.06	67.62	-3.96
Revenue	80.54	100.00	82.90	100.00	-2.85



Employee costs decreased by 3.49% over the corresponding quarter previous year, Expenses are lower this quarter due to lesser expenses incurred with respect to outsourced work in Japan and onsite accommodation charges

Rent has decreased to Rs.2.40 crore against Rs. 3.18 crore in corresponding quarter previous year.

Software and other development charges have increased to Rs.2.03 crore against Rs.0.97 crore in corresponding quarter previous year due to hiring of consultants for implementation at customer sites and contracting of development work overseas.

Selling and Marketing Expenses

Our selling and marketing expenses comprise of compensation of sales and marketing personnel, travel, brand building, participation in exhibitions, conferences and seminars and advertising, communication, training and recruitment and other allocated infrastructure costs. The Company has ambitious plans to increase geographical reach with a mix of direct sales effort and channel partners.

During the quarter selling and marketing expenses were Rs. 6.07 crore at 7.54% of revenue against Rs. 6.99 crore at 8.43% of revenue in the corresponding quarter previous year representing a decrease of 13.16%.

(Rs. in crore)

Quarter Ended June 30th					
Particulars	2009	% of Revenue	2008	% of Revenue	Growth %
Employee Costs	3.39	4.21	4.09	4.93	-17.11
Travel Expenses	0.99	1.23	1.16	1.40	-14.66
Rent, Rates and Taxes	0.30	0.37	0.34	0.41	-11.76
Advertisement and Business Promotion	0.12	0.15	0.47	0.57	-74.47
Communication	0.27	0.34	0.14	0.17	92.86
Conference, Exhibition and Seminar	0.22	0.27	0	0.00	NA
Commission on Sales	0.19	0.24	0.06	0.07	216.67
Legal and professional charges	0.17	0.21	0.19	0.23	-10.53
Printing and stationary	0.03	0.04	0.12	0.14	-75.00
Others	0.39	0.48	0.42	0.51	-7.14
Total Selling and Marketing Expenses	6.07	7.54	6.99	8.43	-13.16
Revenue	80.54	100.00	82.9	100.00	-2.85

Employee costs have decreased 17.11%.

General and Administrative Expenses



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

During the quarter our general and administrative expenses were Rs.4.61 crore at 5.72% of revenue against Rs. 5.66 crore at 6.83% of revenue in the corresponding quarter previous year, representing a decrease of 18.55%.

(Rs. in crore)

Quarter Ended June 30th					
Particulars	2009	% of Revenue	2008	% of Revenue	Growth %
Employee Costs	2.66	3.30	3.19	3.85	-16.61
Travel Expenses	0.04	0.05	0.59	0.71	-93.22
Legal and Professional Charges	0.72	0.89	0.63	0.76	14.29
Communication	0.11	0.14	0.11	0.13	0.00
Provision for Doubtful Debts	0.22	0.27	0.09	0.11	144.44
Rent, Rates and Taxes	0.16	0.20	0.14	0.17	14.29
Conveyance	0.06	0.07	0.06	0.07	0.00
Printing and Stationery	0.07	0.09	0.08	0.10	-12.50
Power and Fuel	0.05	0.06	0.06	0.07	-16.67
Advertisement	0.01	0.01	0.06	0.07	-83.33
Advances and current assets written off	0.02	0.02	-	0.00	NA
Miscellaneous expenses	0.49	0.61	0.65	0.78	-24.62
Total General and Administrative Expenses	4.61	5.72	5.66	6.83	-18.55
Revenue	80.54	100.00	82.9	100.00	-2.85

Employee costs have decreased by 16.61%

Overall the expenses have reduced in this quarter and we are moving towards achieving a 10% reduction in overall expense for the year as committed earlier

Operating Profit

During the quarter our operating income was Rs.16.01 crore, 19.88% of revenue against Rs.14.19 crore, 17.12% of revenue in the corresponding quarter previous year.

Depreciation

Depreciation on fixed assets was Rs.3.19 crore, 3.96% of revenue for the quarter against Rs. 3.37 crore, 4.07% of revenue in the corresponding quarter previous year.

Withholding Taxes

Withholding taxes charged off represent withholding taxes charged to Profit and Loss Account. During the quarter withholding taxes, net of credits available are at, Rs. 0.09 crore against Rs.2.18 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 other than those covered by hedge accounting , 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. 4.28 crore against Rs. 7.48 crore for the corresponding quarter previous year.

Our hedging position was US\$ 42.47 million as on June 30, 2008 and with continuous depreciation of the Rupee during the quarter, we reduced our position to US\$ 10.70 million as on June 30, 2009. We are consistently monitoring the exchange markets to maintain coverage at a reasonable risk mitigation level.

Other Income

Other Income primarily consists of interest and dividend income, capital gains on sale of current investments, profit on sale of fixed assets and foreign exchange gains.

(Rs. in crore)

For the year ended June 30,	2009	2008
On Investments		
Capital Gain	-	5.10
Dividend	0.21	0.42
Interest Income	1.66	0.03
Profit on sale of assets	0.03	0.00
Others	1.26	0.77
Total	3.16	6.32

Other income for the quarter was Rs. 3.16 crore compared to Rs. 6.32 crore for the corresponding quarter previous year

Funds released from mutual funds were invested in fixed deposits with banks, Rs.69.60 crore as on June 30, 2009 against Rs. 1.18 crore as on June 30, 2008, resulting in higher interest income of Rs. 1.66 crore as compared to the corresponding quarter previous year income of Rs.0.03 crore. With the markets stabilizing gradually, investments were made in some liquid funds at the end of the year March 31st 2009. Presently we have Rs. 26.24 crore invested in liquid mutual funds against Rs. 66.40 crore in the corresponding quarter previous year.

Provision for Income Tax

Income taxes represent the provision for corporate & income taxes in various countries where the Company and Subsidiaries operate. In estimating these taxes,



adjustments are made for deferred tax assets and liabilities.
(Rs. in crore)

As at June 30,	2009	2008
Provision for Taxation		
- Current Tax	1.35	0.82
- Fringe Benefit Tax		0.19
- MAT Credit Entitlement	0.67	(0.70)
- Deferred Tax Expense	-0.54	(0.86)
- Earlier Year Tax		
Total	1.48	(0.55)

Total tax is Rs. 1.48 crore for the quarter as against Rs. (0.55) crore for the corresponding quarter previous year.

Net Income

Our net income for the quarter was Rs. 10.13 crore, 12.58% of revenue, against Rs. 8.03 crore, 9.69% of revenue, during the corresponding quarter previous year.

FINANCIALS

Share Capital

The Share Capital of the Company consists of Equity Share Capital.

Share Capital of the Parent Company increased from 32,367,024 Equity Shares of Rs.10/- each as on June 30, 2008 to 32,370,024 Equity Shares of Rs.10/- each as on June 30, 2009. Consequently, the paid up Share Capital increased from Rs. 32.36 crore as on June 30, 2008 to Rs. 32.37 crore as on June 30, 2009, including the amount in share forfeiture account.

The increase is consequent to allotment of 3,000 fully paid up Equity Shares of Rs.10/- each in pursuance of stock options exercised in July 2008 (adjusted for Bonus issue in the ratio of 1:1). The Company received listing and trading approval for the abovementioned Equity Shares from National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Madras Stock Exchange Ltd.

Subsidiaries

Paid-up Share Capital of the Subsidiaries as on June 30 2009 is given below. As 100% of the Share Capital of the Subsidiaries is held by Nucleus Software Exports Limited and nominees; on consolidation of accounts, these amounts are contra with investments in Subsidiaries amount in the accounts of the Parent Company.



Name of Subsidiary Company, Location No. of Equity Shares	Currency	As at June 30, 2009		As at June 30, 2008	
		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	USD	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaiga, Japan 200 equity shares of JPY 50,000 each	JPY	10,000,000	0.41	10,000,000	0.41
Nucleus Software (HK) Ltd., Hong Kong* 100,000 equity shares of HK\$ 1 each	HKD	100,000	0.06	100,000	0.06
Nucleus Software (Australia) Pty Ltd., Australia* 316,000 equity shares of Aus \$ 1 each	AUS \$	316,000	0.98	316,000	0.98
VirStra I-Technology Services Ltd., India 1,000,000 equity shares of Rs.10 each	INR	–	1	–	1
Nucleus Software Netherlands BV, Netherlands 2,000 equity shares of EURO 100 each	EURO	200,000	1.18	100,000	0.54
Nucleus Software Limited, India 10,000,000 equity shares of Rs.10 each	INR	–	10	–	0.25
Step down Subsidiary of					
Nucleus Software Exports Ltd.					
Virstra (Singapore) Pte Ltd., Singapore 200,000 equity shares of S\$ 1 each	SGD	200,000	0.56	200,000	0.56

* In order to rationalize operations, the Board of Directors of your Company, at their meeting held on April 26, 2009, approved closure of two wholly owned subsidiaries viz. Nucleus Software (Australia) Pty Ltd., Australia and Nucleus Software (HK) Ltd., Hong Kong subject to necessary regulatory approvals. The prospects in these two countries would henceforth be looked after by the Singapore subsidiary, Nucleus Software Solutions Pte. Ltd. The Company has therefore made full provision for diminution in value of investments in Nucleus Software (Australia) Pty Ltd., Australia and Nucleus Software (HK) Ltd., Hong Kong.

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

The Company made an investment of Rs.10 crore by subscribing to the Equity Share capital of Nucleus Software Limited, the wholly owned subsidiary incorporated in April 2008 in India. The share capital of Nucleus Software Netherlands B. V., increased due to additional investment of EURO 100,000 by the Company, by way of subscribing to the Equity Share capital of the subsidiary.

Reserves and Surplus

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

(Rs. in crore)

<i>Particulars</i>	<i>Balance as on April 1, 2009</i>	<i>Additions/ (Deletions) during the Quarter</i>	<i>Closing Balance as on June 30, 2009</i>
General Reserve	65.43	0	65.43
Securities Premium	2.1	0	2.10
Capital Reserve	0.25	0.04	0.29
Employee Stock Options (net of deferred employee compensation)	1.24	0.01	1.25
Foreign Currency Translation Reserve	4.22	-0.09	4.13
Hedging Reserve	-1.23	2.15	0.92
Profit and Loss Account Balance	135.93	10.13	146.06
Total	207.94	12.24	220.18

Fixed Assets

As at June 30, 2009, gross block of fixed assets including investment in technology assets was Rs. 111.77 crore (Rs. 97.10 crore as on June 30, 2008).

The net fixed assets after depreciation are Rs.61.06 crore as on June 30, 2009 compared to Rs. 55.47 crore as on June 30, 2008.

Other Long-Term Investment

Other long term investments comprise of investment in 25,000 Equity Shares of face value of Rs.100/- each in Ujjivan Financial Services Private Ltd., a Company that has been promoted in the area of micro finance by a group of experienced professionals with banking and technology background.

Current Investments and Bank Balances

Our capital requirements are completely financed by internal accruals. Your Company continues to remain debt-free and we believe that cash generated from operations and reserves and surplus are sufficient to meet our obligations and requirements towards capital expenditure and working capital requirements

As of June 30, 2009 the cash and bank balances stood at Rs.110.57 crore (Rs.29.53 crore on June 30, 2008) and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs.26.25 crore (Rs.66.40 crore on June30, 2008).

(Rs. in crore)



NUCLEUS
SOFTWARE

NUCLEUS SOFTWARE

Quarterly Report April - June 2009

As at June30,	2009	2008
Cash and cheque in hand	0.07	0.05
Balances with Bank		
In Current Accounts	40.93	28.29
In Fixed Deposit Account	69.57	1.18
Remittance in transit	-	-
Investments in Mutual Funds	26.25	66.4
Total	136.82	95.93

With adverse developments in money markets, the Company exited/redeemed on maturity, all mutual fund investments in FMPs and liquid funds, these funds released from mutual funds were invested in fixed deposits with banks. With the markets stabilizing gradually, investments were made in some liquid funds with low total maturity period. This change has led to a major shift in the profile of the Company's liquid funds.

Complete details of Bank Balances and Fixed Deposits of the Company are given below:

(Rs. in crore)



<i>(Rs. in crore)</i>	
As at June 30,	2009
Balances with Banks	
In Current Accounts in INDIA	
Canara Bank	0.01
Citi Bank	2.08
Citi Bank – EEFC accounts in US dollar	14.87
DBS Bank	0.02
HDFC Bank – EEFC accounts in US dollar	0.36
HDFC Bank	4.28
HDFC Bank – Unclaimed dividend accounts	0.07
HSBC Bank – Unclaimed dividend accounts	0.04
ICICI Bank	3.10
State Bank of India	0.06
Vijaya Bank	0.01
In Current Accounts in OVERSEAS locations	
ANZ Bank, Australia	0.05
Bank of Tokyo Mitshubishi, Japan	6.39
Citi Bank, Korea	1.66
Citi Bank, Netherlands	0.25
Citi Bank, Philippines	0.14
Citi Bank, Singapore	6.55
Citi Bank, Singapore	0.08
Citi Bank, HongKong	-
Citi Bank, UK	0.03
Citi Bank, UAE	0.10
PNC Bank, USA	0.60
Shinsei Bank, Japan	0.19
Total Balances in Current Accounts	40.94
In Fixed Deposit Accounts	
Bank of India	2.00
Canara Bank	19.80
Citi Bank	1.51
Corporation Bank	7.70
DBS Bank	0.75
HDFC Bank	18.14
ICICI Bank	8.32
Punjab National Bank	6.60
State Bank of India	4.74
Total Balances in Fixed Deposit Accounts	69.56
Remittance in Transit	
Cash In Hand	0.07
Total Bank Balance & Fixed Deposits	110.57

Our net cash flow from operating activities before working capital changes was Rs.13.98 crore for the financial quarter as compared to Rs. 11.30 crore in the corresponding quarter previous year. After considering working capital changes, operating cash flow is Rs.15.16 crore against Rs. (3.99) crore in the corresponding quarter previous year.

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 and our performance on this criteria is satisfactory.

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

(Rs. in crore)

As at June 30,	2009	2008
Operating cash flow as % of revenue	18.83%	-4.82%
Days of sale receivable	83	78
Cash and bank balances as % of assets	43.66%	13.15%
Cash and bank balances as % of revenue	137.30%	35.62%
Current investments as % of assets	10.36%	29.57%
Current investments as % of revenue	32.59%	80.10%

Trade Receivables

Our trade receivables (net of provision) as on June 30, 2009 were Rs.73.55 crore against Rs. 71.48 crore as on June 30, 2009. In the opinion of management all the trade receivables are recoverable.

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

(Rs. in crore)

As at June 30,	2009	2008
Less than 6 months	93.13%	93.31%
More than 6 months	6.87%	6.69%
Days of sales receivables (DSR)	83	78

The days of sales receivables still remain high and Management is making all efforts to reduce the same.

Loans and Advances

The amount is Rs.24.12 crore as on June 30, 2009 (Rs.34.83 crore as on June 30,2008).

(Rs. in crore)

Loans and advances as on	30-Jun-09	30-Jun-08
Advances recoverable in cash or in kind	4.44	21.45
Security deposits	2.81	2.83
Advance income tax	6.42	1.21
Prepaid expenses	3.08	2.61
Advance fringe benefit tax	0.26	0.26
MAT credit entitlement	7.11	6.47
Total	24.12	34.83



Advances recoverable in cash or in kind or for value to be received are primarily towards amounts paid in advance for value and services to be received in future, and staff advances. The amount is Rs.4.44 crore as on June 30, 2009 (Rs.21.45 crore as on June 30, 2008).

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs.2.81 crore as on June 30, 2009 (Rs.2.83 crore as on June 30, 2008). Advance income tax has increased due to income tax deducted at source by customers.

Pursuant to the changes in the Indian Income Tax Act, 1961, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). A sum of Rs.7.11 crore is carried forward and shown under Loans and Advances as at June 30, 2009 to be set off against future tax liabilities (Rs.6.47 crore as on June 30, 2008.)

Other Current Assets

Other current assets as on June 30, 2009 are Rs.31.00 crore (Rs.43.38 crore as on June 30, 2008).

(Rs. in crore)

As at June 30,	2009	2008
Service income accrued but not due	27.35	43.25
Interest accrued but not due	3.65	0.13
Total	31.00	43.38

Service income accrued but not due as on June 30, 2009 is Rs.27.85 crore (Rs.43.25 crore as on June 30, 2008), which is service income not billed.

Current Liabilities

The Current Liabilities as on June 30, 2009 is Rs. 56.46 crore against (Rs.70.37 crore as on June 30, 2008).

(Rs. in crore)

Current Liabilities as on	30-Jun-09	30-Jun-08
Sundry Creditors	35.97	52.85
Withholding tax	2.56	3.70
Advances from customers	11.50	9.47
Mark to Market on Options/ Forward Co	0.65	-
Unclaimed dividend	0.11	0.10
Other liabilities	5.67	4.25
Total	56.46	70.37

Sundry Creditors represent amounts payable for the supply of goods and services and has decreased by Rs.16.88 crore.

The total amount of Sundry Creditors as on June 30, 2009 is Rs. 35.97 crore (Rs.52.85 crore as on June 30, 2008).

Withholding tax payable represents the amount of withholding taxes to be deducted/deductible by overseas clients/ Subsidiaries on income billed to them by the Parent Company. The total amount of withholding tax liability as on June 30, 2009 is Rs. 2.56 crore (Rs. 3.70 crore as on June 30, 2008).

Advances from customers as on June 30, 2009 is Rs.11.50 crore Rs. 9.47 crore as on June 30, 2008). These consist of advance payments received from customers and "Unearned Revenue"; Unearned Revenue is defined as client billing for which related costs have not been incurred or product license delivery is at a later date.

The amount of Unclaimed Dividend as on June 30, 2009 is Rs.0.11 crore (Rs.0.10 crore as on June 30, 2008).

At the end of the quarter Rs. 0.65 crore is the liability on Mark to Market options /Forward contracts Other liabilities represent amounts accrued for statutory dues related to taxes and staff benefits etc. The total amount of other liabilities as on June 30, 2009 is Rs. 5.67 crore (Rs. 4.25 crore as on June 30, 2008).

Provisions

Provisions as on June 30, 2009 are Rs.20.42 crore (Rs.20.98 crore as on June 30, 2008). The break-up of provisions at the quarter-end is given below:

(Rs. in crore)

As at June 30,	2009	2008
Gratuity	5.91	4.24
Leave encashment	4.67	4.52
Net of Advance Tax	0.37	0.86
Dividend	8.09	9.71
Corporate dividend tax	1.38	1.65
Total	20.42	20.98

Gratuity and leave encashment provisions are higher due to adoption of revised Accounting Standard 15 on employee benefits. Provision for Dividend as on June 30, 2009 is Rs.8.09 crore, with a provision for corporate dividend tax of Rs.1.38 crore.



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 second quarter between 21st to 31st of October 2009 ending September 30, 2009.

Financial reporting for the third quarter between 21st to 31st of January 2010 ending December 31, 2009.

Financial results for the year ending between 21st to 30th of April 2010

5. Share Related Data
 - The Shares of Nucleus are listed on The National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Madras Stock Exchange Limited.
 - Scrip Code (NSE) NUCLEUS
 - Scrip Code (BSE) 531209
 - The Company's shares are traded in "Group B-1" 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.
- 96.79 % of the Company's equity shares are in demat form.
- The Company had 16,771 shareholders as on June 30, 2009.
- 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
2008-09	25%	2.50	8.09
2007-08	30%	3.00	9.71
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05	25%	2.50	4.02*
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2001-02	20%	2.00	1.58
2000-01	20%	2.00	0.68

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

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

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

- Registrars of Company

Karvy Computershare Private Limited
Plot No. 17-24
Vithal Rao Nagar, Madhapur



Hyderabad 500 081
Tel: 040-23420815-28
Fax: 040- 23420814/23420857
Email: mailmanager@karvy.com

6. Locations

Nucleus services its clients through a network of international offices. Nucleus has wholly owned subsidiaries in Singapore, U.S.A, Japan, Hongkong, Australia, India, Netherlands and branch offices in London, U.K and U.A.E.

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 under the Software Technology Park Scheme of the Government of India.

7. Stock market data relating to shares listed in India

A. Monthly high and low quotations as well as the volume of shares traded at Bombay Stock Exchange Ltd. and National Stock Exchange.

	BSE					NSE				
	Open	High	Low	Close	Volume	Open	High	Low	Close	Volume
April-09	49.05	78.35	49.05	60.70	677,415	50.40	78.00	50.00	61.05	1,827,194
May-09	64.80	100.00	62.50	84.80	2,909,397	64.00	99.90	58.80	84.70	4,562,287
June-09	87.00	122.90	77.35	84.70	5,342,956	87.80	120.80	77.00	84.95	10,524,202

1. The highest share price of the Nucleus scrip at Bombay Stock Exchange Ltd. was Rs 111.00 in October 2008 and the lowest share price was Rs. 43.00 in December 2008.
2. The highest share price of the Nucleus scrip at National Stock Exchange was Rs. 112.95 in October 2008 and the lowest share price was Rs. 42.50 in December 2008.

B. Quarterly high -low price history of the share for last 4 quarters

	BSE		NSE	
	<i>High (Rs.)</i>	<i>Low(Rs.)</i>	<i>High(Rs.)</i>	<i>Low(Rs.)</i>
September 30 th 2008	226.90	103.20	235.00	102.05
December 31 st 2009	111.00	43.00	112.95	42.50
March 31 st 2009	63.50	39.50	63.35	38.75
June 30 th 2009	122.90	49.05	120.80	50.00

8. 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-materialised 31,329,608 shares (96.79% of the paid up share capital) as at June 30, 2009.

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.

9. 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.

10. Investors' Services

Details of request /complaints received during the quarter.

S.No	Nature of Requests	Received	Attended	Pending
1.	Revalidation of Dividend Warrants	7	7	Nil
2.	Non-receipt of Dividend Warrant	3	3	Nil
3.	Non-Receipt of Annual Report	2	2	Nil

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

11. Legal Proceedings

There is one legal proceeding pending against the Company Court relating to termination of employment.

12. Distribution of Shareholding

DISTRIBUTION SCHEDULE AS ON June 30, 2009						
No	No of Equity Shares Held		Number of Share Holders	Percentage of Share Holders	No of Shares	Percentage of Shares
	From	To				
1	1 -	500	14,588	86.98	1,571,399	4.85
2	501 -	1000	1,105	6.59	842,609	2.60
3	1001 -	2000	502	2.99	755,529	2.33
4	2001 -	3000	178	1.06	459,952	1.42
5	3001 -	4000	87	0.52	312,623	0.97
6	4001 -	5000	58	0.35	272,260	0.84
7	5001 -	10000	121	0.72	868,817	2.68
8	10001 and above.		132	0.79	27,286,835	84.30
TOTAL			16,771	100.00	32,370,024	100.00



13. Categories of Shareholders

<i>Category</i>	<i>As on June 30, 2009</i>		
	<i>No. of Share Holders</i>	<i>Voting Strength (%)</i>	<i>No. of Shares Held</i>
Promoter and Promoter Group	11	59.55	19,276,990
Individuals	15,694	20.57	6,657,232
Bodies Corporate	633	6.67	2,158,013
Non-Resident Indians	307	1.70	549,837
Foreign Institutional Investors	13	5.85	1,893,047
Mutual Funds	12	5.43	1,756,271
FIs/Banks	1	0.00	200
Clearing Members and Trusts	100	0.24	78,434
Total	16,771	100.00	32,370,024

14. 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

15. Employee Strength of Nucleus

Nucleus employed 2,000 people as on June 30, 2009 as compared to 1,976 people on June 30, 2008.

Distribution of the employees is:

	June 30, 2009		June 30, 2008	
	No.	%	No.	%
Technical Staff	1,642	82.10	1,823	92.26%
Non-Technical Staff including Business Development Group	358	17.90	153	7.74%
The gender classification of employees is:				
Male	1,571	78.55	1,533	77.58%
Female	429	21.45	443	22.42%



Total	2,000	100	1,976	100
--------------	--------------	------------	--------------	------------

The age profile of employees is:

	June 30, 2009		June 30, 2008	
	No.	%	No.	%
Between 20 and 25 years	352	17.60	443	22.42%
Between 26 and 30 years	780	39.00	877	44.38%
Between 31 and 40 years	792	39.60	577	29.20%
Between 41 and 50 years	59	2.95	59	2.99%
51 years and above	17	0.85	20	1.01%
Total	2,000	100%	1,976	100.00%

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

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

Vishnu R Dusad
Managing Director

Tel: +91 (120) 2404033
E Mail: vishnu@nucleussoftware.com

R P Singh
President – Deliveries

Tel: +91 (120) 2403981
E Mail: rp@nucleussoftware.com

Pramod K Sanghi
**President - Finance &
Chief Financial Officer**

Tel: +91 (120) 2404036
E Mail: pksanghi@nucleussoftware.com

Prakash Pai
**President - Product
Management**

Tel: +91 (120) 2404046
E Mail: pai@nucleussoftware.com

Niraj Vedwa
**President – Global
Sales & Marketing**

Tel: +91 (120) 2403979
E Mail: niraj@nucleussoftware.com

Ravi Verma
**President & Global Head
- Human Resource**

Tel: +91(120) 2404050
E Mail: ravi.verma@nucleussoftware.com

Poonam Bhasin
Company Secretary

Tel: +91 (120) 2403960
E Mail: poonam@nucleussoftware.com

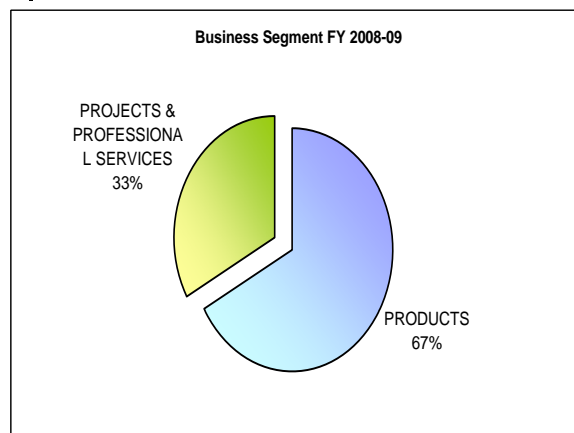
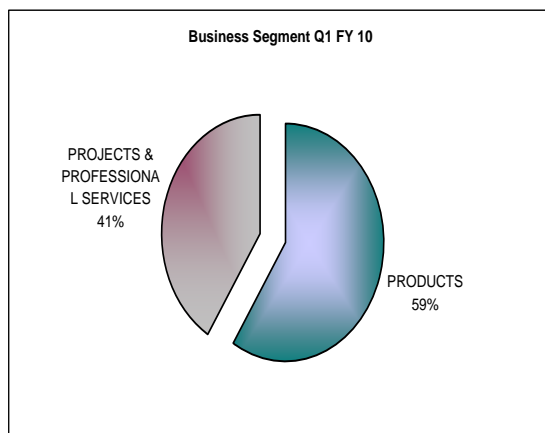


Nucleus Software Exports Ltd.

Consolidated Segment Information

(Rs. in Crore)

REVENUE BY	Quarter Ended				Year ended	
	30 June 2009	% of Revenue	30 June 2008	% of Revenue	31 March 2009	% of Revenue
GEOGRAPHICAL SEGMENTS						
INDIA	10.41	12.93	7.76	9.36	36.74	11.19
FAR EAST	29.69	36.86	44.02	53.10	160.55	48.89
SOUTH EAST ASIA	18.37	22.81	12.36	14.91	53.30	16.23
EUROPE /U.K.	3.76	4.67	6.69	8.07	21.61	6.58
USA & CANADA	-	-	0.24	0.29	0.80	0.24
MIDDLE EAST	13.91	17.27	7.21	8.70	32.02	9.75
AFRICA	2.63	3.27	3.15	3.80	13.16	4.01
REST OF THE WORLD	1.77	2.20	1.47	1.77	10.22	3.11
TOTAL	80.54	100.00	82.90	100.00	328.40	100.00
CURRENCY SEGMENTS						
INDIAN RUPEE	10.41	12.93	7.76	9.36	36.74	11.19
JAPANESE YEN	3.37	4.18	3.38	4.08	19.79	6.03
SING \$	13.22	16.41	9.31	11.23	40.83	12.43
US \$	50.88	63.17	61.11	73.72	225.71	68.73
AED	1.81	2.25	-	-	1.60	0.49
KRW	0.85	1.06	0.92	1.11	2.77	0.84
EURO	-	-	0.42	0.51	0.96	0.29
TOTAL	80.54	100.00	82.90	100.00	328.40	100.00
BUSINESS SEGMENTS						
PRODUCTS	47.32	58.75	57.26	69.07	219.96	66.98
Own	41.59	51.64	47.52	57.32	200.72	61.12
Traded	5.73	7.11	9.74	11.75	19.24	5.86
PROJECTS & PROFESSIONAL SERVICES	33.22	41.25	25.64	30.93	108.44	33.02
TOTAL	80.54	100.00	82.90	100.00	328.40	100.00





NUCLEUS SOFTWARE EXPORTS LIMITED
RATIO ANALYSIS

Particulars	CONSOLIDATED PERFORMANCE		
	Quarter ended		Year ended
	June 30, 2009	June 30, 2008	March 31, 2009
Ratios- Financial Performance			
Export Revenue/ Revenue	87.07%	90.64%	88.81%
Domestic Revenue/ Revenue	12.93%	9.36%	11.19%
Gross Profit/ Revenue	33.15%	32.37%	32.24%
Software Development Expenses/ Revenue	66.85%	67.63%	67.77%
Selling and Marketing Expenses/ Revenue	7.55%	8.43%	8.46%
General and Administrative Expenses/ Revenue	5.72%	6.82%	8.66%
Total Operating Expenses/ Revenue	80.12%	82.88%	84.90%
Operating Profit/ Revenue	19.88%	17.12%	15.11%
Depreciation/ Revenue	3.97%	4.07%	4.04%
Other Income/ Revenue	-1.39%	-1.39%	1.76%
Tax/ Revenue	1.83%	-0.66%	0.79%
Tax/ PBT	12.72%	-7.36%	7.46%
PAT from Ordinary Activities/ Revenue	13.97%	11.07%	8.06%
PAT from Ordinary Activities/ Net Worth	4.45%	4.11%	11.02%
ROCE(PBIT/Average Capital Employed)	4.70%	3.40%	15.26%
RONW (PAT/Average Net Worth)	4.11%	3.66%	14.16%
Ratios Balance Sheet			
Debtors Turnover (Days)	83	78	84
Asset Turnover Ratio	0.32	0.37	1.36
Current Ratio	3.13	1.96	3.00
Cash and Equivalents/Total Assets (%)	54.02%	42.71%	50.66%
Cash and Equivalents/ Revenue (%)	169.89%	115.71%	37.20%
Depreciation/Average Gross Block(%)	2.86%	3.51%	12.82%
Ratios - Growth			
Growth in Export Revenue (%)	-6.67%	31.63%	13.66%
Growth in Revenue (%)	-2.85%	24.36%	13.74%
Operating Expenses Growth (%)	-6.09%	32.57%	29.49%
Operating Profit Growth (%)	12.85%	-11.67%	-32.43%
PAT Growth (%)	26.19%	-42.70%	-47.76%
EPS Growth (%)	26.21%	-42.86%	-47.75%
Per- Share Data (Period End)			
Earning Per Share from Ordinary Activities (Rs.)	3.48	2.84	8.18
Earning Per Share (Including Other Income) (Rs.)	3.13	2.48	9.97
Cash Earning Per Share from Ordinary Activities (Rs.)	4.46	1.57	12.28
Cash Earning Per Share (Including Other Income)(Rs.)	4.12	3.52	14.07
Book Value (Rs.)	78.02	69.09	74.24
Price/Earning (Annualized)	6.79	21.80	5.05
Price/ Cash Earning (Annualized)	5.16	15.35	3.58
Price/Book Value	1.09	3.13	0.68

Note: 1) While calculating the consolidated figures of group, inter group transactions have been ignored.
2) Cash and Equivalents includes cash and bank balances and current investments.