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NUCLEUS SOFTWARE EXPORTS LTD.

FINANCIAL HIGHLIGHTS

Rs. in Crore, except per share data

For the Period	CONSOLIDATED PERFORMANCE				
	Quarter ended		Nine Months ended		Year ended
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	March 31, 2007
Revenue from Operations	73.64	56.18	210.66	161.03	221.19
Operating Profit (EBITDA)	18.51	15.68	52.53	46.12	63.28
Profit after Tax (PAT)	15.53	13.94	45.72	41.20	55.15
EBITDA as a % of Revenue from Operations	25.14%	27.91%	24.94%	28.64%	28.61%
PAT as a % of Revenue from Operations	21.09%	24.81%	21.70%	25.59%	24.93%
EPS*	4.80	4.32	14.13	12.78	17.09
Dividend Per Share	-	-	-	-	3.50
Dividend Payout	-	-	-	-	5.64
At the end of the Period			As at Dec. 31, 2007	As at Dec. 31, 2006	As at March 31, 2007
Share Capital			32.37	16.12	16.16
Reserves and Surplus			178.83	140.44	149.03
Net Worth			211.20	156.59	165.19
Total Assets			211.93	157.28	166.19
Net Fixed Assets			58.02	45.28	55.07
Investments			91.08	76.37	69.01
Current Assets			121.54	82.57	109.70
Cash and Cash Equivalents			101.91	84.29	81.90
Working Capital			62.83	35.59	42.11
Market Capitalisation			1184.15	1,099.70	1,546.38
No. of Shareholders			12,756	7,198	7,954
No. of Shares (Face Value of Rs.10.00)			32,367,024	16,116,312	16,160,312

* Adjusted for Bonus Shares in the ratio of 1:1 allotted on 8th August 2007 as per Accounting Standard 20 (AS-20) on Earning per share.

Note:

Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter/year.



NUCLEUS SOFTWARE EXPORTS LTD.

FINANCIAL HIGHLIGHTS

All figures in US\$'000 except per share data

For the Period	CONSOLIDATED PERFORMANCE				
	Quarter ended		Nine Months ended		Year ended
	December 31,		December 31,		March 31,
	2007	2006	2007	2006	2007
Revenue from Operations	18,681	12,657	53,440	36,276	50,557
Operating Profit (EBITDA)	4,696	3,532	13,326	10,390	14,464
Profit after Tax (PAT)	3,940	3,140	11,598	9,281	12,605
EBITDA as a % of Revenue from Operations	25.14%	27.91%	24.94%	28.64%	28.61%
PAT as a % of Revenue from Operations	21.09%	24.81%	21.70%	25.59%	24.93%
EPS*	0.12	0.10	0.36	0.29	0.39
Dividend Per Share	-	-	-	-	0.08
Dividend Payout	-	-	-	-	1,289
At the end of the Period			As at Dec. 31, 2007	As at Dec. 31, 2006	As at March 31, 2007
Share Capital			8,211	3,631	3,694
Reserves and Surplus			45,366	31,638	34,064
Net Worth			53,577	35,269	37,758
Total Assets			53,763	35,431	37,986
Net Fixed Assets			14,719	10,200	12,587
Investments			23,105	17,204	15,774
Current Assets			30,833	18,600	25,074
Cash and Cash Equivalents			25,854	18,989	18,720
Working Capital			15,938	8,017	9,625
Market Capitalisation			300,393	247,735	353,458
US\$ Exchange Rate (In Rs.)			39.42	44.39	43.75

* Adjusted for Bonus Shares in the ratio of 1:1 allotted on 8th August 2007 as per Accounting Standard 20 (AS-20) on Earning per share.

Note:

Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter/year.



Letter to the Shareholders

Dear Shareholder,

I am very pleased to present to you the performance of your Company for Q3 and nine months ended December 31, 2007.

Let me begin by sharing with you the formal approval of the Board of Directors for entering into a Memorandum of Understanding with a renowned developer for 16 acres of land in a notified SEZ in Jaipur, Rajasthan for setting up our new software development center. We are sure that easy accessibility from Delhi, abundance of talent, well developed infrastructure along with excellent support from the Government will enable us to set up and fully utilize the new facility. We will share our plans for development as we go forward.

In terms of financial performance, your Company has posted a y-o-y top line growth of 31.08% for the quarter, with consolidated revenue at Rs.73.64 crore, against Rs.56.18 crore for the corresponding quarter of the previous year. Net profit for the quarter is Rs.15.53 crore against Rs.13.94 crore for the corresponding quarter of the previous year, a growth of 11.41%. Earning per share was Rs.4.80 for the quarter against Rs.4.32 for the corresponding quarter of the previous year.

For the nine month period, consolidated revenue from operations was Rs.210.66 crore, against Rs.161.03 crore in nine months of FY 07, an increase of 30.82%. Consolidated net profit was Rs.45.72 crore, against Rs.41.20 crore in nine months of FY 07, an increase of 10.97%.

Operating profit for the quarter was Rs.18.51 crore, 25.14% of revenue, against Rs.15.68 crore, 27.91% of revenue in the corresponding quarter of the previous year. For the nine month period, operating profit was Rs.52.53 crore, 24.94% of revenue, against Rs.46.12 crore, 28.64% of revenue in nine months of FY 07.

Revenue from Product Business is at Rs.51.73 crore, 70.25% of revenue for the quarter against Rs.31.76 crore, 56.53% of revenue, in the corresponding quarter of the previous year. For the nine month period, product revenue is at Rs.145.07 crore, 68.86% of revenue, against Rs.84.10 crore, 52.23% of revenue.

Revenue from Projects and Services is at Rs.21.90 crore, 29.74% of revenue for the quarter against Rs.24.42 crore, 43.47% of revenue, in the corresponding quarter of the previous year. For the nine month period, revenue from projects and services was at Rs.65.59 crore, 31.14% of revenue, against Rs.76.93 crore, 47.47% of revenue.

Receivables are at Rs.48.78 crore against Rs.51.05 crore as on September 30, 2007. DSR is at 61 days against 67 days. Operating cash flow before working capital changes is Rs.19.64 crore.

The Company continues to enjoy high level of liquidity. 'Cash and Bank Balances' and 'Current Investments' were at Rs.101.91 crore on December 31, 2007 against Rs.103.20 crore on September 30, 2007. We continue to examine proactively means of increasing the returns on these amounts without taking any risk.

This quarter we have received five new customer orders for 14 product modules. They have been primarily for FinnOne™. These orders are from Japan, Middle East, Africa, as well as India.

On a strategic note, we are concentrating on Japan as we believe that this economy, with the second largest IT spending in the world after USA, will continue to provide us opportunities for growth. We have been in Japan for eight years, and are bullish about the value-addition by our Product Offerings. Europe is also a region full of legacy systems, but is slow to change. We are increasing our marketing efforts in Europe to seed the market for future growth. We are continuously evaluating opportunities in US and there have been some developments in the 'Payments' space, where we see some traction.

Eleven product modules went live in various markets across the globe, some of the implementations continued to be in record time, which gave increased visibility of Nucleus in the global markets and reaffirmed its standing in the global lending and cash management space.

We have added 42 associates in the third quarter of FY 2008, taking the global strength of Nucleus to 1677. The major emphasis has been on performance enhancement and its contribution in projects execution and completion and creation of an environment of self discipline and empowerment.

On behalf of the Board, I am delighted to inform you that the Institute of Company Secretaries of India has selected Nucleus amongst the top 25 Companies adopting 'Good Corporate Governance Practices' for 2007. This is the second successive year, that we have been selected in this list by the Institute. Further, Nucleus has been ranked amongst 'Top 15 exciting emerging companies to work for', as a result of a survey conducted by NASSCOM.

I am confident that with our emphasis on superior operational and financial performance, Nucleus will enjoy sustained growth in the years to come, thereby leading to maximization of overall shareholder value. I take this opportunity to thank you all for your support and wish that this new year brings prosperity to all of us.

Vishnu R Dusad
Managing Director
January 20, 2008



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 December 31, 2007, the Profit and Loss Account for the quarter and nine months ended on that date and also the Cash Flow Statement of the Company for the nine months 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 December 31, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the quarter and nine months ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the nine months ended on that date.

for **BSR & Co.**
Chartered Accountants

Place : Gurgaon
Date : January 20, 2008

Sd/-
Vikram Aggarwal
Partner
Membership No.: 089826



NUCLEUS SOFTWARE EXPORTS LTD.

Balance Sheet as at December 31, 2007

All amounts in Rupees

Particulars	Schedule	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
SOURCES OF FUNDS				
Shareholders' Fund				
Share Capital	1	323,685,240	161,178,120	161,618,120
Advance pursuant to Stock Option Schemes		6,799,100	7,219,100	7,213,100
Reserves and Surplus	2	1,431,146,024	1,145,195,190	1,215,697,193
		1,761,630,364	1,313,592,410	1,384,528,413
Deferred Tax Liability (refer note 3, schedule 16)		—	—	521,206
		1,761,630,364	1,313,592,410	1,385,049,619
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	3	773,129,534	525,126,608	548,039,427
Less: Accumulated Depreciation		(271,340,721)	(204,194,385)	(217,038,659)
Net Block		501,788,813	320,932,223	331,000,768
Add: Capital Work in progress (including Capital Advances)		1,278,893	53,727,454	130,458,253
		503,067,706	374,659,677	461,459,021
Investments	4	844,858,199	788,614,800	694,816,097
Deferred Tax Asset (refer note 3, schedule 16)		1,441,416	1,815,257	—
Current Assets, Loans and Advances				
Sundry Debtors	5	341,138,934	255,758,706	376,936,553
Cash and Bank Balances	6	86,574,820	87,206,270	134,345,157
Loans and Advances	7	141,230,411	63,454,645	72,482,533
Other Current Assets	8	295,912,298	151,550,295	155,274,431
		864,856,463	557,969,916	739,038,674
Less: Current Liabilities and Provisions				
Current Liabilities	9	(393,117,577)	(354,797,448)	(464,168,330)
Provisions	10	(59,475,843)	(54,669,792)	(46,095,843)
		(452,593,420)	(409,467,240)	(510,264,173)
Net Current Assets		412,263,043	148,502,676	228,774,501
		1,761,630,364	1,313,592,410	1,385,049,619

Significant Accounting Policies and Notes to the Accounts

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The schedules referred to above form an integral part of the Financial Statements

As per our Report of even Date

For BSR & Co.

Chartered Accountants

Vikram Aggarwal

Partner

Membership No.: 089826

Gurgaon

January 20, 2008

NOIDA (U.P.)

January 20, 2008

Lt. Gen. T P Singh (Retd.)

Chairman

P K Sanghi

Chief Financial Officer

Vishnu R Dusad

Managing Director

Poonam Bhasin

Company Secretary

For and on behalf of the Board of Directors



NUCLEUS SOFTWARE EXPORTS LTD.

Profit and Loss Account for the Quarter and Nine Months ended December 31, 2007

All amounts in Rupees

Particulars	Schedule	Quarter ended		For the Nine Months ended		Year ended
		December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	March 31, 2007
Sales and Services	11	483,818,635	383,034,451	1,439,209,217	1,045,056,065	1,465,305,488
Software Development Expenses	12	274,373,556	195,203,542	822,557,596	540,389,105	735,379,305
Gross Profit		209,445,079	187,830,909	616,651,621	504,666,960	729,926,183
Selling and Marketing Expenses	13	45,983,525	41,026,097	107,906,490	87,201,060	120,702,002
General and Administration Expenses	14	43,632,040	25,504,147	114,198,408	70,071,789	115,938,659
Operating Profit before Depreciation and Withholding Tax		119,829,514	121,300,665	394,546,723	347,394,111	493,285,522
Depreciation	3	22,148,813	13,169,120	58,753,334	37,617,017	51,981,831
Withholding Taxes charged off		9,138,651	13,358,457	19,523,695	34,158,424	46,749,630
Operating Profit after Depreciation and Withholding Tax		88,542,050	94,773,088	316,269,694	275,618,670	394,554,061
Other Income	15	9,602,809	13,992,865	63,144,350	34,899,314	46,617,209
Profit before Taxation		98,144,859	108,765,953	379,414,044	310,517,984	441,171,270
Provision for Tax - Current Income Tax - MAT Credit Entitlement (refer note 8, schedule 16)		9,600,000	300,000	43,500,000	1,800,000	3,000,000
- Fringe Benefit Tax		(9,600,000)	—	(34,500,000)	—	—
- Deferred Tax Charge / (credit) (refer note 3, schedule 16)		1,950,000	2,184,139	5,200,000	4,494,139	6,124,139
- Income Tax for earlier Years		(4,204,814)	(463,002)	(1,962,622)	543,520	2,879,983
Provision for Wealth Tax		—	—	—	86,355	86,355
		70,040	63,952	70,040	63,952	63,952
Profit after Taxation		100,329,633	106,680,864	367,106,626	303,530,018	429,016,841
Profit Amount available for Appropriation						
Profit for the Period / Year		100,329,633	106,680,864	367,106,626	303,530,018	429,016,841
Add: Balance Brought Forward		769,022,483	434,395,989	502,245,490	237,546,836	237,546,836
Total Amount available for Appropriation		869,352,116	541,076,853	869,352,116	541,076,854	666,563,677
Interim Dividend		—	—	—	—	56,407,092
Corporate Dividend Tax		—	—	—	—	7,911,095
Transferred to General Reserve		—	—	—	—	100,000,000
Balance Carried forward to the Balance Sheet		869,352,116	541,076,853	869,352,116	541,076,854	502,245,490
Earnings per equity share (par value Rs.10 each) (refer note 16, schedule 16)						
Basic		3.10	3.31	11.35	9.42	13.29
Diluted		3.06	3.26	11.21	9.32	13.22
Number of shares used in computing earnings per equity share						
Basic		32,366,672	32,232,624	32,356,343	32,225,013	32,273,966
Diluted		32,759,391	32,674,225	32,735,110	32,555,655	32,453,325

Significant Accounting Policies and Notes to the Accounts

16

The schedules referred to above form an integral part of the Financial Statements

As per our Report of even Date

For BSR & Co.

Chartered Accountants

Vikram Aggarwal

Partner

Membership No.: 089826

Gurgaon

January 20, 2008

NOIDA (U.P.)

January 20, 2008

For and on behalf of the Board of Directors

Lt. Gen. T P Singh (Retd.)

Chairman

Vishnu R Dusad

Managing Director

P K Sanghi

Chief Financial Officer

Poonam Bhasin

Company Secretary



NUCLEUS SOFTWARE EXPORTS LTD.

Cash Flow Statement for the Nine Months ended December 31, 2007

	For the Nine Months ended		All amounts in Rupees
	December 31, 2007	December 31, 2006	For the year ended March 31, 2007
A. Cash flow from Operating Activities			
Net Profit before Tax	379,414,044	310,517,984	441,171,270
Adjustment for:			
Depreciation	58,753,334	37,617,017	51,981,831
Exchange difference on Translation of Foreign Currency Accounts	(6,068,841)	(4,245,201)	(3,712,223)
Dividend received from Non-Trade Investments	(10,011,888)	(4,734,699)	(9,914,653)
Interest on Fixed Deposits and Loan to Subsidiaries	(549,945)	(2,231,560)	(2,417,759)
Profit on Sale of Investments	(24,624,815)	(23,233,432)	(23,269,833)
Amortisation of Employees Stock Compensation Expenses	4,803,525	5,831,957	8,377,407
Profit on Sale of Fixed Assets (net)	(657,591)	(143,895)	(196,292)
Advances and other Current Assets written off	2,801,772	281,510	290,466
Provision for Doubtful Debts / Advances / other Current Assets	6,196,060	3,073,097	21,435,709
Operating Profit before Working Capital Changes	410,055,655	322,732,778	483,745,923
(Decrease) / Increase in Debtors	18,900,978	(156,090,960)	(297,043,297)
Increase in Loans and Advances	(28,719,680)	(19,944,064)	(32,171,850)
Increase in other Current Assets	(157,316,366)	(83,337,566)	(89,210,619)
(Decrease) / increase in Current Liabilities and provisions	(64,246,599)	52,717,931	150,757,433
	178,673,988	116,078,119	216,077,590
Income Tax paid	(15,846,337)	(8,265,491)	(9,935,113)
Fringe Benefit Tax paid	(9,969,688)	(2,774,213)	(6,224,213)
Net Cash from / (used in) Operating Activities (A)	152,857,963	105,038,415	199,918,264
B. Cash flow from Investing Activities			
Purchase of Fixed Assets/Capital Work in Progress	(93,882,169)	(99,813,268)	(193,376,191)
Sale of Fixed Assets	2,560,333	2,020,793	2,206,704
Purchase of Current Investments	(1,421,817,811)	(1,109,891,413)	(1,553,944,465)
Proceeds on sale of Current Investments	1,296,400,524	1,020,658,783	1,558,546,939
Loan to Subsidiaries (net)	2,905,057	6,602,885	7,936,975
Interest on Fixed Deposits and Loan to Subsidiaries	493,006	5,291,327	5,365,347
Income Tax paid	(1,867,677)	(2,613,330)	(2,688,257)
Dividend received from Non-Trade Investments	10,011,888	4,734,699	9,914,653
Net Cash from / (used in) Investing Activities (B)	(205,196,849)	(173,009,524)	(166,038,295)
Dividend paid (including Corporate Dividend Tax thereon)	—	(63,940,569)	(126,144,669)
Advance pursuant to Employee Stock Option Scheme / Proceeds from Employee Stock Option exercised	5,191,800	6,777,600	13,999,520
Net Cash from / (used) in Financing Activities (C)	5,191,800	(57,162,969)	(112,145,149)
Net (decrease) / increase in Cash and Cash equivalents (A+B+C)	(47,147,086)	(125,134,078)	(78,265,180)
Opening Cash and Cash Equivalents	134,345,157	213,088,500	213,088,500
Exchange difference on translation of foreign Currency Bank Accounts	(623,251)	(748,152)	(478,163)
Closing Cash and Cash Equivalents*	86,574,820	87,206,270	134,345,157

*include fixed deposits amounting to Rs.9,070,203 (Rs.6,666,830; Rs.9,654,311) under lien with bank on account of guarantees issued on behalf of the Company

Notes:

1. Cash and Cash Equivalents consist of Cash in hand and balances with Scheduled Banks / Non Scheduled Banks.

As per our Report of even Date

For BSR & Co.
Chartered Accountants

Vikram Aggarwal
Partner
Membership No.: 089826

Gurgaon
January 20, 2008

For and on behalf of the Board of Directors

Lt. Gen. T P Singh (Retd.)
Chairman

Vishnu R Dusad
Managing Director

P K Sanghi
Chief Financial Officer

Poonam Bhasin
Company Secretary



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

	All amounts in Rupees		
	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
SCHEDULE—1			
SHARE CAPITAL			
Authorised Capital			
40,000,000 (20,000,000; 20,000,000) Equity shares of Rs.10 each	400,000,000	200,000,000	200,000,000
Issued, subscribed and paid up			
Issued			
32,369,824 (16,119,112; 16,163,112) Equity shares of Rs.10 each	323,698,240	161,191,120	161,631,120
Subscribed and paid up			
32,367,024 (16,116,312; 16,160,312) Equity shares of Rs.10 each, fully paid up	323,670,240	161,163,120	161,603,120
Of the above:			
16,183,512 Equity shares of Rs.10 each have been issued as bonus shares by capitalisation of securities premium account during the nine months ended December 31, 2007			
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 March 31, 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 March 31, 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 March 31, 1995			
Add: 2,800 (2,800; 2,800) forfeited Equity shares pending for reissue	15,000	15,000	15,000
	323,685,240	161,178,120	161,618,120



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

All amounts in Rupees

	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
SCHEDULE—2			
RESERVES AND SURPLUS			
General Reserve			
Balance as at 1 April	531,473,550	441,454,695	441,454,695
Add: Transferred from Profit and Loss Account	—	—	100,000,000
Less: Gratuity and leave encashment transitional liability (refer note 22, schedule 16)	—	9,981,145	9,981,145
	531,473,550	431,473,550	531,473,550
Securities Premium Account			
Balance as at 1 April	173,199,509	162,978,709	162,978,709
Add: Share premium received	5,191,800	—	—
Add : On conversion of stock options issued to employees	3,928,400	1,012,000	10,220,800
Less: Amount utilised for issuance of 16,183,512 bonus shares of Rs.10 each	161,835,120	—	—
	20,484,589	163,990,709	173,199,509
Capital Reserve Account			
Balance as at 1 April	1,573,030	1,500,030	1,500,030
Add: Amount forfeited against employees stock option plan	182,000	40,000	73,000
	1,755,030	1,540,030	1,573,030
Employee Stock Options			
Balance as at 1 April	19,234,288	4,394,168	4,394,168
Add: Options granted during the period / year	—	19,906,600	19,906,600
Less: Reversal on forfeiture of stock options granted	57,680	494,400	1,761,600
Less: Transferred to securities premium account on exercise of stock options	3,928,400	851,000	3,304,880
	15,248,208	22,955,368	19,234,288
Less: Deferred employee compensation	(7,167,469)	(15,841,321)	(12,028,674)
	8,080,739	7,114,047	7,205,614
Profit and Loss Account			
Balance as at 1 April	502,245,490	237,546,836	237,546,836
Add: Profit for the period / year	367,106,626	303,530,018	429,016,841
Less: Transferred to general reserve	—	—	100,000,000
Less: Interim dividend	—	—	56,407,092
Less: Corporate dividend tax	—	—	7,911,095
	869,352,116	541,076,854	502,245,490
	1,431,146,024	1,145,195,190	1,215,697,193



Schedules forming part of the financial statements

**SCHEDULE—3
FIXED ASSETS**

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK		
	As at 1 April, 2007	Additions	Deductions/ Adjustments	As at Dec. 31, 2007	As at 1 April, 2007	Depreciation for the Period	Deduction/ Adjustments	As at Dec. 31, 2007	As at Dec. 31, 2006	As at March 31, 2007
	All amounts in Rupees									
Freehold land	3,360,720	-	-	3,360,720	-	-	-	-	3,360,720	3,360,720
Leasehold land	66,395,000	-	-	66,395,000	3,623,560	565,732	-	4,189,292	62,205,708	62,771,440
Building	146,584,882	96,332,943	-	242,917,825	12,033,662	5,396,818	-	17,430,480	225,487,345	134,578,139
Office and other equipment	63,788,499	51,993,186	(1,945,654)	113,836,031	34,493,716	13,008,299	(1,923,508)	45,578,507	68,257,524	29,294,783
Computers	129,142,740	47,718,576	-	176,861,316	71,418,428	23,518,998	-	94,937,426	81,923,890	57,724,312
Vehicles	14,643,410	6,039,812	(3,877,737)	16,805,485	6,139,421	2,380,526	(2,073,828)	6,446,119	10,359,366	8,503,989
Furniture and fixtures	32,642,818	12,427,560	(521,936)	44,548,442	21,149,641	4,028,841	(453,936)	24,724,546	19,823,896	11,493,177
Software	84,658,419	14,640,504	-	99,298,923	68,121,621	8,547,840	-	76,669,461	22,629,462	16,536,798
Leasehold improvements	6,822,939	2,291,540	(8,687)	9,105,792	58,610	1,306,280	-	1,364,890	7,740,902	6,764,329
Total	548,039,427	231,444,121	(6,354,014)	773,129,534	217,038,659	58,753,334	(4,451,272)	271,340,721	501,788,813	320,932,223
Previous period	442,357,760	89,473,437	(6,704,589)	525,126,608	171,405,059	37,617,017	(4,827,691)	204,194,385	320,932,223	-
Previous year	442,357,760	114,040,310	(8,358,643)	548,039,427	171,405,059	51,991,831	(6,348,231)	217,038,659	331,000,768	-



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

All amounts in Rupees

	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
SCHEDULE—4			
INVESTMENTS			
Long Term Investments			
Equity Shares - Trade and unquoted			
10,040,000 (10,040,000; 10,040,000) Equity Shares of Rs.10 each, fully paid up, in GMAC Financial Services India Limited [Of the above, 80,000 (80,000; 80,000) Equity Shares are held by nominees on behalf of the Company]	136,882,640	136,882,640	136,882,640
25,000 (25,000; 25,000) Equity Shares of Rs.10 each, fully paid up, in Ujjivan Financial Services Private Limited	2,500,000	2,500,000	2,500,000
	139,382,640	139,382,640	139,382,640
Equity Shares in wholly owned subsidiaries - Unquoted			
625,000 (625,000; 625,000) Equity Shares of SGD 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore, a wholly owned subsidiary	16,319,950	16,319,950	16,319,950
1,000,000 (1,000,000; 1,000,000) equity shares of USD 0.35 each, fully paid up, in Nucleus Software Inc., USA, a wholly owned subsidiary	16,293,150	16,293,150	16,293,150
200 (200; 200) equity shares of JPY 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaiga, Japan, a wholly owned subsidiary	4,092,262	4,092,262	4,092,262
316,000 (316,000; 316,000) equity shares of Aus \$ 1 each, fully paid up, in Nucleus Software (Australia) Pty. Ltd., Australia, a wholly owned subsidiary	9,790,955	9,790,955	9,790,955
100,000 (100,000; 100,000) equity shares of HK \$ 1 each, fully paid up, in Nucleus Software (HK) Ltd., Hong Kong, a wholly owned subsidiary	619,885	619,885	619,885
1,000,000 (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	10,000,000
1,000 (1,000; 1,000) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands, a wholly owned subsidiary	5,365,000	5,365,000	5,365,000
	62,481,202	62,481,202	62,481,202
Current Investments			
Investments in Bonds and Mutual Funds - Non trade and unquoted			
Nil (500,000; 500,000) units of face value of Rs.10 each of UTI Fixed Maturity Plan-YFMP 06/06-Growth	—	5,000,000	5,000,000
Nil (2,000,000; 2,000,000) units of face value of Rs.10 each of Prudential ICICI FMP Series 5-Institutional-Growth	—	20,000,000	20,000,000



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

	All amounts in Rupees		
	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
2,500,000 (Nil; 2,500,000) units of face value of Rs. 10 each of ICICI Prudential FMP Series 34-One Year Plan B Institutional Growth	25,000,000	—	25,000,000
1,000,000 (Nil; Nil) units of face value of Rs.10 each of ICICI Prudential Interval Fund II Quarterly Interval Plan-C -Dividend	10,000,000	—	—
2,000,000 (Nil; Nil) units of face value of Rs. 10 each of ING Fixed Maturity -34-Institutional -Dividend	20,000,000	—	—
Nil (17,776; Nil) units of face value of Rs.1000 each of UTI Liquid Cash Plan Institutional-Growth	—	18,121,946	—
1,006,515 (Nil; Nil) units of face value of Rs.10 each of Birla Interval Income Fund -Quarterly series- 3-Dividend	10,065,200	—	—
Nil (800,000; 800,000) units of face value of Rs. 10 each of Grindlays Fixed Maturity-16th Plan A-Growth	—	8,000,000	8,000,000
Nil (900,000; 900,000) units of face value of Rs.10 each of Grindlays Fixed Maturity-20th Plan - Growth	—	9,000,000	9,000,000
Nil (3,729,202; Nil) units of face value of Rs.10 each of LICMF Liquid Fund-Dividend	—	40,947,012	—
Nil (2,297,827; 2,297,827) units of face value of Rs.10 each of Birla Cash Plus-Institutional Premium-Growth	—	25,682,000	25,682,000
Nil (2,000,000; 2,000,000) units of face value of Rs.10 each of Chola FMP-14 Months-Cumulative	—	20,000,000	20,000,000
Nil (1,000,000; 1,000,000) units of face value of Rs. 10 each of ABN Amro FTP Series 2 Thirteen Month Plan-Growth	—	10,000,000	10,000,000
2,500,000 (Nil; 2,500,000) units of face value of Rs. 10 each of ABN AMRO FTPS5 14 Mths Plan Inst Growth	25,000,000	—	25,000,000
2,500,000 (Nil; Nil) units of face value of Rs.10 each of ABN AMRO Fixed Term Plan-Ser-8-Yly Plan A-Inst.Growth	25,000,000	—	—
Nil (1,000,000; 1,000,000) units of face value of Rs.10 each of HSBC Fixed term Series-4-Growth	—	10,000,000	10,000,000
Nil (2,000,000; 2,000,000) units of face value of Rs.10 each of HSBC Fixed term Series-9-Growth	—	20,000,000	20,000,000
1,500,000 (Nil; 1,500,000) units of face value of Rs.10 each of HSBC Fixed Term Series-27 Inst. Growth	15,000,000	—	15,000,000
1,000,000 (Nil; Nil) units of face value of Rs.10 each of HSBC Fixed Term Series-28 Inst. Growth	10,000,000	—	—
3,500,000 (Nil; Nil) units of face value of Rs.10 each of HSBC Interval Fund-Plan 2- Inst. Dividend	35,000,000	—	—
Nil (1,000,000; 1,000,000) units of face value of Rs.10 each of Principal Pnb Fixed Maturity Plan-.385 Days-Series I Institutional-Growth	—	10,000,000	10,000,000
2,500,000 (Nil; 2,500,000) units of face value of Rs.10 each of Principal Pnb Fixed Maturity Plan-(FMP-37) 385 Days-Series IV-Mar 07 Institutional Growth Plan	25,000,000	—	25,000,000
Nil (1,000,000; 1,000,000) units of face value of Rs.10 each of HDFC FMP 13M March 2006(1)- Institutional Plan-Growth	—	10,000,000	10,000,000



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

All amounts in Rupees

	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
Nil (1,000,000; 1,000,000) units of face value of Rs.10 each of HDFC FMP 13M June 2006(1)- Institutional Plan-Growth	—	10,000,000	10,000,000
Nil (1,250,000; 1,250,000) units of face value of Rs.10 each of HDFC FMP 13M July 2006(1)- Institutional Plan-Growth	—	12,500,000	12,500,000
1,091,130 (Nil; Nil) units of face value of Rs.10 each of HDFC MP 367D April 2007 (5)-Wholesale Plan Growth	10,911,300	—	—
Nil (3,117,013 ; 3,117,013) units of face value of Rs.10 each of LICMF Liquid Fund-Growth	—	40,000,000	40,000,000
3,012,865 (Nil; Nil) units of face value of Rs.10 each of LICMF Liquid Plus Fund-Dividend	30,128,652	—	—
Nil (4,826,534; 4,826,534) units of face value of Rs.10 each of Prudential ICICI Super Institutional Plan-Growth	—	50,000,000	50,000,000
Nil (1,398,093; 1,398,093) units of face value of Rs.10 each of Kotak Liquid- Institutional Plus Plan -Growth	—	20,000,000	20,000,000
2,014,997 (Nil; Nil) units of face value of Rs.10 each of Kotak FMP 3M Series -26-Dividend	20,150,000	—	—
Nil (Nil; 1,500,000) units of face value of Rs.10 each of Reliance Fixed Horizon QFMP Series V-Dividend	—	—	15,000,000
1,500,000 (Nil; 1,500,000) units of face value of Rs.10 each of Reliance Fixed Horizon Fund III-Annual Plan Series I-Institutional Growth Plan	15,000,000	—	15,000,000
1,500,000 (Nil; 1,500,000) units of face value of Rs.10 each of Reliance Fixed Horizon Fund III-Annual Plan Series IV-Institutional Growth Plan	15,000,000	—	15,000,000
1,000,000 (Nil; Nil) units of face value of Rs.10 each of Reliance Fixed Horizon Fund VI- Series I-Institutional -Dividend	10,000,000	—	—
2,500,000 (Nil; 2,500,000) units of face value of Rs.10 each of Kotak FMP 13M Series 2 Institutional-Growth	25,000,000	—	25,000,000
Nil (1,250,000;1,250,000) units of face value of Rs.10 each of Kotak FMP Series 26-Growth	—	12,500,000	12,500,000
2,500,000 (Nil; 2,500,000) units of face value of Rs.10 each of DWS Fixed Term Fund Series 24-Institutional Plan-Growth Option	25,000,000	—	25,000,000
2,000,000 (Nil; Nil) units of face value of Rs.10 each of DWS Fixed Term Fund Series 33-Institutional Growth	20,000,000	—	—
Nil (4,000,000; Nil) units of face value of Rs.10 each of ABN Amro FTP Series 4 -Quarterly Plan A -Dividend	—	40,000,000	—
Nil (2,500,000; Nil) units of face value of Rs.10 each of ABN Amro FTP Series3 quarterly plan G Dividend	—	25,000,000	—
Nil (2,000,000; Nil) units of face value of Rs.10 each of ABN Amro FTP Series4 quarterly plan B Dividend on Maturity	—	20,000,000	—
Nil (2,500,000;Nil) units of face value of Rs.10 each of UTI Fixed maturity plan quarterly series QFMP/1106/I Dividend plan-Reinvestment	—	25,000,000	—
Nil (1,500,000;Nil) units of face value of Rs.10 each of UTI Fixed maturity plan halfyearly series HFMP/1206/I Dividend plan-Reinvestment	—	15,000,000	—
Nil (2,500,000; Nil) units of face value of Rs.10 each of Sundram BNP Paribas Fixed Term Plan Series XVII (90 days)-Dividend	—	25,000,000	—



NUCLEUS SOFTWARE EXPORTS LTD.

	All amounts in Rupees		
	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
Nil (2,500,000; Nil) units of face value of Rs.10 each of DWS Fixed Term Plan Series 22-Dividend	-	25,000,000	-
Nil (4,000,000; Nil) units of face value of Rs.10 each of Standard Chartered Fixed maturity plan quarterly series 2- Dividend	-	40,000,000	-
Nil (2,000,000; Nil) units of face value of Rs.10 each of Principal PNB Fixed maturity plan (FMP-32) 91 days series VI-Dec06 Dividend	-	20,000,000	-
999,960 (Nil; Nil) units of face value of Rs.10.0004 each of UTI Fixed Income Interval Fund-Quarterly Interval Plan-Dividend	10,000,000	-	-
10,072 (Nil; Nil) units of face value of Rs.1000 each of UTI Liquid Plus Fund Institutional- Dividend	10,073,804	-	-
Nil (Nil; 1,527,025) units of face value of Rs.10 each of UTI Fixed maturity plan halfyearly series HFMP/1206/I Dividend plan-Reinvestment	-	-	15,270,255
750,000 (Nil; Nil) units of face value of Rs.10 each of Standard Chartered Fixed Maturity Plan - Yearly Series 11-Plan B- Growth	7,500,000	-	-
2,541,864 (Nil; Nil) units of face value of Rs.10 each of DSP Merrill Lynch Fixed Term Plan 3M Series 2-Institutional -Dividend	25,418,644	-	-
20,076 (Nil; Nil) units of face value of Rs.1000 each of DSP Merrill Lynch Cash Plus-Retail -Dividend	20,103,122	-	-
4,000,000 (Nil; Nil) units of face value of Rs.10 each of Templeton Fixed Horizon Fund Series II-Plan B-Institutional -Growth	40,000,000	-	-
1,525,148 (Nil; Nil) units of face value of Rs.10 each of ABN AMRO Flexible Short Term Plan Ser. C -Qly Div-Ren	15,251,540	-	-
2,042,311 (Nil; Nil) units of face value of Rs.10.0004 each of Reliance Quarterly Interval Fund-Series III-Institutional Dividend Plan	20,423,948	-	-
999,960 (Nil; Nil) units of face value of Rs.10.0004 each of Reliance Interval Fund-Quarterly Plan-Series II-Institutional Dividend Plan	10,000,000	-	-
1,524,887 (Nil; Nil) units of face value of Rs.10 each of Sundaram BNP Paribas Interval Fund Qty-Plan-A-Inst Div	15,248,865	-	-
10,000 (Nil; Nil) units of face value of Rs.1000 each of DSP Merrill Lynch Fixed Term Plan Series 3D-Institutional -Growth	10,000,000	-	-
2,500,000 (Nil; Nil) units of face value of Rs.10 each of Lotus India FMP 375 Days Series II Inst. Growth	25,000,000	-	-
1,000,000 (Nil; Nil) units of face value of Rs.10 each of Lotus India FMP 3 Months Series XI3X-Dividend	10,000,000	-	-
1,000,000 (Nil; Nil) units of face value of Rs.10 each of Lotus India Quarterly Interval Fund- Plan B-Dividend	10,000,000	-	-
4,224,449 (Nil; Nil) units of face value of Rs.10 each of DWS Credit Opportunity Cash Fund-Dividend	42,719,282	-	-
	642,994,357	586,750,958	492,952,255
	844,858,199	788,614,800	694,816,097

Notes:

1. Net asset value (NAV) of Current Investments is Rs.665,670,923 (Rs.601,184,452; Rs.512,682,896) as at December 31, 2007.
2. Refer note 7, schedule 16 for details of Investments purchased and sold during the nine months ended December 31, 2007.



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

All amounts in Rupees

	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
SCHEDULE—5			
SUNDRY DEBTORS (UNSECURED)			
Debts outstanding for a period exceeding six months			
- Considered good	25,667,497	8,284,469	8,012,776
- Considered doubtful	13,275,606	10,263,654	9,682,471
	38,943,103	18,548,123	17,695,247
Less: Provision for doubtful debts	(13,275,606)	(10,263,654)	(9,682,471)
	25,667,497	8,284,469	8,012,776
Other debts (considered good)*	315,471,437	247,474,237	368,923,777
	341,138,934	255,758,706	376,936,553

* includes debt amounting to Rs.Nil (Rs.2,329,465; Rs.9,773,891) from Nucleus Software Inc., USA, Rs.45,520,313 (Rs.23,229,484; Rs.55,137,972) from Nucleus Software Japan Kabushiki Kaiga, Rs.Nil (Rs.164,784; Rs.Nil) Nucleus Software (Australia) Pty Ltd. and Rs.19,546,411 (Rs.37,573,051; Rs.43,832,933) Nucleus Software Solutions Pte. Ltd., Singapore and Rs.6,095,715 (Rs.Nil; Rs.Nil) from Virstra i-Techonolgy Services Limited, India, being Companies under the same management within the meaning of section 370(1B) of the Companies Act 1956.

SCHEDULE—6 :

CASH AND BANK BALANCES

Cash in hand [including cheques in hand Rs.Nil (Rs.7,024,785; Rs.708,663)]	169,586	7,827,677	1,002,545
Balances with scheduled banks:			
- in current accounts	75,661,830	71,450,177	114,501,219
- in fixed deposit accounts*	9,070,203	7,646,402	9,654,311
Balance with non scheduled bank:			
- in current account (Citibank, United Kingdom)	608,763	282,014	829,963
[Maximum amount outstanding during the period / year Rs.850,270 (Rs.1,106,298; Rs 1,106,298)]			
- in current account (Citibank, U.A.E)	1,064,438	-	-
[Maximum amount outstanding during the period / year Rs. 1,187,923 (Rs.Nil; Rs. Nil)]			
Remittance in transit	-	-	8,357,119
	86,574,820	87,206,270	134,345,157

*include fixed deposits amounting to Rs.9,070,203 (Rs.6,666,830; Rs.9,654,311) under lien with bank on account of guarantees issued on behalf of the Company



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

All amounts in Rupees

	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
SCHEDULE—7			
LOANS AND ADVANCES			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received	48,806,627	16,372,070	22,303,998
Loans and advances to subsidiaries*	886,448	13,459,139	12,758,902
Security deposits	9,318,844	4,852,437	8,448,926
Advance income tax [net of provision Rs.38,446,234 (Rs.28,246,234; Rs.29,446,234)]	16,861,862	7,673,339	8,217,888
Advance fringe benefit tax [net of provision Rs.15,595,604 (Rs. Nil; Rs.Nil)]	4,699,688	-	-
MAT credit entitlement (refer note 8, schedule16)	34,500,000	-	-
Prepaid expenses	26,156,942	21,097,660	20,752,819
	141,230,411	63,454,645	72,482,533

* includes loan amounting to Rs. Nil (Rs.2,863,155; Rs. 2,821,875) to Nucleus Software Inc., USA, [maximum amount outstanding during the year Rs.2,821,875 (Rs.2,863,155; Rs.5,415,575)], being Companies under the same management within the meaning of section 370 (1B) of the Companies Act 1956.

SCHEDULE—8

OTHER CURRENT ASSETS

Service income accrued but not due	294,961,646	150,768,761	154,380,718
Interest accrued but not due	950,652	781,534	893,713
	295,912,298	151,550,295	155,274,431

SCHEDULE—9

CURRENT LIABILITIES

Sundry creditors *	230,146,828	109,210,249	150,692,621
Withholding tax	19,183,100	15,524,668	9,434,496
Due to subsidiaries	928,616	18,524,342	14,243,095
Advances from customers	121,838,511	196,773,611	273,215,853
Unclaimed dividends	1,095,422	945,963	3,435,287
Other liabilities	19,925,100	13,818,615	13,146,978
	393,117,577	354,797,448	464,168,330

* The Company has no outstanding amounts payable to small-scale industrial undertakings as defined under section 3(j) of the Industries (Development and Regulation) Act, 1951 (Also refer note 21 of schedule 16).

SCHEDULE—10

PROVISIONS

Gratuity	27,427,128	21,838,881	20,377,128
Leave encashment	32,048,715	30,940,911	25,648,715
Fringe benefit tax [Net of advance fringe benefit Tax Rs.Nil (Rs.6,875,530; Rs.10,325,604)]	-	1,890,000	70,000
	59,475,843	54,669,792	46,095,843



NUCLEUS SOFTWARE EXPORTS LTD.

Schedules forming part of the financial statements

All amounts in Rupees

	Quarter ended		For the nine months ended		Year ended
	December 31,		December 31,		March 31,
	2007	2006	2007	2006	2007
SCHEDULE—11					
SALES AND SERVICES					
Software development services and products					
- Domestic	87,152,202	61,088,092	259,176,014	171,991,416	254,784,000
- Overseas	396,666,433	321,946,359	1,180,033,203	869,562,449	1,207,019,288
Consultancy services	-	-	-	3,502,200	3,502,200
	483,818,635	383,034,451	1,439,209,217	1,045,056,065	1,465,305,488

SCHEDULE—12 **SOFTWARE DEVELOPMENT EXPENSES**

Salaries and allowances	164,764,530	124,533,101	514,625,940	345,879,801	463,012,124
Contribution to provident and other funds	9,728,513	6,774,915	27,428,153	17,957,941	24,774,730
" Directors' remuneration (including stock compensation expenses					
"Rs. Nil (Rs. 511,369; Rs. 125,089; Rs. 1,361,798; Rs. 1,396,831) "	2,175,083	2,141,876	7,653,444	6,471,014	9,719,409
Employee's stock compensation expenses	1,167,665	837,299	3,796,040	2,259,898	4,307,968
Staff welfare	2,921,702	2,784,846	7,992,586	6,788,918	10,361,647
Conveyance	2,920,771	2,680,853	7,419,670	5,588,041	7,950,453
Communication	3,534,217	2,885,033	9,730,080	11,515,363	14,145,662
Rent	1,947,472	882,519	4,722,649	1,814,199	3,422,394
Legal and professional	3,637,086	2,389,918	13,088,764	8,206,114	13,038,471
Repair and maintenance					
- Buildings	506,481	49,793	906,253	131,246	278,462
- Others	3,238,821	1,247,922	5,780,310	2,905,716	4,268,879
Training and recruitment	6,341,537	4,431,242	14,543,002	14,851,304	18,319,019
Printing and stationery	85,479	91,652	1,053,542	406,411	713,520
Insurance	790,335	483,839	2,345,289	1,833,970	2,322,658
Software and other development charges	1,789,678	2,360,928	5,951,281	5,630,465	7,288,344
Cost of software purchased for delivery to clients	25,720,217	4,700,000	67,584,268	11,407,520	15,113,102
Travelling	36,579,280	29,186,027	103,487,405	79,399,015	113,069,711
Power and fuel	3,560,527	4,071,106	17,179,606	12,592,070	16,788,645
Conference, exhibition and seminar	212,690	-	212,690	61,348	61,348
Information technology expenses	1,197,856	1,701,370	3,920,899	2,652,338	3,942,861
Miscellaneous expenses	1,553,616	969,303	3,135,725	2,036,413	2,479,898
	274,373,556	195,203,542	822,557,596	540,389,105	735,379,305

**Schedules forming part of the financial statements**

All amounts in Rupees

	Quarter ended December 31, 2007	Quarter ended December 31, 2006	For the nine months ended December 31, 2007	For the nine months ended December 31, 2006	Year ended March 31, 2007
SCHEDULE—13					
SELLING AND MARKETING EXPENSES					
Salaries and allowances	20,533,924	11,830,209	45,703,123	27,238,286	37,262,729
Contribution to provident and other funds	623,971	553,731	1,788,286	1,312,492	1,870,399
" Directors' remuneration (including stock compensation expenses "Rs. Nil (Rs. 511,369; Rs. 125,089; Rs. 1,361,798; Rs. 1,396,831) "	2,175,083	2,141,876	7,653,444	6,471,014	9,719,409
Employee's stock compensation expenses	93,224	76,727	285,485	76,727	251,224
Staff welfare	276,437	236,200	765,828	616,336	978,984
Conveyance	543,981	541,171	1,877,023	1,136,390	2,149,413
Communication	520,568	177,691	1,331,149	518,522	807,280
Rent	975,217	422,669	3,031,028	654,788	1,294,020
Legal and professional	1,000,827	146,742	1,563,882	653,741	1,049,284
Repair and maintenance					
- Buildings	26,588	4,178	51,255	11,522	23,876
- Others	170,025	104,721	334,285	255,205	369,596
Training and recruitment	405,770	176,137	890,954	648,513	783,167
Printing and stationery	464,981	800,545	3,136,902	1,159,777	1,318,845
Insurance	36,337	21,746	107,476	96,782	118,610
Travelling	7,598,838	6,376,552	18,121,415	13,687,625	20,282,614
Advertisement and business promotion	2,646,479	1,559,522	8,163,904	5,827,058	7,835,392
Power and fuel	191,770	250,774	1,084,799	657,051	913,302
Conference, exhibition and seminar	7,223,797	6,856,132	7,705,625	7,537,734	8,987,645
Information technology expenses	58,105	73,256	185,957	116,867	177,405
Commission to channel partner	219,659	8,565,620	3,722,583	18,245,958	24,188,634
Miscellaneous expenses	197,944	109,898	402,087	278,672	320,174
	45,983,525	41,026,097	107,906,490	87,201,060	120,702,002



Schedules forming part of the financial statements

All amounts in Rupees

	Quarter ended December 31,		For the Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
SCHEDULE—14					
GENERAL AND ADMINISTRATION EXPENSES					
Salaries and allowances	17,233,897	13,729,741	54,073,631	36,010,680	49,440,441
Contribution to provident and other funds	1,058,564	800,307	2,997,074	2,062,705	2,881,983
" Directors' remuneration (including stock compensation expenses "Rs. Nil (Rs 255,684; Rs 62,545; Rs 680,898; Rs 698,414) "	1,372,542	1,295,938	4,861,722	4,130,507	6,204,7
Employee's stock compensation expenses	125,973	90,838	409,277	90,838	326,139
Staff welfare	463,748	351,190	1,296,867	983,763	1,524,886
Conveyance	928,127	583,860	2,308,583	1,563,737	3,168,617
Communication	835,696	428,708	1,909,806	932,006	1,456,765
Rent	64,800	36,300	194,400	596,941	642,941
Rates and taxes	438,430	1,329,369	4,252,812	2,159,868	3,259,295
Legal and professional	3,053,176	1,852,392	6,595,786	7,027,552	8,615,483
Repair and maintenance					
- Buildings	131,492	12,187	233,539	35,451	71,483
- Others	840,856	305,435	1,486,083	785,574	1,119,215
Training and recruitment	772,218	374,847	1,675,084	710,701	984,536
Printing and stationery	330,796	399,747	812,255	991,027	1,568,079
Insurance	81,759	38,055	234,132	149,737	193,393
Bank charges	431,736	241,529	1,174,864	913,909	1,776,281
Travelling	1,281,411	340,300	2,643,911	692,264	1,886,000
Advertisement	230,860	409,334	2,285,191	629,982	1,015,557
Power and fuel	433,206	357,248	1,813,418	786,375	1,211,226
Conference, exhibition and seminar	141,146	15,200	254,211	403,590	443,880
Information technology expenses	124,298	137,399	386,155	208,899	320,847
Advances and other current assets written off	2,801,772	-	2,801,772	281,510	290,466
Provision for doubtful debts /advances / other current assets *	3,594,937	721,626	6,196,060	3,073,097	21,435,709
Miscellaneous expenses	6,860,600	1,652,597	13,301,775	4,851,076	6,100,732
	43,632,040	25,504,147	114,198,408	70,071,789	115,938,659

*Includes bad debts written off Rs.1,132,573 (Rs.10,290,816; Rs.2,602,925; Rs.11,864,042; Rs.12,546,037)

SCHEDULE—15

OTHER INCOME

Dividend received from non-trade investments	4,754,308	1,964,581	10,011,888	4,734,699	9,914,653
Gain on foreign exchange fluctuation (net)	1,590,055	1,885,026	24,616,701	1,433,379	6,797,263
Interest on fixed deposits and loans to subsidiaries [gross of tax deducted at source Rs.2,962 (Rs.32,344; Rs.13,158; Rs.905,295; Rs.913,379)]	157,427	90,751	549,945	2,231,560	2,417,759
Profit on sale of fixed assets (net)	268,000	-	657,591	143,895	196,292
Profit on sale of investments	1,255,896	9,146,839	24,624,815	23,233,432	23,269,833
Miscellaneous income	1,577,123	905,668	2,683,410	3,122,349	4,021,409
	9,602,809	13,992,865	63,144,350	34,899,314	46,617,209



Schedules forming part of the financial statements

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 31 December 2007, 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, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as specified 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"). All income and expenditure having a material bearing on the financial statements are recognised on accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

(ii) Use of estimates

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

Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

(iii) Revenue recognition

Revenue from software development services comprises income from time and material and fixed price contracts. Revenue from time and material basis 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. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates.

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



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

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Interest on the 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 year of acquisition. Post sales customer support costs are estimated by the management, determined on the basis of past experience. Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(v) Fixed assets

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:

<i>Asset category</i>	<i>Useful life (in years)</i>
Building	30
Office and other equipment	5
Computers	4
Vehicles	5
Furniture and fixtures	5
Software	3
Temporary wooden structures (included in furniture and fixtures)	1

(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 depreciated over the estimated useful lives of the related assets.



(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 current assets and monetary current liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the profit and loss account.

In the case of forward contracts:

- a) the premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract.
- b) the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the profit and loss account in the reporting period in which the exchange rates change.
- c) any profit or loss arising on the cancellation or renewal of such contracts is recognised as income or as expense for the period.

The Company enters into foreign exchange options contracts where the counter party is a bank. Although these option contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting. Options are marked to market and any resultant gain/loss is recognized in the Profit and Loss Account.

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

(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 amortised over the vesting period, on a straight line basis.

(xi) Retirements benefits

Contributions to provident fund are charged to the profit and loss account as incurred. Provisions in respect of gratuity and leave encashment for the interim period are calculated on a year-to-date basis by using the actuarially determined rates at the end of the prior financial year, adjusted by the management 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 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 offered 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 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.

(xv) Impairment of assets

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

3. Deferred tax asset/(liability)

Components of net deferred tax asset/(liability):

(Amounts in Rupees)

	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
Deferred tax asset			
Provision for doubtful debts	835,050	933,787	668,865
Provision for retirement benefits	14,971,218	5,670,417	5,362,242
	15,806,268	6,604,204	6,031,107
Deferred tax liability			
Fixed assets	(14,364,852)	(4,788,947)	(6,552,313)
Net deferred tax (liability) / asset	1,441,416	1,815,257	(521,206)



4. Forward contracts and options in foreign currency

Exchange gain in respect of forward exchange contracts to be recognised in the profit and loss account of the subsequent accounting period is Rs.472,918 Rs.1,117,131; Rs.230,162. As at December 31 2007, the Company has outstanding forward contracts for USD 6,250,000 (USD 2,450,000; USD 1,750,000).

Further, the company has option contracts to sell USD 19,400,000 (USD 4,950,000; USD 4,950,000). The gain on mark to market of option contracts is Rs. 21,000,161 (Rs. Nil; Rs. 5,436,250)

As of the Balance Sheet date, the Company has no foreign currency exposures that are not hedged by a derivative instrument or otherwise Rs. Nil (Rs. Nil; Rs. 57,186,850)

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 a straight-line basis over the vesting period, ranging from twelve to thirty six months.

The Company currently has four ESOP schemes, ESOP scheme-1999 (instituted in 2000), 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 1999 scheme provides for the issue of 170,000 options, 2002 scheme for 225,000 options, 2005 scheme for 600,000 options and 2006 scheme for 1,000,000 options to eligible employees. These schemes are administered by a Compensation Committee comprising of four members, the majority of whom are independent directors. On exercise of stock options, option holders will be 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:

(Amounts in Rupees)

1999 Stock Option Scheme

	Quarter ended		Nine Months ended		Year ended
	December 31,		December 31,		March 31,
	2007	2006	2007	2006	2007
Options outstanding at the beginning of the period	-	10,000	5,700	12,500	12,500
Options granted	-	-	-	9,000	9,000
Options forfeited	-	-	-	-	(3,300)
Options exercised	-	-	(5,700)	(11,500)	(12,500)
Balance carried forward	-	10,000	-	10,000	5,700



2002 Stock Option Scheme

	Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
Options outstanding at the beginning of the period	143,450	111,250	159,750	63,250	63,250
Options granted	-	95,000	-	145,500	145,500
Options forfeited	(700)	(4,000)	(700)	(6,000)	(6,000)
Options exercised	(1,200)	-	(17,500)	-	(43,000)
Balance carried forward	141,550	202,750	141,550	202,750	159,750

2005 Stock Option Scheme

	Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
Options outstanding at the beginning of the period	142,000	142,000	142,000	-	-
Options granted	-	-	-	142,000	142,000
Options forfeited	-	-	-	-	-
Options exercised	-	-	-	-	-
Balance carried forward	142,000	142,000	142,000	142,000	142,000

2006 Stock Option Scheme

	Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
Options outstanding at the beginning of the period	261,860	2,000	271,860	-	-
Options granted	-	269,860	-	271,860	271,860
Options forfeited	(7,500)	-	(17,500)	-	-
Options exercised	-	-	-	-	-
Balance carried forward	254,360	271,860	254,360	271,860	271,860



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

(Amounts in Rupees)

	Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
Balance brought forward	8,612,011	6,421,209	12,028,674	2,261,081	2,261,081
Add: Recognised during the period	-	12,033,000	-	19,906,600	19,906,600
Less: Amortisation expense	1,386,862	2,283,288	4,803,525	5,831,960	8,377,407
Less: Reversal due to forfeiture	57,680	329,600	57,680	494,400	1,761,600
Balance carried forward	7,167,469	15,841,321	7,167,469	15,841,321	12,028,674

The Finance Act, 2007 included Fringe benefit Tax ("FBT") on Employees' Stock Option Plan. FBT liability crystallizes on the date of exercise of stock options.

6. Managerial Remuneration *

(Amounts in Rupees)

	Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
A. Managing Director					
Salary and perquisites	1,500,000	540,000	4,500,000	1,620,000	3,120,000
Contribution to provident and other funds	90,000	36,000	270,000	108,000	198,000
Commission	2,845,757	3,482,466	10,767,818	11,027,240	16,838,447
	4,435,757	4,058,466	15,537,818	12,755,240	20,156,447
B. Non Executive Directors					
Stock based compensation	-	1,278,422	312,723	3,404,493	3,492,076
Commission	1,001,951	-	3,283,069	-	650,000
Sitting fees	285,000	225,000	1,035,000	895,000	1,345,000
	1,286,951	1,503,422	4,630,792	4,299,493	5,487,076

*Note: The above remuneration does not include expense towards retirement benefits as the same is based on actuarial valuation/ estimates carried out for the Company as a whole.



7. Details of investments purchased and sold during the Nine Months ended December 31, 2007

Name of the investment	Face value Amount (Rupees)	Purchased during the period Quantity	Amount (Rupees)	Sold during the period Quantity	Amount (Rupees)
Reliance Liquid Plus Fund-Institutional-(Dividend)	1,000	98876	98,984,200	98,876	98,984,200
DWS Money Plus Fund-Institutional Plan-(Dividend)	10	5,072,460	50,766,192	5,072,460	50,766,192
Lotus India Liquid Plus Fund-(Dividend)	10				
ING Liquid Plus Fund-(Dividend)	10	12,179,036	121,830,554	12,179,036	121,830,554
AIG India Treasury Plus Fund-Institutional-(Dividend)	10	4,006,549	40,109,166	4,006,549	40,109,166
AIG India Treasury Plus Fund-Super Institutional-(Dividend)	10	10,010,024	100,210,353	10,010,024	100,210,353
ABN AMRO Money Plus-Institutional Plan-(Dividend)	10	1,508,181	15,081,958	1,508,181	15,081,958
UTI Fixed Maturity Plan Quarterly Series-Institutional-(Dividend)	10	2,032,725	20,327,246	2,032,725	20,346,557
Reliance Interval Fund Quarterly Plan-Series I- Institutional-(Dividend)	10	2,034,604	20,349,334	2,034,604	20,351,534
DSP Merrill Lynch Fixed Term Plan Series 1P -Institutional-(Dividend)	10	25,413	25,413,408	25,413	25,418,644
SBI Debt Fund Series-(Dividend)	10	1,524,986	15,249,855	1,524,986	15,249,855
Sundaram BNP Paribas Liquid Plus-(Dividend)	10	5,760,997	57,652,644	5,760,997	57,651,795
DWS Money Plus Fund-Regular-(Dividend)	10	1,999,263	20,044,407	1,999,263	20,044,407
Lotus India Liquid Plus Fund-(Dividend)	10	8,538,102	85,515,066	8,538,102	85,515,066
ING Fixed Maturity Fund-XXVI-(Dividend)	10	1,500,000	15,000,000	1,500,000	15,000,000
ABN AMRO Flexible Short Term Plan Ser C-(Dividend)	10	2,035,224	20,352,243	2,035,224	20,352,243
Sundaram BNP Paribas FTP Series XXIX-(Dividend)	10	2,543,718	25,437,175	2,543,718	25,437,175
Birla FTP-Quarterly-Series 14-Dividend-Payout	10	1,000,000	10,000,000	1,000,000	10,210,372
DSP Merrill Lynch FTP Plan Series 1N-(Dividend)	1,000	25,440	25,439,824	25,440	25,445,884
Kotak FMP 3M Series 20-(Dividend)	10	2,035,146	20,351,465	2,035,146	20,351,465
ICICI Prudential Liquid Plan-Super IP-(Dividend)	10	4,016,724	40,167,239	4,016,724	40,167,239
ICICI Prudential Flexible Income Plan-(Dividend)	10	1,901,293	20,103,319	1,901,293	20,103,319
Tata Liquidity Management Fund-(Dividend)	1,000	14,988	15,021,412	14,988	15,021,412
Standard Chartered Liquidity Manager-(Dividend)	1,000	30,104	30,109,551	30,104	30,109,551
HDFC Cash Management-Savin Plan-(Dividend)	10	941,913	10,018,559	941,913	10,018,559



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8. Most of the operations of the company are conducted through Software Technology Park ('STP'). Income from STP are tax exempt upto 31 March 2009.

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 liability can be carried forward and set off against the future tax liability. Accordingly a sum of Rs. 34,500,000 was carried forward and shown under "Loans and advances" in the balance sheet as at 31 December 2007.

9. 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 USA. 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 number of employees. 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. 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 put up 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. 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 December 31, 2007

Description	(Amounts in Rupees)						
	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	87,152,202	215,867,201	25,582,214	21,460,381	3,438,578	130,318,059	483,818,635
Expenses	73,536,227	149,591,515	16,644,934	13,963,085	2,237,293	84,790,763	340,763,817
Segment result	13,615,975	66,275,686	8,937,280	7,497,296	1,201,285	45,527,296	143,054,818
Unallocated corporate expenditure							54,512,768
Operating profit before taxation							88,542,050
Other income							9,602,809
Profit before tax							98,144,859
Provision for taxatic							
- current income ta							9,600,000
- MAT credit entitle							(9,600,000)
- fringe benefit tax							1,950,000
- deferred tax charg							(4,204,814)
- income tax for ear							-
Provision for wealt							70,040
Net profit after t							100,329,633



NUCLEUS SOFTWARE EXPORTS LTD.

For the quarter ended December 31, 2006

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	61,088,092	129,452,383	33,978,211	23,195,107	8,041,240	127,279,418	383,034,451
Expenses	60,415,899	85,347,378	18,895,402	12,898,880	4,471,762	70,780,528	252,809,849
Segment result	672,193	44,105,005	15,082,809	10,296,227	3,569,478	56,498,890	130,224,602
Unallocated corporate expenditure							35,451,514
Operating profit before taxation							94,773,088
Other income							13,992,865
Profit before tax							108,765,953
Provision for taxation							
- current income tax							300,000
- MAT credit entitlement							-
- fringe benefit tax							2,184,139
- deferred tax charge / (credit)							(463,002)
- income tax for earlier years							-
Provision for wealth tax							63,952
Net profit after taxation							106,680,864

For the nine months ended December 31, 2007

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	259,176,014	565,941,039	100,499,178	116,606,117	10,507,603	386,479,266	1,439,209,217
Expenses	227,873,228	375,245,876	62,677,786	72,644,222	6,587,644	241,618,619	986,647,375
Segment result	31,302,786	190,695,163	37,821,392	43,961,895	3,919,959	144,860,647	452,561,842
Unallocated corporate expenditure							136,292,148
Operating profit before taxation							316,269,694
Other income							63,144,350
Profit before tax							379,414,044
Provision for taxation							
- current income tax							43,500,000
- MAT credit entitlement							(34,500,000)
- fringe benefit tax							5,200,000
- deferred tax charge / (credit)							(1,962,622)
- income tax for earlier years							-
Provision for wealth tax							70,040
Net profit after taxation							367,106,626



NUCLEUS SOFTWARE EXPORTS LTD.

For the nine months ended December 31, 2006

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	171,991,415	347,784,914	97,273,603	104,548,589	38,256,840	285,200,702	1,045,056,065
Expenses	170,422,366	223,665,706	52,682,126	56,810,165	21,202,364	156,498,158	681,280,885
Segment result	1,569,049	124,119,208	44,591,477	47,738,424	17,054,476	128,702,546	363,775,180
Unallocated corporate expenditure							88,156,510
Operating profit before taxation							275,618,670
Other income							34,899,314
Profit before tax							310,517,984
Provision for taxation							
- current income tax							1,800,000
- MAT credit entitlement							-
- fringe benefit tax							4,494,139
- deferred tax charge / (credit)							543,520
- income tax for earlier years							86,355
Provision for wealth tax							63,952
Net profit after taxation							303,530,018

For the year ended March 31, 2007

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	254,783,999	481,373,097	132,092,576	137,387,530	46,678,869	412,989,417	1,465,305,488
Expenses	250,514,629	305,337,321	70,687,528	73,791,663	25,557,518	222,579,575	948,468,235
Segment result	4,269,370	176,035,776	61,405,048	63,595,867	21,121,350	190,409,842	516,837,253
Unallocated corporate expenditure							122,283,192
Operating profit before taxation							394,554,061
Other income							46,617,209
Profit before tax							441,171,270
Provision for taxation							
- current income tax							3,000,000
- MAT credit entitlement							-
- fringe benefit tax							6,124,139
- deferred tax charge / (credit)							2,879,983
income tax for earlier years							86,355
Provision for wealth tax							63,952
Net profit after taxation							429,016,841



NUCLEUS SOFTWARE EXPORTS LTD.

Assets and liabilities of reportable primary segment are as follows :

As at December 31, 2007

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Segment assets	119,804,624	181,536,333	42,362,399	15,577,822	6,027,408	271,678,542	636,987,128
Unallocated corporate assets							1,577,236,656
Total assets							2,214,223,784
Segment liabilities	62,409,985	119,452,216	11,882,796	118,920,283	1,597,200	70,374,063	384,636,543
Unallocated corporate liabilities							67,956,877
Total liabilities							452,593,420
Capital employed							1,761,630,364

As at December 31, 2006

(Amounts in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Segment assets	69,240,761	138,857,181	63,047,048	163,809	7,063,136	141,614,671	419,986,606
Unallocated corporate assets							1,303,073,044
Total assets							1,723,059,650
Segment liabilities	63,062,064	80,204,349	10,019,171	170,992,699	3,220,771	38,278,043	365,777,097
Unallocated corporate liabilities							43,690,143
Total liabilities							409,467,240
Capital employed							1,313,592,410

As at March 31, 2007

Description	India	Far East	Singapore	Europe	USA	Others	Total
Segment assets	84,522,577	182,454,257	63,495,771	193,346	14,356,692	199,053,440	544,076,083
Unallocated corporate assets							1,351,237,709
Total assets							1,895,313,792
Segment liabilities	52,401,988	182,969,784	16,924,961	136,428,141	3,247,217	43,333,493	435,305,584
Unallocated corporate liabilities							75,479,795
Total liabilities							510,785,379
Capital employed							1,384,528,413



NUCLEUS SOFTWARE EXPORTS LTD.

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

For the quarter ended December 31, 2007

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							12,073,177
Total capital expenditure							12,073,177
Depreciation expenditure (unallocated)							22,148,813
Total depreciation							22,148,813
Segment non-cash expense other than depreciation	759,928	581,012	1,488,605	239,897	9,255	4,704,874	7,783,571
Total non cash expenditure other than depreciation	759,928	581,012	1,488,605	239,897	9,255	4,704,874	7,783,571

For the quarter ended December 31, 2006

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							35,586,378
Total capital expenditure							35,586,378
Depreciation expenditure (unallocated)							13,169,120
Total depreciation							13,169,120
Segment non-cash expense other than depreciation	650,974	625,016	1,032,818	111,990	38,824	545,291	3,004,913
Total non cash expenditure other than depreciation	650,974	625,016	1,032,818	111,990	38,824	545,291	3,004,913

For the nine month ended December 31, 2007

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							102,264,761
Total capital expenditure							102,264,761
Depreciation expenditure (unallocated)							58,753,334
Total depreciation							58,753,334
Segment non-cash expense other than depreciation	2,184,069	1,569,090	3,962,838	504,944	29,138	5,551,478	13,801,557
Total non cash expenditure other than depreciation	2,184,069	1,569,090	3,962,838	504,944	29,138	5,551,478	13,801,557



NUCLEUS SOFTWARE EXPORTS LTD.

For the nine month ended December 31, 2006

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							89,473,437
Total capital expenditure							89,473,437
Depreciation expenditure (unallocated)							37,617,017
Total depreciation							37,617,017
Segment non-cash expense other than depreciation	1,562,318	1,611,352	2,296,763	593,961	1,341,256	1,780,915	9,186,565
Total non cash expenditure other than depreciation	1,562,318	1,611,352	2,296,763	593,961	1,341,256	1,780,915	9,186,565

For the year ended March 31, 2007

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							209,428,282
Total capital expenditure							209,428,282
Depreciation expenditure (unallocated)							51,981,831
Total depreciation							51,981,831
Segment non-cash expense other than depreciation	2,518,160	2,270,237	3,027,822	755,930	1,382,795	20,147,588	30,102,532
Total non cash expenditure other than depreciation	2,518,160	2,270,237	3,027,822	755,930	1,382,795	20,147,588	30,102,532

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.

10. Related party disclosures

a) List of related parties

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 EXPORTS LTD.

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

—Virstra i -Technology (Singapore) Pte. Ltd.

Other related parties with whom transactions have taken place during the period/year:

Key managerial personnel:

—Vishnu R Dusad (Managing Director)

b) Transactions with related parties

	<i>(Amounts in Rupees)</i>				
	Quarter ended		Nine Months ended		Year ended
	December 31,		December 31,		March 31,
	2007	2006	2007	2006	2007
i Software development, services and products					
- Nucleus Software Japan Kabushiki Kaiga.	136,280,940	57,445,836	379,234,636	192,132,042	257,804,780
- Nucleus Software Solutions Pte Ltd.	20,210,801	24,208,294	70,692,641	81,814,599	105,991,382
- Nucleus Software Inc.	2,922,488	7,484,765	8,463,564	36,892,199	43,811,715
- Others	3,750,000	4,514,049	12,158,118	12,281,441	16,879,145
ii Other income					
- Virstra i -Technology Services Limited	494,811	878,334	1,575,247	2,076,150	2,968,730
iii Managerial remuneration					
- Vishnu R Dusad (Managing director)	4,435,757	4,058,466	15,537,818	12,755,240	20,156,447
iv Reimbursement of expenses					
From wholly owned subsidiary companies :					
- Virstra i -Technology Services Limited	1,375,844	2,469,030	5,081,465	8,285,663	9,644,251
- Nucleus Software Solutions Pte Ltd	1,716,939	3,926,768	5,945,997	10,417,647	12,681,199
- Nucleus Software Japan Kabushiki Kaiga.	-	843,911	141,404	1,016,943	1,522,589
- Others	-	(14,043)	107,425	75,516	114,672
To wholly owned subsidiary companies:					
- Nucleus Software Solutions Pte Ltd.	926,777	904,183	2,640,063	4,647,332	5,320,419
- Nucleus Software Japan Kabushiki Kaiga.	-	5,452,271	-	16,213,621	21,157,010
- Others	-	20,229	187,797	352,459	498,123
v Cost of services hired					
- Nucleus Software Solutions Pte Ltd.	4,268,033	-	12,717,402	-	-



NUCLEUS SOFTWARE EXPORTS LTD.

vi Commission paid

To wholly owned subsidiary company

- Nucleus Software (Australia) Pty Ltd. -	235,578	560,502	705,005	781,918
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vii Interest received

From wholly owned subsidiary companies

- Nucleus Software Solutions Pte Ltd. -	-	-	71,559	71,559
- Nucleus Software Inc. -	64,705	120,149	307,397	369,501

viii Loans and advances

Repaid by wholly owned subsidiary company

- Nucleus Software Solutions Pte Ltd. -	-	-	5,824,000	5,824,000
- Nucleus Software Inc. 2,570,325	-	2,570,325	2,466,620	2,466,620

c) Outstanding balances as at period / year end

Outstanding balances at period/ year-end	As at December 31, 2007 (Rupees)	As at December 31, 2006 (Rupees)	As at March 31, 2007 (Rupees)
Loans and advances			
<i>To wholly owned subsidiaries</i>			
-Nucleus Software Solutions Pte Ltd.	790,321	7,261,012	8,842,354
-Virstra i -Technology Services Limited.	-	2,233,695	-
-Nucleus Software Inc.	-	3,964,432	3,916,548
-Nucleus Software Netherlands B.V	96,127	-	-
Debtors			
<i>Wholly owned subsidiaries</i>			
-Nucleus Software Japan Kabushiki Kaiga.	45,520,313	23,229,484	55,137,972
-Nucleus Software Solutions Pte Ltd.	19,546,411	37,573,051	43,832,933
-Nucleus Software Inc.	-	2,329,465	9,773,801
-Virstra i -Technology Services Limited.	6,095,715	-	-
-Others	6,603	164,784	90
Service income accrued but not due			
<i>Wholly owned subsidiary Company</i>			
-Nucleus Software Japan Kabushiki Kaiga.	44,447,910	27,410,549	7,669,406
-Nucleus Software Inc.	6,726,958	-	-
-Nucleus Software Solutions Pte Ltd.	2,714,067	-	-
Interest income accrued but not due			
<i>Wholly owned subsidiary Company</i>			
-Nucleus Software Inc.	-	190,025	249,389
Sundry creditors			
<i>Due to wholly owned subsidiaries</i>			
-Nucleus Software Japan Kabushiki Kaiga.	-	17,920,098	13,217,345
-Virstra i -Technology Services Limited.	-	-	374,027
-Nucleus Software (Australia) Pty Ltd.	928,616	604,244	651,723
<i>Advances from wholly owned subsidiaries</i>			
-Nucleus Software Japan Kabushiki Kaiga.	-	-	120,930,844



NUCLEUS SOFTWARE EXPORTS LTD.

	Quarter ended		Nine Months ended		Year ended
	December 31,		December 31,		March 31,
	2007	2006	2007	2006	2007
<i>(Amounts in Rupees)</i>					
11. Legal and professional (includes payment to auditors)					
Audit fees (includes service tax)	375,000	375,000	1,175,000	1,084,602	1,643,602
Other services	571,023	-	747,767	226,234	454,532
Out of pocket expenses	-	132,419	80,000	229,419	195,240
Total	946,023	507,419	2,002,767	1,540,255	2,293,374
12. CIF value of imports					
Capital goods	8,666,090	4,588,362	22,629,252	22,125,031	56,834,204
Total	8,666,090	4,588,362	22,629,252	22,125,031	56,834,204
13. Expenditure in foreign					
Travel expenses	31,250,468	26,915,728	89,255,120	72,052,834	101,862,483
Professional charges	1,484,822	274,380	5,097,900	323,624	808,164
Others	37,325,176	17,257,004	72,919,059	31,401,514	40,634,705
Total	70,060,466	44,447,112	167,272,079	103,777,972	143,305,352
14. Earnings in foreign currency					
Software development services and products	396,666,433	321,946,359	1,180,033,203	869,562,448	1,207,019,288
Consultancy services	-	-	-	3,502,200	3,502,200
Interest	1,749	66,517	125,580	384,070	448,326
Total	396,668,182	322,012,876	1,180,158,783	873,448,718	1,210,969,814
15. Dividend remitted in foreign currency					
Amount remitted (net of tax)					
Amount remitted (net of tax)					
Interim dividend (2007)	-	-	-	-	-
Final dividend (2006)	-	-	-	_*	_*
Number of shares held					
Interim dividend (2007)	-	-	-	-	252,020
Final dividend (2006)	-	-	-	786,111	786,111
Number of non-resident shareholders					
Interim dividend (2007)	-	-	-	-	178
Final dividend (2006)	-	-	-	175	175

*Dividend was remitted in Indian Rupees



(Amounts in Rupees)

	Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
16. Earnings per share					
Profit after taxation available to equity shareholders (Rupees)	100,329,633	106,680,864	367,106,626	303,530,018	429,016,841
Weighted average number of equity shares used in calculating basic earnings per share	32,366,672	32,232,624	32,356,343	32,225,013	32,273,966
Add: Effect of dilutive issue of shares	392,719	441,601	378,767	330,642	179,359
Weighted average number of equity shares used in calculating diluted earnings per share	32,759,391	32,674,225	32,735,110	32,555,655	32,453,325
Basic earnings per share (Rupees)	3.10	3.31	11.35	9.42	13.29
Diluted earnings per share (Rupees)	3.06	3.26	11.21	9.32	13.22

17. Capital commitments and contingent liabilities

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances) Rs.9,249,384 (Rs.77,107,629 ; Rs.56,579,872).
- b. 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 a non-cancellable operating lease. Operating lease rentals paid during the nine months ended December 31, 2007 is Rs.5,327,190 (Rs.Nil; Rs.1,224,157). The future minimum lease expense in respect of such leases is as follows:

	As at December 31, 2007 (Rupees)
Not later than 1 year	6,545,055
Later than 1 year but not later than 5 years	440,000
Later than 5 years	-
Total	6,985,055



NUCLEUS SOFTWARE EXPORTS LTD.

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

	Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
Salaries and allowances	202,532,351	150,093,051	614,402,694	409,128,767	549,715,294
Contribution to provident and other funds	11,411,048	8,128,953	32,213,513	21,333,138	29,527,112
Directors' remuneration (including stock compensation expense Rs.Nil; Rs.1,278,422; Rs.312,723; Rs.3,404,493; Rs.3,492,076)	5,722,708	5,579,690	20,168,610	17,072,535	25,643,523
Employee's stock compensation expenses	1,386,862	1,004,864	4,490,802	2,427,463	4,885,331
Staff welfare	3,661,887	3,372,236	10,055,281	8,389,017	12,865,517
Training and Recruitment	7,519,525	4,982,226	17,109,040	16,210,518	20,086,722
Software and other development charges	1,789,678	2,360,928	5,951,281	5,630,465	7,288,344
Cost of software purchased for delivery to clients	25,720,217	4,700,000	67,584,268	11,407,520	15,113,102
Travelling	45,459,529	35,902,879	124,252,731	93,778,904	135,238,325
Conveyance	4,392,879	3,805,884	11,605,276	8,288,168	13,268,483
Communication	4,890,481	3,491,432	12,971,035	12,965,891	16,409,707
Rent, Rates and Taxes	3,425,919	2,670,857	12,200,889	5,225,795	8,618,650
Legal and professional	7,691,089	4,389,052	21,248,432	15,887,407	22,703,238
Power and fuel	4,185,503	4,679,128	20,077,823	14,035,496	18,913,173
Repair and maintenance					
- Buildings	664,561	66,158	1,191,047	178,219	373,821
- Others	4,249,702	1,658,078	7,600,678	3,946,495	5,757,690
Advertisement and business promotion	2,877,339	1,968,856	10,449,095	6,457,040	8,850,949
Conference, exhibition and seminar	7,577,633	6,869,492	8,172,526	8,002,672	9,492,873
Information technology expenses	1,380,259	1,912,025	4,493,011	2,978,104	4,441,113
Advances and other current assets written off	2,801,772	-	2,801,772	281,510	290,466
Commission to channel partner	219,659	8,565,620	3,722,583	18,245,958	24,188,634
Provision for doubtful debts / advances / other current assets	3,594,937	721,626	6,196,060	3,073,097	21,435,709
Printing and stationery	881,256	1,291,944	5,002,699	2,557,215	3,600,444
Insurance	908,431	543,640	2,686,897	2,080,489	2,634,661
Bank charges	431,736	241,529	1,174,864	913,909	1,776,281
Miscellaneous expenses	8,612,160	2,733,638	16,839,587	7,166,161	8,900,804
	363,989,121	261,733,786	1,044,662,494	697,661,953	972,019,966



NUCLEUS SOFTWARE EXPORTS LTD.

- 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 financial year and expects such records to be in existence latest by October 2008 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.** The Company is in the process of compiling the requisite list of micro and small enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006' which has come into force recently and in the absence of information in this regard, the particulars required by the aforesaid Act have not been given
- 22.** Effective, 1st April 2006, the Company adopted revised Accounting Standard 15 on 'Employee Benefits'. Pursuant to the adoption, the transitional obligations of the Company amounted to Rs.9,981,145 (net of deferred tax amounting to Rs.1,018,855). As required by the standard, the obligation has been recorded with the transfer of Rs.9,981,145 to general reserve as on 1st April 2006.
- 23.** Previous period and year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current period and year.

For and on behalf of the Board of Directors

Lt. Gen T P Singh (Retd.)
Chairman

Vishnu R Dusad
Managing Director

Noida
January 20, 2008

P K Sanghi
Chief Financial Officer

Poonam Bhasin
Company Secretary



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

Basis of Preparation of the Financial Statements

The accompanying financial statements for the quarter ended December 31, 2007 have been prepared incorporating Accounting Policies of the parent Company under the historical cost convention, in compliance with Indian Generally Accepted Accounting Practices ("GAAP") in accordance with mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India and in compliance with the provisions of The Companies Act, 1956.

Use of Estimates

The consolidated financial statements include the accounts of the Company and its Subsidiary Companies. The preparation of the financial statements in conformity with GAAP requires that the management make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Examples of such estimates include expected contract costs to be incurred to complete software development, provision for doubtful debts, future obligations under employee retirement benefit plans and the useful lives of fixed assets. Actual results could differ from those estimates.



NUCLEUS SOFTWARE EXPORTS LTD.

Consolidated Balance Sheet as at December 31, 2007

All amounts in Rupees

Particulars	As at December 31, 2007	As at December 31, 2006	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	323,685,240	161,178,120	161,618,120
Advance pursuant to Stock Option Schemes	6,799,100	7,219,100	7,213,100
Reserves and Surplus	1,788,337,745	1,404,415,035	1,490,312,656
	2,118,822,085	1,572,812,255	1,659,143,876
Deferred Tax Liability	498,086	-	2,759,300
	2,119,320,172	1,572,812,255	1,661,903,176
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	928,192,086	616,519,140	685,421,855
Less: Accumulated depreciation	(349,431,206)	(246,371,598)	(265,565,579)
Net Block	578,760,880	370,147,541	419,856,276
Add: Capital work in progress (including capital advances)	1,480,408	82,614,454	130,833,322
	580,241,288	452,761,996	550,689,598
Investments	910,796,378	763,720,391	690,092,446
Deferred Tax Asset	-	479,649	-
Current Assets, Loans & Advances			
Sundry Debtors	487,829,856	371,881,471	552,623,005
Cash and Bank Balances	247,767,361	218,598,854	268,251,436
Loans and Advances	168,010,626	86,035,666	94,579,553
Other Current Assets	311,831,495	149,134,704	181,563,104
	1,215,439,337	825,650,694	1,097,017,098
Less : Current Liabilities & Provisions			
Current Liabilities	(522,213,941)	(409,024,183)	(625,138,250)
Provisions	(64,942,892)	(60,776,292)	(50,757,716)
	(587,156,832)	(469,800,475)	(675,895,966)
Net Current Assets	628,282,505	355,850,218	421,121,132
	2,119,320,171	1,572,812,254	1,661,903,176



NUCLEUS SOFTWARE EXPORTS LTD.

Consolidated Profit and Loss Account for the Quarter and Nine Months ended December 31, 2007

All amounts in Rupees

Particulars	For the Quarter ended December 31,		For the Nine Months ended December 31,		Year ended March 31,
	2007	2006	2007	2006	2007
	(Audited)				
Sales and Services	736,382,248	561,844,767	2,106,606,413	1,610,301,869	2,211,873,274
Software Development Expenses	434,674,568	316,813,034	1,283,349,846	929,248,300	1,251,060,641
Gross profit	301,707,680	245,031,733	823,256,567	681,053,569	960,812,633
Selling and Marketing Expenses	63,311,702	55,338,321	156,055,197	127,551,355	179,296,675
General and Administration Expenses	53,336,409	32,924,113	141,939,356	92,314,669	148,724,677
Operating Profit before Depreciation and Withholding tax	185,059,569	156,769,300	525,262,014	461,187,546	632,791,281
Depreciation	31,495,434	17,084,169	86,094,727	48,115,377	68,768,476
Withholding Taxes charged off	8,652,011	12,501,522	19,652,746	34,200,688	46,806,861
Operating Profit after Depreciation and Withholding Tax	144,912,125	127,183,608	419,514,540	378,871,480	517,215,944
Other Income	13,199,824	15,912,996	59,337,818	47,747,488	56,211,717
Profit before Taxation	158,111,948	143,096,604	478,852,357	426,618,967	573,427,661
Provision for Tax - current income tax	14,629,860	1,935,675	51,398,405	9,272,719	9,513,304
- MAT Credit Entitlement	(9,600,000)	-	(34,500,000)	-	-
- Fringe Benefit Tax	1,950,000	2,184,139	5,200,000	4,494,139	6,124,139
- Deferred Tax charge	(4,204,814)	(463,002)	(1,962,622)	719,265	3,955,757
- Income Tax for earlier year	-	-	1,418,846	86,355	2,298,081
Provision for Wealth Tax	70,040	63,952	70,040	63,952	63,952
Profit after Taxation	155,266,862	139,375,840	457,227,688	411,982,537	551,472,428
Profit available for appropriation					
Profit for the year	155,266,862	139,375,840	457,227,688	411,982,537	551,472,428
Add: Balance brought forward	1,070,788,809	654,280,437	768,827,982	381,673,741	381,673,741
Total amount available for appropriation	1,226,055,671	793,656,277	1,226,055,670	793,656,278	933,146,169
Final dividend	-	-	-	-	-
Interim dividend	-	-	-	-	56,407,092
Corporate dividend tax	-	-	-	-	7,911,095
Transferred to general reserve	-	-	-	-	100,000,000
Balance carried forward to the Balance Sheet	1,226,055,671	793,656,277	1,226,055,670	793,656,278	768,827,982
Earnings per share (par value Rs. 10 each)					
Basic	4.80	4.32	14.13	12.78	17.09
Diluted	4.74	4.27	13.97	12.65	16.99
Number of shares used in computing earnings per equity share					
Basic	32,365,472	32,232,624	32,356,343	32,225,013	32,273,966
Diluted	32,759,391	32,674,225	32,735,110	32,555,655	32,453,325



NUCLEUS SOFTWARE EXPORTS LTD.

Consolidated Cash Flow Statement for the Nine Months ended December 31, 2007

	All amounts in Rupees		
	For the Nine Months ended December 31, 2007	For the Nine Months ended December 31, 2006	For the Year ended March 31, 2007
A. Cash flow from operating activities			
Net profit before tax	478,852,357	426,618,967	573,427,662
Adjustment for:			
Depreciation	86,094,727	48,115,377	68,768,476
Exchange difference on translation of foreign currency accounts	(22,536,203)	1,984,265	6,968,085
Dividend received from non trade investments	(13,816,188)	(5,908,840)	(11,991,342)
Interest on fixed deposits	(779,227)	(2,085,434)	(2,348,378)
Profit on sale of investments	(24,624,815)	(23,233,432)	(23,269,833)
Amortisation of employees compensation expenses	4,803,525	5,831,957	8,377,407
Profit on sale of fixed assets (net)	(657,591)	(143,895)	(196,292)
Loss on assets discarded	-	-	-
Advances and other current assets written off	2,801,772	281,510	1,559,120
Provision for doubtful debts / advances	7,967,592	(6,693,051)	22,657,513
Operating profit before working capital changes	518,105,949	456,631,465	643,952,419
Decrease / (increase) in debtors	46,034,025	(141,869,057)	(347,939,201)
Decrease / (increase) in loans and advances	(31,085,443)	(41,947,419)	(43,915,179)
Decrease / (increase) in other current assets	(133,198,839)	(75,617,133)	(108,824,812)
(Decrease) / increase in current liabilities	(95,305,172)	71,671,154	273,351,065
	304,550,519	268,869,011	416,624,292
Direct taxes paid	(24,659,144)	(20,755,955)	(23,102,889)
Fringe benefit tax paid	(9,969,688)	(2,774,213)	(6,224,213)
Net cash from operating activities (A)	269,921,687	245,338,843	387,297,190
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress	(114,274,579)	(155,465,271)	(268,554,816)
Sale of fixed assets	2,560,333	2,020,793	2,206,704
Purchase of current investments	-	-	(1,769,021,154)
Proceeds on sale of current investments	(196,079,117)	(126,819,423)	1,715,866,077
Purchase of long term investment	-	-	-
Interest on fixed deposits	907,903	9,050,707	4,411,869
Tax paid	(1,867,677)	(2,613,330)	(2,688,257)
Dividend received from non trade investments	13,816,188	5,908,840	11,991,342
Net cash used in investing activities (B)	(294,936,949)	(267,917,685)	(305,788,235)
C. Cash flow from financing activities			
Dividend paid (including corporate dividend tax thereon)	-	(63,940,569)	(126,144,669)
Advance pursuant to employee stock option scheme	5,191,800	6,777,600	13,999,520
Net cash used in financing activities (C)	5,191,800	(57,162,969)	(112,145,149)
Net (decrease) / increase in Cash and Cash Equivalents	(19,823,461)	(79,741,811)	(30,636,194)
Opening Cash and Cash Equivalents	268,251,436	300,525,040	300,525,040
Effect of exchange rate change	(660,615)	(2,184,375)	(1,637,410)
Closing Cash and Cash Equivalents *	247,767,360	218,598,854	268,251,436

*include fixed deposits amounting to Rs.9,954,311 (Rs.9,149,266) under lien with bank on account of guarantees issued on behalf of the Company

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' issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalents consist of cash on hand and balances with scheduled banks / non-scheduled banks.



Management's Discussion and Analysis of Financial Condition and Results of Consolidated Operations of Nucleus Software Exports Ltd. and its 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.

A. COMPANY BACKGROUND

The Company was incorporated on January 9, 1989 as Nucleus Software Exports Private Limited (Nucleus) 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 on National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Madras Stock Exchange Ltd.

Over the last eighteen years Nucleus has built a distinguished reputation of providing innovative and comprehensive software solutions and products in the BFSI Vertical. The geographical spectrum of its clients is spread over 22 countries. 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 Singapore, Japan, USA, Australia, Hong Kong, Netherlands and India and a branch office in UK and UAE. Since 1995, the Company has deliberately chosen to develop software products and invested heavily in creation of intellectual property. The product offerings have been well received and Nucleus has carved out a special niche in Products for retail Lending Solutions and Cash management.

B. COMPANY STRENGTHS

The Company's business broadly consists of Development and Marketing of Software Products and Support 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 has been listed amongst the top '**15 most exciting emerging IT/BPO companies to work for**' by Nasscom.
- Nucleus Software has been listed among the '**Best 200 Under a Billion Companies in Asia**' (2007) by Forbes Asia magazine
- The Company's flagship product FinnOne™ was recognized as the "**No. 1 Best Selling Retail Lending Software**" by **IBS Publishing** for the year 2006.
- Nucleus Software was selected as one of the top 25 companies adopting "**Good Corporate Governance Practices**" by the Institute of Company Secretaries of India for year 2006 and 2007.
- Nucleus Software was adjudged as one of the fastest growing Company in **Asia Pacific under Deloitte Technology Fast 500 for the year 2007**.
- Nucleus Software conferred as **Partner of the Year - 2007, Fastest Growth in ISV by Oracle** at India Partner Forum 2007
- Nucleus Software was ranked amongst the Top 500 Most Valuable Companies in India by Business Today.
- Received the award for "**Excellence in Financial Reporting**" by the **Institute of Chartered Accountants of India (ICAI)** for financial year 2005. Our Annual Report has been adjudged as 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 was ranked **13th in Dataquest Top 20 Best Employers Survey 2006**. Survey was conducted by IDC-Dataquest amongst 200 IT employers across India
- Deloitte Touche Tohmatsu has, in 2004, rated Nucleus for the third consecutive year as one of the fastest growing Companies in its "**Deloitte Touche Tohmatsu Asia Pacific Technology Fast 500**" program.
- 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.
- Nucleus has received the best Partner award for "**Building World Class Loan Management Solution on 9iAS technology**" by Oracle Corporation in 2003

C. RISKS AND CONCERNS

Your Company operates in an environment, which has risks particular to the industry and certain generic risks. Some of the major risks encountered by your Company can be classified under following heads:

1.Revenue Concentration

a) Client Concentration

The Company is offering products and services to large international clients in the banking space. With increasing penetration of accounts and value added services for existing customers, revenues from individual clients become large. As per table given below, during the current quarter, we derived 69% of our revenues from the top 5 clients against 63% of revenues from the top 5 clients in the corresponding quarter of the previous year. Increased revenue from individual clients have an advantage of lower marketing costs, predictability of revenue, easier resource planning and focused relationships, which deliver customer satisfaction. At the same time, we are exposed to risks of the client reducing IT expenditure, reducing man month rates, reducing the size of engagement due to external factors etc. 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.



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We continuously monitor the health of our major accounts to monitor this risk and are committed to reduce the revenue from top 5 clients to 40 % of the total revenue in the medium term. The Company is continuously increasing its investment in marketing and brand building in other developed countries to sign new clients.

The following table provides historical data on client concentration (based on Indian GAAP)

	Quarter ended	
	December 31, 2007	December 31, 2006
Clients added during the Quarter	5	8
% of Revenue from the top-five clients	69%	63%
Clients accounting for > 10% of revenues	3	2

b) Geographical 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. More than 75% of our revenue is from India, South East Asia and the Far East. This increases the susceptibility of the 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)

Geographical Area	Quarter ended	
	December 31, 2007	December 31, 2006
India	11.33%	10.10%
Far East	53.44%	43.19%
South East Asia	12.25%	22.85%
Europe	2.97%	4.25%
USA and Canada	0.93%	1.40%
Middle East	8.79%	7.40%
Africa	6.11%	8.15%
Rest of the World	4.18%	2.65%

Success in different geographies is a function of:

- Maturity of the Banking and Financial Industry
- GDP of the country / region
- Our 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. As the Company's products find greater acceptance, we are confident that this risk will not be a constraint in the future.

c) Political Risk

Our subsidiaries are located in seven countries (Singapore, USA, Japan, Australia, Hong Kong, India, and Netherlands). 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 one country.



Our major operations are in India. Political environment in India has the greatest impact on our revenues. For the past few years India has witnessed a coalition government at the center. Withdrawal of support by any one or two parties can lead to political instability. However, 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 " Banking and Financial Services" space and offers Products and Services to large Banks and Financial Institutions. This is an Industry concentration with attendant risk of our performance being linked to the health of the financial system and the banking sector worldwide.

While acknowledging this risk, we currently continue to focus on this sector and are confident that our "Value" based solutions will find greater market success. It is our estimate that today our solutions service less than 0.25 % of global retail assets and this risk would be meaningful at a much higher market penetration and share.

2. Exchange rate fluctuation

The operating currency of the Parent Company is Indian Rupees. Majority of Company's expense (excluding expenses by Nucleus Software Solutions Pte Ltd, Singapore and our Japan and USA Subsidiaries) are also incurred in rupees, however around 90% of the Company's revenue are in foreign currency. With revenues being earned in foreign currency, and costs being in Indian rupees, adverse fluctuations of exchange rate could impact the profitability of the business.

There is a US \$ to INR fluctuation and simultaneously a cross currency exposure for other currencies. The exchange rate between the rupee and the dollar has been changing substantially, and your Company faces the risks associated with exchange rate fluctuations, wherein the appreciation of the rupee against foreign currency adversely impacts its profitability and operating results and vice versa.

This risk is selectively hedged by following a policy of covering our Receivables through a mixture of " Forward Contracts" and " Options". The use of these foreign exchange forward contracts reduces the risk or cost to the Company. The Company does not use foreign exchange forward contracts for trading or speculation purposes.

There is a reporting mechanism wherein every quarter, the success/shortfalls of the hedging strategy are reported to the Audit Committee and the policy is fine-tuned.

D. LIQUIDITY AND CAPITAL RESOURCES

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

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

RATIO	Quarter Ended	
	December 31, 2007	December 31, 2006
Days of sale receivable	61	61
Cash and Bank Balances as % of assets	11.69%	13.90%
Cash and Bank Balances as % of revenue	33.65%	38.91%
Current investments as % of assets	36.40%	39.69%
Current investments as % of revenue	104.76%	111.12%



E. FINANCIAL CONDITION

Results of Operations

	Rs. in crore				
For the Quarter Ended December 31,	2007	Rev. %	2006	Rev %	Growth %
Income from Software Products and Services	73.64	100.00	56.18	100.00	31.08
Software Development Expenses	43.47	59.03	31.68	56.39	37.22
Gross Profit	30.17	40.97	24.50	43.61	23.14
Selling and Marketing Expenses	6.33	8.60	5.53	9.84	14.47
General and Administration Expenses	5.33	7.24	3.29	5.86	62.01
Operating Profit Before Interest, Depreciation and Withholding Taxes	18.51	25.14	15.68	27.91	18.05
Depreciation	3.15	4.28	1.71	3.04	84.21
Withholding Taxes	0.87	1.18	1.25	2.22	(30.40)
Operating Profit After Interest, Depreciation and Withholding Taxes	14.49	19.68	12.72	22.64	13.92
Other Income	1.32	1.79	1.59	2.83	(16.98)
Profit Before Tax	15.81	21.47	14.31	25.47	10.48
Provision for Taxation	0.28	0.39	0.37	0.66	(23.54)
Profit After Tax	15.53	21.08	13.94	24.81	11.39

Revenue

The revenues of the Company are derived from software products and projects and services

The Company's consolidated revenue from operations for the quarter ended December 31, 2007 is Rs.73.64 crore as against Rs.56.18 crore for the quarter ended December 31, 2006, representing an increase of 31.08 %.

Details of the geographical segmentation, business segmentation and currency segmentation of income have been provided elsewhere in the report.

Expenditure

Software Development Expenses

Software development expenses primarily consist of compensation to our software professionals, expenses on travel to execute work at client site, consultancy charges, software development charges, cost of software purchased for delivery to clients, bandwidth and communication expenses and proportionate infrastructure charges. The Company incurred total software development expenses of Rs.43.47 crore at 59.03 % of revenue during the quarter ended December 31, 2007 against Rs.31.68 crore at 56.39% of revenue during the corresponding quarter of the previous year. Software development expenses have increased by 37.22 % in absolute terms, whereas revenue has increased by 31.08 %.

	Rs. in crore				
For the Quarter Ended December 31,	2007	Rev. %	2006	Rev %	Growth %
Employee Costs	27.74	37.67	22.20	39.52	24.95
Conveyance	0.35	0.48	0.32	0.57	9.38
Communication	0.49	0.67	0.46	0.82	6.52
Rent, Rates and Taxes	2.45	3.33	0.61	1.09	301.64
Legal & Professional	0.40	0.54	0.24	0.43	66.67
Repair & Maintenance	0.43	0.58	0.16	0.28	168.75
Training & Recruitment	0.70	0.95	0.49	0.87	42.86



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Bought out Software	4.08	5.54	0.47	0.84	768.09
Software Dev.	0.19	0.26	0.24	0.43	(20.83)
Travelling	4.23	5.74	4.05	7.21	4.44
Consultancy charges	1.45	1.97	1.51	2.69	(3.97)
Power & Fuel	0.44	0.60	0.50	0.89	(12.00)
Printing and stationery	0.02	0.03	0.01	0.02	100.00
Insurance	0.13	0.18	0.10	0.18	30.00
Advertisement	0.00	-	0.02	0.04	(100.00)
IT expenses	0.14	0.19	0.19	0.34	(26.32)
Conference, exhibition and seminar	0.02	0.03	0.00	-	-
Others	0.21	0.29	0.11	0.20	90.91
Total	43.47	59.03	31.68	56.39	37.22
Revenue	73.64	100.00	56.18	100.00	31.08

The Gross Margin consequently increased from Rs.24.50 crore to Rs.30.17 crore representing an increase of 23.14%.

Selling and Marketing Expenses

Our selling and marketing expenses comprise of compensation of sales and marketing personnel, travel, brand building (advertisement, conference, seminar, etc), 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 partner effort and building a global brand for its products.

The Company incurred selling and marketing expenses at 8.60% of revenue during the quarter ended December 31, 2007 against 9.84% of revenue during the corresponding quarter of previous year. In comparison to corresponding quarter of previous year, the selling and marketing expenses have increased by 14.47% in absolute terms.

For the Quarter Ended December 30,	2007	Rev. %	2006	Rev. %	Rs. in crore
					Growth %
Employee Costs	3.27	4.44	2.45	4.36	33.47
Conveyance	0.08	0.11	0.07	0.12	14.29
Communication	0.14	0.19	0.10	0.18	40.00
Rent, rates and taxes	0.22	0.30	0.15	0.27	46.67
Legal & Professional	0.16	0.22	0.08	0.14	100.00
Repair & Maintenance	0.02	0.03	0.01	0.02	100.00
Training & Recruitment	0.08	0.11	0.02	0.04	300.00
Adv & Business Promotion	0.30	0.41	0.17	0.30	76.47
Travelling	1.01	1.37	0.78	1.39	29.49
Channel Partner Payments	0.22	0.30	0.83	1.48	(73.49)
Power & Fuel	0.02	0.03	0.03	0.05	(33.33)
Printing and stationery	0.05	0.07	0.08	0.14	(37.50)
Insurance	0.01	0.01	0.02	0.04	(50.00)
Conference, exhibition and seminar	0.72	0.98	0.69	1.23	4.35
IT Expenses	0.01	0.01	0.01	0.02	0.00
Others	0.02	0.03	0.04	0.07	(50.00)
Total	6.33	8.60	5.53	9.84	14.47
Revenue	73.64	100.00	56.18	100.00	31.08



General and Administrative Expenses

Our general and administrative expenses comprise 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.

The Company incurred general and administrative expenses amounting to Rs.5.33 crore, 7.24% of revenue during the quarter ended December 31, 2007 against Rs.3.29 crore, 5.86% of revenue during the corresponding quarter of previous year

'Others' head consists of expenses incurred on maintenance, bank charges, insurance, miscellaneous expenses, IT expenses, loss on sale of fixed assets, conference, seminar and exhibition, etc.

In comparison to corresponding quarter of previous year administrative and other expenses have increased by 62%. The general and administrative expenses have increased due to increase in Employee Cost and higher charges on account of bad debts and other current assets provided and written off.

For the Quarter Ended December 31,	Rs. in crore				
	2007	Rev. %	2006	Rev. %	Growth %
Employee Costs	2.51	3.41	1.94	3.45	29.38
Conveyance	0.10	0.14	0.07	0.12	42.86
Communication	0.12	0.16	0.08	0.14	50.00
Rent	0.04	0.05	0.03	0.05	33.33
Rates & Taxes	0.05	0.07	0.10	0.18	(50.00)
Legal & Professional	0.40	0.54	0.33	0.59	21.21
Repair & Maintenance	0.12	0.16	0.06	0.11	100.00
Training & Recruitment	0.12	0.16	0.06	0.11	100.00
Adv & Business Promotion	0.02	0.03	0.04	0.07	(50.00)
Travelling	0.14	0.19	0.05	0.09	180.00
Consultancy charges	-	-	0.04	0.07	(100.00)
Power & Fuel	0.05	0.07	0.04	0.07	25.00
Printing and stationery	0.05	0.07	0.07	0.12	(28.57)
Insurance	0.02	0.03	0.01	0.02	100.00
Bank Charges	0.07	0.10	0.05	0.09	40.00
Conference, exhibition and seminar	0.01	0.01	-	-	-
IT Expenses	0.01	0.01	0.01	0.02	-
Bad Debts / other Current Assets written off or provided	0.80	1.09	0.03	0.05	N.A.
Others	0.70	0.95	0.28	0.50	150.00
Total	5.33	7.24	3.29	5.86	62.01
Revenue	73.64	100.00	56.18	100.00	31.08

Operating Profit

During the quarter ended December 31, 2007 the Company earned consolidated operating profit (profit before interest, depreciation and withholding tax) of Rs.18.51 crore representing 25.14 % of revenue as compared with Rs.15.68 crore representing 27.91% of revenue for the quarter ended December 31, 2006

Depreciation

Depreciation at Rs.3.15 crore on fixed assets is 4.28% of the revenue for the quarter ended December 31, 2007 as against Rs.1.71 crore, 3.04% of the revenue for the quarter ended December 31, 2006.

Withholding Taxes

Withholding taxes charged off represent withholding taxes charged to Profit and Loss Account during the quarter ended December 31, 2007, of Rs.0.87 crore (Rs.1.25 crore for the quarter ended December 31, 2006). These relate to taxes withheld by customers/subsidiaries on overseas transactions net of credits available against tax liabilities in India.



Other Income

Other Income primarily consists of income received in the form of dividends from non-trade investments, interest on fixed deposits, capital gains on sale of current investment, profit on sale of fixed assets and foreign exchange gains.

	(Rs. in crore)	
For the Quarter ended December 31,	2007	2006
On Investments:		
- Capital Gain	0.13	0.91
- Dividend	0.66	0.26
Interest Income	0.03	0.01
Foreign Exchange Fluctuation	(0.11)	(0.07)
Others	0.61	0.48
Total	1.32	1.59

Other income for the quarter ended December 31, 2007 is Rs.1.32 crore against Rs.1.59 crore for the quarter ended December 31, 2006.

Provision for Income Tax

The Company has made a provision for current tax of Rs.1.47 crore (Rs.0.20 crore for the quarter ended December 31, 2006), 2% of revenue, deferred tax income of Rs.(0.42) crore (Rs.(0.05) crore for the quarter ended December 31, 2006), fringe benefit tax of Rs.0.20 crore (Rs.0.22 crore for the quarter ended December 31, 2006). Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). A sum of Rs.0.96 crore is carried forward and shown under Loans & Advances in the Balance Sheet as at December 31, 2007 to be set off against future tax liabilities.

Net Income

During the quarter ended December 31, 2007, Company has earned a net profit of Rs.15.53 crore (Rs. 13.94 crore for the quarter ended December 31, 2006). The net profit represents 21.08% of revenue for the quarter ended December 31, 2007 as compared to 24.81% of revenue for the quarter ended December 31, 2006.

F. FINANCIALS

1. Share Capital

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

Share Capital of the Parent Company increased from 16,119,112 Equity Shares of Rs. 10/- each as on December 31, 2006 to 32,369,824 Equity Shares of Rs.10/- each as on December 31, 2007. Consequently, the paid up Share Capital increased from Rs.16.12 crore as on December 31, 2006 to Rs.32.37 crore as on December 31, 2007, including the amount in share forfeiture account

The increase is consequent to:

- Allotment of 68,400 (including 1,200 fully paid Equity Shares allotted as a result of Bonus issue effect on exercise of 1,200 options) fully paid up Equity Shares of Rs. 10/- each to employees and Non-Executive Directors of the Company in pursuance of stock options exercised in March 2007, July 2007 and October 2007.
- Allotment of 16,182,312 Equity Shares of Rs.10 each to the Equity shareholders of the Company in the ratio of 1:1 consequent to the Bonus issue in August 2007



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Paid-up Share Capital of the Subsidiaries as on December 31, 2007 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 account of the Parent Company.

Name of Subsidiary Company	Currency	As at December 31, 2007		As at December 31, 2006	
		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., 316,000 equity shares of Aus \$ 1 each	Aus \$	316,000	0.98	316,000	0.98
VirStra I-Technology Services Limited. India. 1,000,000 equity shares of Rs. 10 each	INR	-	1.00	-	1.00
Nucleus Software Netherlands BV. 1000 equity shares of Euro 100 each	Euro	100,000	0.54	100,000	0.54
Step down Subsidiary of Nucleus Software Exports Ltd.					
VirStra i - technology (Singapore) Pte Limited. 200,000 equity shares of S\$ 1 each	SGD	200,000	0.56	200,000	0.58

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

2. Reserves and Surplus

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

Particulars	(Rs.in crore)		
	Balance as on October 1, 2007	Additions/(Deletions) during the quarter	Closing Balance as on December 31, 2007
General Reserve	53.01	0.00	53.01
Securities Premium	2.01	0.04	2.05
Capital Reserve	0.17	0.01	0.18
Employee Stock Options (net of deferred employee compensation)	0.68	0.12	0.80
Foreign Currency Translation Reserve	0.07	0.12	0.19
Profit and Loss Account Balance	107.08	15.52	122.60
Total	163.02	15.81	178.83



3. Fixed Assets

As at December 31, 2007, gross block of fixed assets including investment in technology assets was Rs.92.82 crore (Rs.61.65 crore as on December 31, 2006). The increase in gross block of fixed assets is primarily on account of investment in technology assets, building, leasehold improvements, office equipments and furniture and fittings.

The net fixed assets after depreciation are Rs.57.88 crore as on December 31, 2007 compared to Rs. 37.01 crore as on December 31, 2006.

4. Current Investments

Current Investments of the Company as on December 31, 2007 was Rs.77.14 crore against Rs.62.43 crore as on December 31, 2006. All of them are in low risk liquid mutual funds in India.

- Rs.2.50 crore in Prudential ICICI FMP Series 34- One Year Plan B Institutional-Growth
- Rs.1.00 crore in ICICI Prudential Interval Fund II Quarterly Interval Plan-C -Dividend
- Rs.2.00 crore in ING Fixed Maturity -34-Institutional -Dividend
- Rs.1.01 crore in Birla Interval Income Fund -Quarterly series- 3-Dividend
- Rs.2.50 crore in ABN Amro FTP Series 5 Fourteen Month Plan Inst. Growth
- Rs.2.50 crore in ABN Amro FTP Series 8 yearly plan- A-Inst. Growth
- Rs.1.50 crore in HSBC Fixed term Series-27-Inst. Growth
- Rs.1.00 crore in HSBC Fixed term Series-28- Inst. Growth
- Rs.3.50 crore in HSBC Interval Fund-Plan 2- Inst. Dividend
- Rs.2.50 crore in Principal PNB Fixed Maturity Plan (FMP-37) -385 Days-Series IV-Mar 07 Institutional-Growth Plan
- Rs.1.09 crore in HDFC FMP 367 days April 2007 (5) Wholesale Plan-Growth
- Rs.9.51 crore in LICMF Liquid Plus Fund-Dividend
- Rs. 1.50 crore in Reliance Fixed Horizon Fund III- Annual Plan series I-Institutional Growth Plan
- Rs.1.50 crore in Reliance Fixed Horizon Fund III- Annual Plan series IV-Institutional Growth Plan
- Rs.2.50 crore in Kotak FMP 13 M series 2-institutional-plan-Growth
- Rs.2.02 crore in Kotak FMP 3 M series 26-Dividend
- Rs.1.00 crore in Reliance Fixed Horizon Fund VI- Series I-Institutional -Dividend
- Rs.2.50 crore in DWS fixed term fund series 24-Institutional Plan-Growth Option
- Rs.2.00 crore in DWS fixed term fund series 33-Institutional Plan-Growth
- Rs.1.00 crore in UTI Fixed Income Interval Fund-Quarterly Interval Plan-Dividend
- Rs.1.01 crore in UTI Liquid Plus Fund Institutional- Dividend
- Rs.0.75 crore in Standard Chartered Fixed maturity plan - yearly series 11-plan B- Growth
- Rs.2.54 crore in DSP Merrill Lynch Fixed Term Plan 3M Series 2-Institutional -Dividend
- Rs.6.50 crore in DSP Merrill Lynch Cash Plus-Retail -Dividend
- Rs.4.00 crore in Templeton Fixed horizon Fund series II-plan B-Institutional -Growth
- Rs.1.52 crore in ABN AMRO Flexible Short Term Plan Ser. C -Qly Div-Ren
- Rs. 2.04 crore in Reliance Quarterly Interval Fund-Series III-Institutional Dividend Plan
- Rs.1.00 crore in Reliance Interval Fund- Quarterly Plan Series II-Institutional Dividend Plan
- Rs.1.53 crore in Sundaram BNP Paribas Interval Fund Qty-Plan-A-Inst Div
- Rs.1.00 crore in DSP Merrill Lynch Fixed Term Plan Series 3D-Institutional -Growth
- Rs.2.50 crore in Lotus India FMP 375 Days Series II Inst. Growth
- Rs.1.00 crore in Lotus India FMP 3 Months Series XIX-Dividend
- Rs.1.00 crore in Lotus India Quarterly Interval Fund- Plan B-Dividend
- Rs.4.27 crore in DWS Credit Opportunity Cash Fund-Dividend
- Rs.1.85 crore in ING Liquid Plus Fund- Institutional Daily Dividend.



5. Other Long-Term Investment

- (a) Investment in 25,000 Equity Shares of face value of Rs. 100/- each in Ujjivan Financial Services Private Ltd.

Ujjivan Financial Services Private Ltd., has been promoted in the area of micro finance by a group of experienced professionals with banking and technology background.

- (b) During the quarter, the Company has exercised put option (subject to regulatory approval) on investments in equity shares of GMAC Financial Services India Limited. The investment of Rs.13.69 crore was made in October 2004.

6. Current Investments and Bank Balances

As of December 31,2007 the cash and bank balances stood at Rs.24.78 crore (Rs.21.86 crore as on December 31,2006) and current investments in Liquid Schemes and Fixed Maturity Plans of mutual funds were Rs.77.14 crore (Rs 62.43 crore on December 31,2006). As part of our financial policies, the Company believes in maintaining high level of liquidity as it provides immense support against contingencies and uncertainties. Cash and bank balance represent 11.69% and 13.90% of the total assets as on December 31, 2007 and December 31, 2006 respectively

(Rs. in crore)

As at	December 31, 2007	December 31, 2006
Cash and cheques in hand	0.02	0.79
Balances with Bank		
-In Current Accounts	23.82	20.27
-In Fixed Deposit Account	0.94	0.80
Total	24.78	21.86

7. Trade Receivables

Sundry Debtors amount to Rs.48.78 crore (net of provision for bad and doubtful debts) as on December 31, 2007 (Rs. 37.19 crore, net of provision for bad and doubtful debts as on December 31, 2006). In the opinion of the management all the trade receivables are recoverable.

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

As at	December 31, 2007	December 31, 2006
Less than 6 months	92.63%	97.16%
More than 6 months	7.37%	2.84%
Days of sale receivable	61	61

8. Loans and Advances

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. 5.69 crore as on December 31, 2007 (Rs.3.48 crore as on December 31, 2006).

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs.2.85 crore as on December 31, 2007 (Rs.1.99 crore as on December 31, 2006)

Prepaid expenses stood at Rs.2.94 crore as on December 31, 2007 (Rs.2.52 crore as on December 31, 2006).

Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). A sum of Rs.0.96 crore is carried forward and shown under Loans & Advances in the Balance Sheet as at December 31, 2007 to be set off against future tax liabilities.



The Parent Company has the following loan outstanding from the Subsidiary, it does not appear in the consolidated accounts, as it is contra in the consolidation.

Loan of US\$ 64,500 equivalent to Rs.0.28 crore, was outstanding on September 30, 2007 from the wholly owned Subsidiary, was fully repaid during the quarter ended December 31, 2007.

9. Current Liabilities

Sundry Creditors represent amounts payable for the supply of goods and services. The total amount of Sundry Creditors as on December 31, 2007 is Rs.27.96 crore (Rs.14.05 crore as on December 31, 2006).

Withholding tax payable represents the amount of liability 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 December 31, 2007 is Rs.1.92 Crore (Rs.2.07 crore as on December 31, 2006).

The amount of Unclaimed Dividend as on December 31, 2007 is Rs.0.11 crore (Rs.0.09 crore as on December 31, 2006).

Advances from customers as on December 31, 2007 is Rs.16.67 crore (Rs.21.40 crore as on December 31, 2006). 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 later date.

Other liabilities represent amounts accrued for statutory dues related to taxes and staff benefits etc. The total amount of other liabilities as on December 31, 2007 is Rs 5.57 crore (Rs.3.29 crore as on December 31, 2006).

10. Provisions

Provisions at Rs.6.49 crore as on December 31, 2007 (Rs.6.08 crore as on December 31, 2006) include provision for taxation, gratuity and leave encashment.

The break-up of provision at the quarter end is given below:

	<i>(Rs. in crore)</i>	
Provisions	As on December 31, 2007	As on December 31, 2006
Gratuity	2.89	2.29
Leave encashment	3.60	3.58
Taxation (Net of Advance Tax)	-	-
Fringe Benefit Tax	-	0.21
Dividend	-	-
Dividend Tax	-	-
Total	6.49	6.08



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

Financial reporting for the first
quarter ending June 30, 2007 July 25, 2007

Financial reporting for the second quarter
ending September 30, 2007 October 28, 2007

Financial reporting for the third quarter
ending December 31, 2007 January 20, 2008

Financial results for the year ending
March 31, 2008 between 21st to 30th of April 2008
(tentative and subject to change)
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.
 - 96.64 % of the Company's equity shares are in demat form
 - The Company had 12,756 shareholders as on December 31, 2007.
 - 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.



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

<i>Financial Year</i>	<i>Divided (%)</i>	<i>Dividend Per Share in Rs.</i>	<i>Dividend Pay Out in Rs. Crore</i>
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 Board had not recommended any dividend prior to financial years 2000-2001.

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

- 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 Sharjah, 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
Oct-07	318.95	323.60	260.05	293.30	665,094	323.90	323.90	243.00	292.50	1,335,216
Nov-07	297.95	352.00	265.00	317.80	725,954	295.45	344.00	236.65	319.05	1,177,505
Dec-07	322.00	414.00	315.50	364.25	553,429	319.05	416.00	319.05	365.85	1,338,546

1. The highest share price of the Nucleus scrip at Bombay Stock Exchange Ltd. was Rs 414.00 in December 2007 and the lowest share price was Rs. 260.05 in October 2007.

2. The highest share price of the Nucleus scrip at National Stock Exchange was Rs. 416.00 in December 2007 and the lowest share price was Rs. 236.65 in November 2007.



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

During Quarter Ended	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March 31, 2007	1198.75	642.00	1200.95	655.00
June 30, 2007	1156.00	908.20	1124.40	908.10
September 30, 2007 @	533.5	314.00	532.00	309.00
December 31, 2007	414.00	260.05	416.00	236.65

@ The shares of the Company got ex-price on August 3, 2007 as the Company declared Bonus issue on July 6, 2007 in the Annual General Meeting in the ratio of 1:1 and for the purpose of allotment of Bonus shares, August 6, 2007 was fixed as record date.

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 3,12,78,753 shares (96.64% of the paid up share capital) as at December 31, 2007.

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. 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.

<i>S. No.</i>	<i>Nature of Requests</i>	<i>Received</i>	<i>Attended</i>	<i>Pending</i>
1.	Revalidation of Dividend Warrants	13	13	0
2.	Issue of Duplicate Share Certificates	1	1	0
3.	Request for Stop Transfer	0	0	0
4.	Non receipt of Securities / Share Certificates	11	11	0
5.	Demat Queries	25	25	0

The Company has attended to most of the investors' grievances/correspondence within a period of 15 days from the date of receipt of the same, during the quarter.

11. Legal Proceedings

There are two legal proceedings pending against the Company Court. With one of them relating to termination of employment and one relating to stamp duty.

12. Distribution of Shareholding

As on December 31, 2007

<i>No. of equity shares held</i>	<i>No. of shareholders</i>	<i>% of share holders</i>	<i>No. of shares</i>	<i>% of share holding</i>
1 - 500	11,038	86.53	10,59,592	3.27
501 - 1000	859	6.73	6,32,269	1.95
1001 - 2000	379	2.97	5,74,618	1.78
2001 - 3000	140	1.10	3,60,932	1.12
3001 - 4000	66	0.52	2,42,676	0.75
4001 - 5000	51	0.40	2,40,009	0.74
5001 - 10000	98	0.77	6,76,933	2.09
10001 and above	125	0.98	2,85,79,995	88.30
TOTAL	12,756	100.00	3,23,67,024	100.00

13. Categories of Shareholders

As on December 31, 2007

<i>Category</i>	<i>No. of shareholders</i>	<i>Voting Strength (%)</i>	<i>No. of shares held</i>
Promoter and Promoter Group	11	59.55	19,275,190
Individuals	11,764	17.58	56,90,509
Bodies Corporate	589	6.08	1,966,622
Non-Resident Indians	236	1.54	4,99,033
Foreign Institutional Investors	24	9.57	30,96,070
Mutual Funds	11	5.47	17,70,193
FIs/Banks	3	0.07	24,000
Clearing Members and Trusts	118	0.14	45,407
Total	12,756	100.00	32,367,024



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 1,677 people as on December 31, 2007 as compared to 1,429 people on December 31, 2006.

Distribution of the employees is:

As at	December 31, 2007		December 31, 2006	
Technical Staff	1,434	85.31%	1,229	86.00%
Non-Technical Staff including Business Development Group	243	14.69%	200	14.00%
The gender classification of employees is:				
Male	1,315	78.47%	1,087	76.07%
Female	362	21.53%	342	23.93%
Total	1,677	100.00%	1,429	100.00%

The age profile of employees is:

As at	December 31, 2007		December 31, 2006	
Between 20 and 25 years	390	23.20%	417	29.18%
Between 26 and 30 years	700	41.64%	562	39.33%
Between 31 and 40 years	523	31.11%	391	27.36%
Between 41 and 50 years	51	3.03%	44	3.08%
51 years and above	13	1.01%	15	1.05%
Total	1,677	100.00%	1429	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 Delivery	Tel:++91 (120) 2403981 E Mail: rp@nucleussoftware.com
P 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 Sales & Marketing	Tel:++91 (120) 2403979 E Mail: niraj@nucleussoftware.com
Poonam Bhasin Company Secretary	Tel:++91 (120) 2403960 E Mail: poonam@nucleussoftware.com



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Consolidated Segment Information of Nucleus Software Group

(Rs. in Crore)

REVENUE BY	Quarter Ended		Nine Months Ended		Year Ended	
	December 31, 2007	% of Revenue	December 31, 2007	% of Revenue	March 31, 2007	% of Revenue
GEOGRAPHICAL SEGMENTS						
India	8.34	11.33	24.70	11.73	23.81	10.76
Far East	39.36	53.44	103.43	49.10	95.52	43.19
South East Asia	9.02	12.25	30.56	14.51	46.46	21.01
Europe/UK	2.18	2.97	11.77	5.59	13.87	6.27
USA & Canada	0.68	0.93	2.84	1.35	6.84	3.09
Middle East	6.47	8.79	23.12	10.98	15.31	6.92
Africa	4.50	6.11	7.47	3.55	12.41	5.61
Rest of the World	3.09	4.18	6.77	3.21	6.97	3.15
TOTAL	73.64	100.00	210.66	100.00	221.19	100.00
CURRENCY SEGMENTS						
Indian Rupee	8.34	11.33	24.70	11.73	23.81	10.76
Japanese Yen	2.83	3.84	9.78	4.64	12.82	5.80
Singapore \$	7.16	9.72	20.59	9.77	31.14	14.08
US \$	54.75	74.35	154.80	73.48	151.35	68.43
Malaysian Ringgit	-	-	0.23	0.11	1.70	0.77
Australian \$	-	-	-	-	0.02	0.01
Euro	0.56	0.76	0.56	0.27	0.35	0.16
TOTAL	73.64	100.00	210.66	100.00	221.19	100.00
BUSINESS SEGMENTS						
Product	51.74	70.26	145.07	68.86	119.76	54.15
Projects	19.84	26.95	59.79	28.38	88.55	40.03
Professional Services	2.06	2.79	5.80	2.75	12.88	5.82
TOTAL	73.64	100.00	210.66	100.00	221.19	100.00

BUSINESS SEGMENTS



QUARTER ENDED DECEMBER 31, 2007



YEAR ENDED MARCH 31, 2007



Ratio-Analysis

Particulars	CONSOLIDATED PERFORMANCE				
	For the Quarter ended		For the Nine Months ended		Year ended
	December 31,		December 31,		March 31,
	2007	2006	2007	2006	2007
Ratios-Financial Performance					
Export Revenue/ Revenue (%)	88.67%	89.90%	88.23%	90.07%	89.24
Domestic Revenue/ Revenue (%)	11.84%	10.87%	12.30%	10.68%	10.76
Gross Profit/ Revenue (%)	40.97%	43.61%	39.08%	42.29%	43.44
Software Development Expenses/ Revenue (%)	59.03%	56.39%	60.92%	57.71%	56.56
Selling and Marketing Expenses/ Revenue (%)	8.60%	9.85%	7.41%	7.92%	8.11
General and Administrative Expenses/ Revenue (%)	7.24%	5.86%	6.74%	5.73%	6.72
Total Operating Expenses/ Revenue (%)	74.87%	72.10%	75.07%	71.36%	71.39
Operating Profit/ Revenue (%)	25.13%	27.90%	24.93%	28.64%	28.61
Depreciation/ Revenue (%)	4.28%	3.04%	4.09%	2.99%	3.11
Other Income/ Revenue (%)	1.79%	2.83%	2.82%	2.97%	2.54
Tax/ Revenue (%)	0.39%	0.66%	1.03%	0.91%	0.99
Tax/ PBT (%)	1.80%	2.60%	4.52%	3.43%	3.83
PAT from Ordinary Activities/ Revenue	19.30%	21.97%	18.89%	22.62%	22.39
PAT from Ordinary Activities/ Net Worth	6.73%	7.89%	18.84%	23.27%	29.98
ROCE(PBIT/Average Capital Employed) (%)	7.75%	9.53%	23.48%	15.63%	40.74
RONW (PAT/Average Net Worth) (%)	7.64%	9.32%	22.49%	30.28%	39.29
Ratios Balance Sheet					
Debtors Turnover (Days)	61	61	64	64	91
Asset Turnover Ratio	0.35	0.36	0.99	1.02	1.33
Current Ratio	2.07	1.76	2.07	1.76	1.62
Cash and Equivalents/Total Assets (%)	48.09%	53.59%	48.09%	53.59%	49.28
Cash and Equivalents/ Revenue (%)	138.40%	150.03%	48.38%	52.35%	37.02
Depreciation/Average Gross Block(%)	3.42%	2.82%	9.35%	8.61%	11.59
Technology Investment/ Revenue (%)	1.72%	1.79%	3.02%	2.34%	3.02
Ratios - Growth					
Growth in Export Revenue (%)	29.28%	58.60%	28.15%	58.52%	48.12
Growth in Revenue (%)	31.06%	50.24%	30.82%	51.97%	49.40
Operating Expenses Growth (%)	36.10%	48.22%	37.61%	54.63%	53.42
Operating Profit Growth (%)	18.04%	55.73%	13.89%	45.73%	40.22
PAT Growth (%)	11.40%	58.10%	10.98%	57.36%	48.71
EPS Growth (%)	11.11%	58.14%	10.56%	57.16%	48.52
Per- Share Data (Period End)*					
Earning Per Share from Ordinary Activities (Rs.)	4.39	3.83	12.29	11.30	15.32
Earning Per Share (Including Other Income) (Rs.)	4.80	4.32	14.13	12.78	17.06
Cash Earning Per Share from Ordinary Activities (Rs.)	5.36	4.36	14.95	12.79	17.45
Cash Earning Per Share (Including Other Income) (Rs.)	5.77	4.85	16.79	14.27	19.19
Book Value (Rs.)	65.25	48.57	65.25	48.57	51.11
Price/Earning (Annualized)	19.07	19.73	19.42	20.02	28.04
Price/ Cash Earning (Annualized)	15.85	17.57	16.35	17.93	24.93
Price/Book Value	5.61	7.02	5.61	7.02	9.36

*Adjusted for Bonus Shares in the ratio of 1:1 allotted on 8th August 2007.

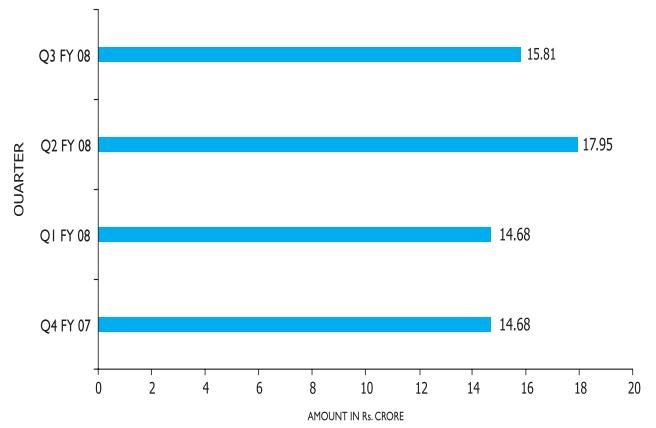
- Notes:**
- 1) While calculating the consolidated figures of group, inter group transactions have been ignored.
 - 2) Cash and Equivalents includes cash and bank balances and current investments.
 - 3) Per Share Data has been calculated using closing price of the share on NSE as Rs.365.85 for the quarter/nine months ended December 31, 2007, Rs.341.18 (post-bonus price) for the quarter/nine months ended December 31, 2006 and Rs.478.45 (post-bonus price) for the year ended March 31, 2007.



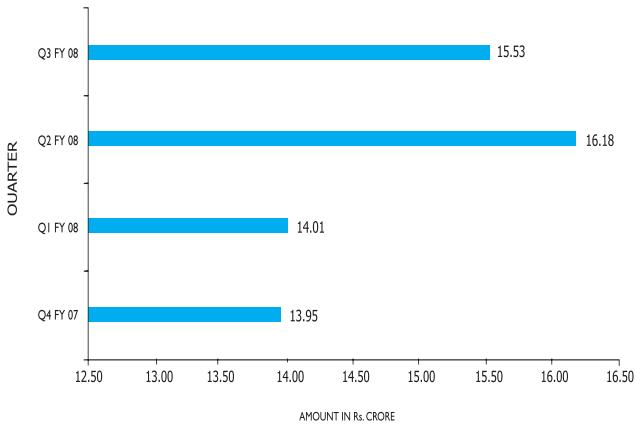
REVENUE FROM OPERATIONS



PROFIT BEFORE TAX



PROFIT AFTER TAX



EARNING PER SHARE

