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Nucleus Software Exports Limited.

Rs. In Crore, except per share data

FINANCIAL HIGHLIGHTS

Particulars	Consolidated Performance				
	Quarter ended September 30,		Half Year Ended September 30,		For the Year Ended March 31, 2009
	2009	2008	2009	2008	
Revenue from Operations	70.75	75.46	151.29	158.35	328.40
Operating Profit (EBITDA)	11.95	8.40	27.98	22.59	49.60
Profit after Tax (PAT)	9.88	4.07	20.01	12.10	32.26
EBITDA as a % of Revenue from Operations	16.89%	11.13%	18.49%	14.27%	15.10%
PAT as a % of Revenue from Operations	13.96%	5.39%	13.23%	7.64%	9.82%
EPS	3.05	1.26	6.18	3.74	9.97
Dividend Per Share	-	-	-	-	2.50
Dividend Payout	-	-	-	-	8.09
At the end of the Period	As at				
			30-Sep-09	30-Sep-08	March 31, 2009
Share Capital			32.37	32.37	32.37
Reserves and Surplus			229.72	195.89	207.93
Net Worth			262.09	228.26	240.30
Total Assets			262.70	229.13	241.16
Net Fixed Assets			58.58	69.97	64.21
Investments			31.04	72.10	16.29
Current Assets			238.56	163.70	238.44
Cash and Cash Equivalents			129.52	90.06	122.18
Working Capital			170.86	85.62	158.89
Market Capitalisation			372.26	335.19	164.60
No. of Shareholders			17,972	12,762	13,266
No. of Shares (Face Value of Rs.10.00)			32,370,024	32,370,024	32,370,024

Notes:

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

FINANCIAL HIGHLIGHTS

All figures in USD'000 except per share data

	Consolidated Performance				
	Quarter ended September 30,		Half Year Ended September 30,		Year Ended
	2009	2008	2009	2008	March 31, 2009
For the Period					
Revenue from Operations	14,201	17,007	30,367	35,689	72,287
Operating Profit (EBITDA)	2,399	1,893	5,616	5,091	10,920
Profit after Tax (PAT)	1,983	917	4,016	2,727	7,101
EBITDA as a % of Revenue from Operati	16.89%	11.13%	18.49%	14.27%	15.11%
PAT as a % of Revenue from Operations	13.96%	5.39%	13.23%	7.64%	9.82%
EPS	0.06	0.03	0.12	0.08	0.22
Dividend Per Share	-	-			0.06
Dividend Payout	-	-			1,781
Particulars	As at				
			30-Sep-09	30-Sep-08	March 31, 2009
Share Capital			6,728	6,892	6,380
Reserves and Surplus			47,749	41,705	40,980
Net Worth			54,477	48,597	47,359
Total Assets			54,604	48,782	47,529
Net Fixed Assets			12,176	14,897	12,655
Investments			6,452	15,350	3,210
Current Assets			49,586	34,852	46,993
Cash and Cash Equivalents			26,922	19,174	24,080
Working Capital			35,514	18,229	31,315
Market Capitalisation			77,376	71,363	32,440

Note:

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the year/quarter.
- 2.) While Calculating the figures of group, intergroup transactions have been ignored.
- 3.) For the Quarter ended September 30th 2009, the revenue and expenditure items have been translated at an average rate of Rs. 49.82/US\$ and balance sheet items at a quarter ended rate of Rs.48.11/US\$, against an average revenue and expenditure conversion rate of Rs. 44.37/ \$ and balance sheet rate of Rs. 46.97\$ for September 30th 2008.

Letter to the Shareholders

Dear Shareholder,

I am pleased to share with you the performance of your Company for the second quarter and half year of the financial year 2009-10. Before I update you on the financial results, I take immense pride in sharing with you that Forrester Research has recognized Nucleus Software for its banking platform deals in 2008. The Company has also been recognized by Forrester Research, as an industry vertical specialist in their recent report "Working with Tier Two Offshore Providers".

In terms of financial performance, consolidated revenue for the quarter was Rs. 70.75 crore against Rs. 75.46 crore in the corresponding quarter previous year. Our total operating expense reduced by 12.32% to Rs.58.80 crore, against Rs..67.06 crore in the corresponding quarter previous year, and we are moving towards achieving a 10% reduction in overall expense for the year while endeavoring to maintain revenue base. Consequently, with the reduction in expenses, despite the fall in revenue, EBITDA increased by 42.26 % to Rs.11.95 crore (16.89% of revenue) against Rs..8.40 crore (11.13% of revenue) in the corresponding quarter previous year. With decrease in depreciation, a foreign exchange gain and no withholding tax, net profit after tax (PAT) increased to Rs. 9.88 crore, against Rs. 4.07 crore in the corresponding quarter previous year. Earning per share for the quarter was Rs. 3.05 against Rs.1.26 in the corresponding quarter previous year.

For the half year, consolidated revenue was Rs. 151.29 crore against Rs. 158.35 crore in the corresponding half-year period in the previous year. Our total operating expense reduced by 9.18% to Rs.123.30 crore in comparison to Rs.135.77 crore in the corresponding half-year period in the previous year. Consequently, with the reduction in expenses, despite the fall in revenue, EBITDA increased by 23.86 % to Rs. 27.98 crore (18.49% of revenue) against Rs. 22.58 crore (14.26% of revenue) in the corresponding half-year period in the previous year. With decrease in depreciation, foreign exchange loss and withholding tax, net profit after tax (PAT) increased to Rs.20.01 crore, against Rs. 12.10 crore in the corresponding half-year period in the previous year. Earning per share for the quarter was Rs. 6.18 against Rs. 3.74 in the corresponding half-year of the previous year. Though we saw a drop

in top line, we have endeavored to maintain net profit by curtailing expense and converting fixed costs to variable costs.

The Product business revenue was Rs.39.07 crore against Rs.52.10 crore in the corresponding quarter previous year. This includes Rs. 37.70 crore of product revenue from own business against Rs. 49.58 crore in the corresponding quarter previous year. The Company continues to focus and invest on development of niche Banking Products. For the half year, Product business revenue was Rs. 86.38 crore against Rs. 109.36 crore in the corresponding half-year of the previous year. This includes Rs.79.29 crore of product revenue from own business against Rs.97.10 crore corresponding half-year of the previous year.

Operating cash flow after working capital changes for the quarter was at Rs.11.56 crore. Receivables were at Rs.75.58 crore against Rs.73.55 crore as on June 30, 2009. The Company continues to enjoy a high level of liquidity. 'Cash and Bank balances' and 'Current Investments' were at Rs.129.52 crore against Rs.136.82 crore as on June 30, 2009.

We had a hedging position of US \$ 9.10 million, in September 30, 2009 at an average rate of Rs. 47.63 and we are now covering close to our India receivables. This includes US \$ 1.60 million of options which are marked to market at a rate of Rs. 48.11 and US \$ 7.50 million of forwards, and there is a mark-to-market gain of about Rs. 27 lakhs is in the hedging reserve.

This quarter we added 3 new customers and bagged 5 product orders for implementing 20 product modules, from the leading financial institutions in India, Middle East, Africa, South East Asia and Japan. This region has immense potential in terms of growth in the banking sector and institutions, both large and small, are increasingly realizing the importance of technology in enhancing businesses. During the quarter, we successfully implemented 25 product modules across the globe. In terms of the half- year, we won 16 product orders for 56 product modules. We added 10 new customers and successfully implemented 43 product modules across the globe. We have added 4 new channel partners and have also been successful in closing our first two orders from US market for our payments product. Substantial

number of prospects have been created in LATAM and Europe and we expect these markets to start generating good results. We also participated in many events this quarter. SIBOS, the largest banking event at Hong Kong ; 4th Middle East Retail Banking event in Dubai and 6th CEE retail banking event at Vienna.

During the last quarter, we have started work on new countries for GMAC and we continue to intensify our focus on process implementation. We have strengthened our processes and foundation. To keep pace with emerging trends across the globe, a number of product releases have been done and some new developments have been initiated. A new Java version of Cash@Will, the cash management product, was released during the quarter. This product is also being upgraded to add "Financial supply chain" functionality. It is pertinent to mention that some of the recent modules released such as Forecaster / Lead Management / Customer Service module and Dealer Funding have started gaining high visibility and a number of orders have been won for these modules.

The quarter gone by, has been very challenging from the HR perspective, as we planned to manage most of our requirements with internal resource movements. Selective hiring continued for skills not available internally. Manpower numbers at the end of the quarter are 1805.

Our continued focus on intellectual property led business and innovation in product development has augmented our capability to serve our clients in a competitive marketplace. This would not have been possible without the dedicated hard-work of Nucleites, guidance of our Board Members and well-wishers, support of our customers, business associates and shareholders.

Vishnu R Dusad

Chief Executive Officer & Managing Director

Date: October 25, 2009

Auditor's Report On Quarterly Financial Results and Year to Date Results of the Nucleus Software Exports Ltd. pursuant to the Clause 41 of the Listing Agreement

To

Board of Directors of Nucleus Software Exports Ltd.

We have audited the quarterly financial results of Nucleus Software Exports Ltd. ("the company") for the quarter ended 30 September 2009 and the year to date results for the period 1 April 2009 to 30 September 2009, attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, prescribed by Companies (Accounting Standard) Rules 2006 and other accounting principles generally accepted in India.

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

In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

- (i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the quarter ended 30 September 2009 as well as the year to date results for the period from 1 April 2009 to 30 September 2009.

Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.

*for B S R & Co.
Chartered Accountants*

Place: Noida
Date: 25 October 2009

Jiten Chopra
Partner
Membership No.: 092894

Nucleus Software Exports Ltd.

Balance Sheet as at 30 September 2009

		As at 30 September 2009 (Rupees)	As at 31 March 2009 (Rupees)
Sources of funds			
Shareholders' funds			
Share capital	1	323,715,240	323,715,240
Advance pursuant to stock option schemes		4,530,100	5,999,100
Reserves and surplus	2	1,996,036,064	1,727,290,025
		<u>2,324,281,404</u>	<u>2,057,004,365</u>
		<u>2,324,281,404</u>	<u>2,057,004,365</u>
Application of funds			
Fixed assets			
Gross block	3	880,328,388	885,944,866
Less: Accumulated depreciation		(438,971,629)	(393,789,994)
Net block		441,356,759	492,154,872
Add: Capital work in progress (including capital advances)		-	919,233
		<u>441,356,759</u>	<u>493,074,105</u>
Investments	4	444,762,311	296,293,234
Deferred tax asset (refer note 3, schedule 16)		19,361,693	14,721,892
Current assets, loans and advances			
Sundry debtors	5	505,986,235	512,700,324
Cash and bank balances	6	830,418,345	824,813,049
Loans and advances	7	180,316,646	169,103,521
Other current assets	8	370,338,699	302,072,562
		<u>1,887,059,925</u>	<u>1,808,689,456</u>
Less: Current liabilities and provisions			
Current liabilities	9	(366,887,682)	(370,679,290)
Provisions	10	(101,371,602)	(185,095,032)
		<u>(468,259,284)</u>	<u>(555,774,322)</u>
Net current assets		1,418,800,641	1,252,915,134
		<u>2,324,281,404</u>	<u>2,057,004,365</u>
		<u>2,324,281,404</u>	<u>2,057,004,365</u>

Significant accounting policies and notes 16

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

As per our report of even date attached

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

For and on behalf of the Board of Directors

Jiten Chopra
Partner
Membership No.: 092894

Janki Ballabh
Chairman

Vishnu R Dusad
Managing Director

Nucleus Software Exports Ltd.
Profit and Loss Account for the quarter and half year ended 30 September 2009

Schedule	For the quarter ended		For the half year ended		For the year	
	2009	2008	2009	2008	ended	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	31 March 2009	
					(Rupees)	
Sales and services	11	479,033,272	501,483,237	1,018,381,872	1,024,018,834	2,094,346,387
Software development expenses	12	304,734,705	317,301,142	637,975,326	646,948,199	1,307,267,825
Gross profit		174,298,567	184,182,095	380,406,546	377,070,635	787,078,562
Selling and marketing expenses	13	40,487,179	51,114,980	80,210,873	95,161,911	187,345,955
General and administration expenses	14	30,529,245	56,441,612	64,573,030	101,500,574	217,724,001
Operating profit before depreciation and withholding tax		103,282,143	76,625,503	235,622,643	180,408,150	382,008,606
Depreciation	3	25,469,815	24,771,442	52,550,403	47,831,789	101,177,086
Withholding taxes charged off		-	15,201,601	870,332	37,002,969	72,624,682
Operating profit after depreciation and withholding tax		77,812,328	36,652,460	182,201,908	95,573,392	208,206,838
Other income	15	91,058,140	53,369,836	117,471,518	114,419,673	165,629,052
Gain / (Loss) on foreign exchange fluctuation (net)		1,419,382	(13,913,203)	(24,822,665)	(93,438,303)	(88,096,691)
Profit before taxation		170,289,850	76,109,093	274,850,761	116,554,762	285,739,199
Provision for tax - current income tax		22,800,000	6,800,000	34,200,000	12,800,000	33,500,000
- MAT credit (entitlement) / reversal (refer note 9, sc		(7,000,000)	(2,900,000)	1,400,000	(7,900,000)	(5,200,000)
- fringe benefit tax		332,155	1,800,686	332,155	3,670,686	7,020,686
- deferred tax credit (refer note 3, schedule16)		(19,693)	(3,142,332)	(4,639,801)	(11,696,991)	(13,101,386)
- income tax for earlier years		-	1,100,000	-	1,100,000	1,943,173
Provision for wealth tax		61,714	88,047	61,714	88,047	88,047
Profit after taxation		154,115,674	72,362,692	243,496,693	118,493,020	261,488,679
Profit amount available for appropriation						
Profit for the period / year		154,115,674	72,362,692	243,496,693	118,493,020	261,488,679
Add: Balance brought forward		1,172,832,495	981,697,392	1,083,451,476	1,083,451,476	935,567,064
Total amount available for appropriation		1,326,948,169	1,054,060,084	1,326,948,169	1,201,944,496	1,197,055,743
Proposed dividend		-	-	-	-	80,925,060
Corporate dividend tax		(11,896,274)	(7,222,875)	(11,896,274)	(7,222,875)	6,530,339
Transferred to general reserve		-	-	-	-	26,148,868
Balance carried forward to the Balance Sheet		1,338,844,443	1,061,282,959	1,338,844,443	1,209,167,371	1,083,451,476
Earnings per equity share (par value Rs. 10 each) (refer note 16, schedule 16)						
Basic		4.76	2.24	7.52	3.66	8.08
Diluted		4.75	2.23	7.51	3.65	8.07
Number of shares used in computing earnings per equity share						
Basic		32,370,024	32,369,711	32,370,024	32,369,114	32,369,568
Diluted		32,373,776	32,403,884	32,372,617	32,474,634	32,377,620

Significant accounting policies and notes to the acc 16

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

As per our report of even date attached

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

For and on behalf of the Board of Directors

Jiten Chopra
Partner
Membership No.: 092894

Janki Ballabh
Chairman

Vishnu R Dusat
Managing Director

P K Sanghi
Chief Financial Officer

Poonam Bhasin
Company Secretary

Place: Gurgaon
Date: 25 October 2009

Place: Noida
Date: 25 October 2009

Nucleus Software Exports Ltd.
Cash Flow Statement for the half year ended 30 September 2009

	For the half year ended 30 September 2009	For the year ended 31 March 2009
	(Rupees)	(Rupees)
A. Cash flow from operating activities		
Net profit before tax	274,850,761	285,739,199
<i>Adjustment for:</i>		
Depreciation	52,550,403	101,177,086
Exchange difference on translation of foreign currency accounts	1,851,633	9,665,202
Dividend received from non-trade investments	(3,995,070)	(13,916,401)
Dividend received from subsidiary	(70,000,000)	(42,500,000)
Interest on fixed deposits	(33,214,177)	(34,769,928)
Profit on sale of investments	(9,264)	(66,988,868)
Amortisation of employees stock compensation expenses	(1,152,715)	3,220,673
Profit on sale of fixed assets (net)	(107,300)	-
Advances and other current assets written off	228,978	4,846,684
Provision for doubtful debts / advances / other current assets	3,059,935	30,679,934
Provisions written back	(7,595,244)	(5,511,808)
Provision for diminution in the value of investments	-	5,515,363
Operating profit before working capital changes	216,467,940	277,157,136
(Increase) / decrease in sundry debtors	922,361	(69,417,582)
(Increase) / decrease in loans and advances	(17,546,892)	12,824,301
(Increase) / decrease in other current assets	(36,310,571)	60,902,154
(Decrease) / increase in current liabilities and provisions	28,856,042	(8,418,249)
	192,388,880	273,047,760
Income tax paid (net)	(16,333,584)	(51,127,761)
Wealth tax paid	(61,714)	(88,047)
Fringe benefit tax paid	(472,156)	(6,880,686)
Net cash from operating activities (A)	175,521,426	214,951,266
B. Cash flow from investing activities		
Purchase of fixed assets/capital work in progress	(8,305,612)	(81,187,982)
Sale of fixed assets	739,051	-
Purchase of current investments	(751,506,956)	(1,685,829,309)
Proceeds from sale of current investments	603,047,143	2,353,813,139
Proceeds from sale of non trade investments	-	158,732,400
Investments in shares of subsidiaries	-	(106,391,000)
Loans and advances to subsidiaries (net)	(2,382,122)	(30,367,749)
Interest on fixed deposits	10,230,515	9,150,848
Income tax paid	(11,292,648)	(15,415,620)
Dividend received from non-trade investments	3,995,070	13,916,401
Dividend received from subsidiary	70,000,000	42,500,000
Net cash from / (used in) investing activities (B)	(85,475,559)	658,921,128
C. Cash flow from financing activities		
Dividend paid (including corporate dividend tax)	(82,782,000)	(106,380,524)
Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised	-	360,000
Net cash (used) in financing activities (C)	(82,782,000)	(106,020,524)
Net increase in cash and cash equivalents (A+B+C)	7,263,867	767,851,870
Opening cash and cash equivalents	824,813,049	57,191,639
Exchange difference on translation of foreign currency bank accounts	(1,658,571)	(230,460)
Closing cash and cash equivalents*	830,418,345	824,813,049

*include fixed deposits amounting to Rs. 5,806,429 (Rs. 5,365,165) under lien with bank on account of guarantees issued on behalf of the Company and other fixed deposits amounting to Rs. 659,785,000 (Rs. 713,577,049)

Note:

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

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

As per our report of even date attached

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

For and on behalf of the Board of Directors

Jiten Chopra
Partner
Membership No.: 092894

Janki Ballabh
Chairman

P K Sanghi
Chief Financial Officer

Place: Gurgaon
Date: 25 October 2009

Place: Noida
Date: 25 October 2009

Nucleus Software Exports Ltd.

Schedules forming part of the financial statements

	As at 30 September 2009 (Rupees)	As at 31 March 2009 (Rupees)
SCHEDULE 1:		
Share capital		
Authorised capital		
40,000,000 (40,000,000) equity shares of Rs.10 each	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up		
Issued		
32,372,824 (32,372,824) equity shares of Rs.10 each	<u>323,728,240</u>	<u>323,728,240</u>
Subscribed and paid up		
32,370,024 (32,370,024) equity shares of Rs.10 each, fully paid up	323,700,240	323,700,240
Of the above:		
16,185,012 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of securities premium account during the year ended 31 March 2008		
8,045,406 equity shares of Rs. 10 each have been issued as bonus shares by capitalisation of securities premium account during the year ended 31 March 2005		
2,637,050 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of general reserve and securities premium account during the year ended 31 March 2002		
1,452,270 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of general reserve during the year ended 31 March 1995		
Add: 2,800 (2,800) forfeited equity shares pending for reissue	15,000	15,000
	<u>323,715,240</u>	<u>323,715,240</u>
SCHEDULE 2:		
Reserves and surplus		
General reserve		
Balance as at 1 April	618,391,859	592,242,991
Add: Transferred from Profit and Loss Account	-	26,148,868
	<u>618,391,859</u>	<u>618,391,859</u>
Securities premium account		
Balance as at 1 April	20,953,189	20,484,589
Add: Securities premium received	-	360,000
Add : On conversion of stock options issued to employees	-	123,600
Less: Amount utilised for issuance of bonus shares	-	15,000
	<u>20,953,189</u>	<u>20,953,189</u>
Capital reserve account		
Balance as at 1 April	2,540,030	1,800,030
Add: Amount forfeited against employees stock option plan	1,469,000	740,000
	<u>4,009,030</u>	<u>2,540,030</u>
Employee stock options		
Balance as at 1 April	14,340,608	15,248,208
Add: Options granted during the period / year	-	-
Less: Reversal on forfeiture of stock options granted	2,689,280	784,000
Less: Transferred to securities premium account on exercise of stock options	-	123,600
	<u>11,651,328</u>	<u>14,340,608</u>
Less: Deferred employee compensation	(439,489)	(1,976,054)
	<u>11,211,839</u>	<u>12,364,554</u>
Hedging reserve (refer note 4, schedule16)		
Balance as at 1 April	(10,411,083)	-
Add: Movement during the period / year	13,036,787	(10,411,083)
	<u>2,625,704</u>	<u>(10,411,083)</u>
Profit and Loss Account		
Balance as at 1 April	1,083,451,476	935,567,064
Add: Profit for the period / year	243,496,693	261,488,679
Less: Transferred to general reserve	-	26,148,868
Less: Proposed dividend	-	80,925,060
Less: Corporate dividend tax	(11,896,274)	6,530,339
	<u>1,338,844,443</u>	<u>1,083,451,476</u>
	<u>1,996,036,064</u>	<u>1,727,290,025</u>

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

SCHEDULE 3:

Fixed assets

(Rupees)

	Gross block				Accumulated depreciation				Net block	
	As at 1 April 2009	Additions	Deductions / adjustments	As at 30 September 2009	As at 1 April 2009	Depreciation for the period	Deductions / adjustments	As at 30 September 2009	As at 30 September 2009	As at 31 March 2009
Tangible assets										
Freehold land	3,360,720	-	-	3,360,720	-	-	-	-	3,360,720	3,360,720
Leasehold land	66,395,000	-	-	66,395,000	5,128,737	375,778	-	5,504,515	60,890,485	61,266,263
Leasehold improvements	12,539,955	-	-	12,539,955	4,929,850	2,440,301	-	7,370,151	5,169,804	7,610,105
Buildings	243,025,991	-	-	243,025,991	27,538,556	4,008,390	-	31,546,946	211,479,045	215,487,435
Plant and machinery (including Office equipment)	139,303,347	1,139,674	-	140,443,021	74,161,298	12,356,637	-	86,517,935	53,925,086	65,142,049
Computers	225,128,953	1,030,858	(5,660,503)	220,499,308	142,258,794	18,981,772	(5,660,503)	155,580,063	64,919,245	82,870,159
Vehicles	17,278,364	-	(2,056,152)	15,222,212	9,606,943	1,539,554	(1,424,401)	9,722,096	5,500,116	7,671,421
Furniture and fixtures	46,902,885	-	(283,864)	46,619,021	32,588,900	3,457,464	(283,864)	35,762,500	10,856,521	14,313,985
Intangible assets										
Softwares	132,009,651	213,509	-	132,223,160	97,576,916	9,390,507	-	106,967,423	25,255,737	34,432,735
Total	885,944,866	2,384,041	(8,000,519)	880,328,388	393,789,994	52,550,403	(7,368,768)	438,971,629	441,356,759	492,154,872
Previous year	788,863,849	97,081,017	-	885,944,866	292,612,908	101,177,086	-	393,789,994	492,154,872	-

SCHEDULE 4:

Investments

Long term investments

Equity shares - Trade and unquoted

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

Equity shares in wholly owned subsidiaries - Unquoted

625,000 (625,000) equity shares of Singapore Dollar 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore, a wholly owned subsidiary	16,319,950	16,319,950
1,000,000 (1,000,000) equity shares of US Dollar 0.35 each, fully paid up, in Nucleus Software Inc., USA, a wholly owned subsidiary	16,293,150	16,293,150
200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaiga, Japan, a wholly owned subsidiary	4,092,262	4,092,262
316,000 (316,000) equity shares of Australian Dollar 1 each, fully paid up, in Nucleus Software (Australia) Pty. Ltd., Australia, a wholly owned subsidiary Australia	9,790,955 (9,790,955)	9,790,955 (9,790,955)
100,000 (100,000) equity shares of Hongkong Dollar 1 each, fully paid up, in Nucleus Software (HK) Ltd., Hong Kong, a wholly owned subsidiary	619,885	619,885
Less: Provision for diminution in value of investment in Nucleus Software (HK) Ltd., Hong Kong	(619,885)	(619,885)
1,000,000 (1,000,000) equity shares of Rs 10 each, fully paid up, in VirStra i-Technology Services Limited, India, a wholly owned subsidiary [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	10,000,000	10,000,000
2,000 (2,000) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands, a wholly owned subsidiary	11,756,000	11,756,000
10,000,000 (10,000,000) equity shares of Rs. 10 each, fully paid up, in Nucleus Software Limited, India a wholly owned subsidiary [Of the above, 6 (6) equity shares are held by nominees on behalf of the Company]	100,000,000	100,000,000
	158,461,362	158,461,362

Current investments

Investments in bonds and mutual funds - Non trade and unquoted

8,568,741 (Nil) units of face value of Rs. 10 each of ICICI Prudential Flexible Income Plan - Premium -	90,601,583	-
Nil (5,255,930) units of face value of Rs. 10 each of ICICI Prudential Institutional Liquid Plan-Super Institutional-(D)		52,561,930
1,202,600 (Nil) units of face value of Rs. 10 each of Birla Sun Life Savings Fund-Inst-(D)	12,034,175	
999,940 (Nil) units of face value of Rs. 10 each of Birla Sun Life Cash Plus-Inst. Premium-Inst-(D)	10,018,899	
Nil (2,828,469) units of face value of Rs. 10 each of HDFC Cash Management Fund-Savings Plan-(D)	-	30,084,727
Nil (1,231,736) units of face value of Rs. 10 each of HDFC Liquid Fund Premium Plan-(D)		15,100,840
4,203,934 (Nil) units of face value of Rs. 10 each of JP Morgan India Treasury Fund-Super Inst.-(D)	42,076,753	-
Nil (1,966,813) units of face value of Rs 10 each of Reliance Liquid Fund -Treasury Plan Institutional O	-	30,067,057
4,528,051 (Nil) units of face value of Rs 10 each of Reliance Medium Term Fund - (D)	77,409,302	-
4,704,897 (684,631) units of face value of Rs. 10 each of LICMF Liquid Fund-(D)	51,660,237	7,517,318
	283,800,949	135,331,872
	444,762,311	296,293,234

Notes:

1. Net asset value (NAV) of current investments is Rs. 283,800,949 (Rs. 135,331,872) as at 30 September 2009.
2. Refer note 8, schedule 16 for details of investments purchased and sold during the half year ended 30 September 2009.

SCHEDULE 5:

Sundry debtors (Unsecured)

Debts outstanding for a period exceeding six months
- Considered good
- Considered doubtful

	As at 30 September 2009 (Rupees)	As at 31 March 2009 (Rupees)
	111,178,888	86,754,261
	12,231,867	14,314,413
	<u>123,410,755</u>	<u>101,068,674</u>
Less: Provision for doubtful debts	<u>(12,231,867)</u>	<u>(14,314,413)</u>
	111,178,888	86,754,261
Other debts (considered good)*	394,807,347	425,946,063
	<u>505,986,235</u>	<u>512,700,324</u>

48,249,336 (Rs. 7,696,718) from Nucleus Software Japan Kabushiki Kaiga, Rs. 10,950,411 (Rs. 16,029,068) from Nucleus Software Solutions Pte. Ltd., Singapore, Rs. 862,669 (Rs. 610,246) from Nucleus Software Netherlands B.V., Netherlands and Rs. 3,853,724 (Rs. 2,704,526) from VirStra / - Technology Services Limited, India, being companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.

SCHEDULE 6:

Cash and bank balances (refer note 7, schedule16)

Cash in hand
Balances with scheduled banks:
- in current accounts
- in fixed deposit accounts*
Balance with non scheduled banks:
- in current account (Citibank, United Kingdom)
[Maximum amount outstanding during the year Rs. 2,148,871 (Rs. 2,307,184)]
- in current account (Citibank, U.A.E)
[Maximum amount outstanding during the year Rs. 3,585,632 (Rs. 3,212,886)]
Remittance in transit

	656,923	1,854,881
	144,377,430	74,676,490
	665,591,429	718,942,214
	225,413	1,019,739
	1,284,109	476,810
	18,283,041	27,842,915
	<u>830,418,345</u>	<u>824,813,049</u>

*Include fixed deposits amounting to Rs. 5,806,429 (Rs.5,365,165) under lien with bank on account of guarantees issued on behalf of the Company

SCHEDULE 7:

**Loans and advances
(Unsecured, considered good)**

Advances recoverable in cash or in kind or for value to be received
Loans and advances to subsidiaries*
Security deposits
Advance income tax [net of provision Rs. 95,806,885 (Rs. 61,606,885)]
Advance fringe benefit tax [net of provision Rs. 24,915,859 (Rs. 24,583,704)]
MAT credit entitlement (refer note 9, schedule16)
Prepaid expenses

	17,528,850	11,440,354
	26,614,849	25,114,849
	10,736,321	9,891,046
	34,993,018	41,566,786
	2,732,275	2,592,274
	55,900,000	57,300,000
	31,811,333	21,198,212
	<u>180,316,646</u>	<u>169,103,521</u>

* Includes loan amounting to Rs. 26,614,849 (Rs. 25,114,849) to Nucleus Software Limited, [maximum amount outstanding during the year Rs. 26,614,849 (Rs. 25,114,849)], being companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.

SCHEDULE 8:

Other current assets

Service income accrued but not due [net of provision of Rs. 13,676,819 (Rs. 12,010,692)]*
Interest accrued but not due

	320,652,401	275,369,926
	49,686,298	26,702,636
	<u>370,338,699</u>	<u>302,072,562</u>

* Includes service income accrued but not due amounting to Rs. 17,753 (Rs. 52,292,340) from Nucleus Software Japan Kabushiki Kaiga being company under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.

SCHEDULE 9:

Current liabilities

Sundry creditors *#
Withholding tax
Due to subsidiaries
Advances from customers
Mark to Market on Options / Forward contracts (refer note 4, schedule16)
Unclaimed dividends
Other liabilities**

	237,800,114	202,633,269
	7,156,850	25,770,224
	6,009,750	6,891,872
	72,886,602	59,815,181
	7,020,705	40,417,880
	1,535,278	1,194,215
	34,478,383	33,956,649
	<u>366,887,682</u>	<u>370,679,290</u>

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

Includes salary, bonus and incentives payable of Rs. 96,316,954 (Rs. 54,367,100).

** Includes contribution to provident and other funds payable of Rs. 8,057,007 (Rs. 8,499,304).

SCHEDULE 10:

Provisions

Gratuity
Leave encashment
Proposed dividend
Corporate dividend tax

	58,956,480	51,341,655
	42,415,122	39,075,103
	-	80,925,060
	-	13,753,214
	<u>101,371,602</u>	<u>185,095,032</u>

	For the quarter ended		For the half year ended		For the year ended
	2009	2008	2009	2008	31 March 2009
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE 11:					
Sales and services					
Software development services and products					
- Domestic	93,468,381	96,725,672	201,321,182	178,055,524	382,272,032
- Overseas	385,564,891	404,757,565	817,060,690	845,963,310	1,712,074,355
	479,033,272	501,483,237	1,018,381,872	1,024,018,834	2,094,346,387

SCHEDULE 12:

Software development expenses

Salaries and allowances	198,767,777	220,311,614	408,660,498	439,404,305	853,455,537
Contribution to provident and other funds	11,506,561	13,093,002	23,590,032	23,840,087	48,499,723
Directors' remuneration	3,912,000	808,000	6,312,000	1,578,000	6,210,000
Employee's stock compensation expenses (net)	-	652,816	-	2,086,715	2,737,584
Staff welfare	3,420,267	3,757,029	7,034,450	7,787,656	16,133,330
Conveyance	3,576,668	3,011,702	6,508,726	5,362,237	10,954,723
Communication	2,869,538	5,393,031	5,594,217	8,506,183	15,060,620
Rent	3,160,669	2,040,685	7,127,200	4,680,932	5,331,569
Legal and professional	8,508,830	4,806,288	16,391,259	12,148,379	18,333,397
Repair and maintenance					
- Buildings	48,313	188,034	630,043	365,626	558,689
- Others	2,879,293	3,429,214	5,867,160	5,918,185	11,293,073
Training and recruitment	112,414	2,198,891	763,071	5,591,494	11,495,603
Printing and stationery	207,899	267,434	612,863	771,516	922,899
Insurance	1,052,982	763,839	1,760,475	1,580,013	3,165,838
Software and other development charges	17,720,750	8,350,240	38,032,320	18,019,611	79,306,710
Cost of software purchased for delivery to clients	5,667,808	3,437,439	27,066,406	26,475,555	53,811,355
Travelling	29,927,235	34,813,142	61,912,228	64,093,002	133,363,188
Power and fuel	6,267,292	7,218,044	12,054,022	13,883,880	24,563,233
Information technology expenses	3,329,248	1,361,115	5,784,562	3,221,696	9,210,475
Miscellaneous expenses	1,799,161	1,399,583	2,273,794	1,633,127	2,860,279
	304,734,705	317,301,142	637,975,326	646,948,199	1,307,267,825

SCHEDULE 13:

Selling and marketing expenses

Salaries and allowances	16,386,042	17,581,439	33,121,639	37,154,642	80,466,585
Contribution to provident and other funds	479,907	673,266	994,505	1,259,706	2,503,103
Directors' remuneration	3,912,000	808,000	6,312,000	1,578,000	6,210,000
Employee's stock compensation expenses (net)	-	59,036	-	134,275	196,123
Staff welfare	282,389	395,685	616,710	663,104	1,556,938
Conveyance	263,512	694,075	805,979	1,219,783	2,904,912
Communication	906,567	495,351	2,120,891	747,199	1,350,934
Rent	993,304	1,275,168	2,003,636	3,125,398	8,544,802
Legal and professional	1,518,702	4,259,101	3,066,465	6,103,499	13,610,004
Repair and maintenance					
- Buildings	2,536	9,871	33,075	19,194	29,330
- Others	151,151	180,020	308,001	310,681	592,842
Training and recruitment	59,407	94,153	89,287	229,152	448,948
Printing and stationery	59,631	209,945	314,636	1,335,445	1,727,967
Insurance	38,802	32,525	68,094	63,679	175,979
Travelling	7,152,599	7,427,514	14,823,676	16,935,134	27,050,489
Advertisement and business promotion	790,746	2,981,901	1,666,824	7,316,238	8,897,607
Power and fuel	439,776	516,768	910,671	1,027,258	1,926,985
Conference, exhibition and seminar	6,083,218	9,274,798	7,292,731	9,274,798	12,840,739
Information technology expenses	122,681	57,958	224,369	128,977	352,399
Commission to channel partners	351,294	1,788,359	3,576,705	2,378,093	5,658,663
Miscellaneous expenses	492,915	2,300,047	1,860,979	4,157,656	10,300,606
	40,487,179	51,114,980	80,210,873	95,161,911	187,345,955

	For the quarter ended		For the half year ended		For the year
	2009 (Rupees)	2008 (Rupees)	2009 (Rupees)	2008 (Rupees)	ended 31 March 2009 (Rupees)
SCHEDULE 14:					
General and administration expenses					
Salaries and allowances	18,712,201	24,006,182	37,715,220	47,370,665	92,634,600
Contribution to provident and other funds	1,076,170	1,538,463	2,194,266	2,842,282	5,893,266
Directors' remuneration	1,956,000	404,000	3,156,000	789,000	3,105,000
Employee's stock compensation expenses (net)	-	73,475	-	230,101	286,966
Staff welfare	463,550	588,526	932,281	1,194,465	2,472,713
Conveyance	426,642	651,369	954,692	1,171,199	2,189,302
Communication	462,389	497,556	1,162,223	1,354,932	2,042,499
Rent	40,800	69,300	81,600	137,099	228,199
Rates and taxes	481,093	494,420	1,481,876	1,360,971	2,388,574
Legal and professional	1,406,990	4,796,447	3,488,225	7,879,460	18,743,171
Repair and maintenance					
- Buildings	12,543	48,817	163,571	94,923	145,045
- Others	747,516	890,285	1,523,219	1,536,466	2,931,883
Training and recruitment	145,608	513,950	230,385	1,209,827	1,783,081
Printing and stationery	101,885	360,467	487,778	903,594	1,089,036
Loss on sale of fixed assets (net)	227,800	-	227,800	-	-
Insurance	114,740	74,849	214,382	154,710	307,902
Bank charges	370,020	428,513	1,753,767	772,705	1,767,758
Travelling	485,755	3,283,319	739,539	9,011,032	15,718,451
Advertisement and business promotion	147,605	338,802	210,273	963,867	1,381,390
Power and fuel	632,036	652,624	1,157,270	1,255,821	2,189,656
Conference, exhibition and seminar	27,912	7,500	57,912	20,400	34,510
Information technology expenses	362,780	133,376	619,018	315,432	896,415
Advances and other current assets written off	-	3,879,835	228,978	5,184	4,846,684
Provision for doubtful debts /advances / other current assets *	643,466	9,069,701	3,059,935	13,887,383	30,679,934
Provision for diminution in the value of investments	-	-	-	-	5,515,363
Miscellaneous expenses	1,483,744	3,639,836	2,732,820	7,039,056	18,452,603
	30,529,245	56,441,612	64,573,030	101,500,574	217,724,001

*Includes bad debts written off Rs. 3,055,371 (Rs. 4,966,632; Rs. 3,476,353; Rs. 5,130,821; Rs. 5,937,802) and net of write back of provisions for other current assets / doubtful debts Rs. 4,078,032 (Rs.

SCHEDULE 15:

Other income

Dividend received from non-trade investments	2,339,519	5,154,301	3,995,070	8,825,464	13,916,401
Dividend received from subsidiary	70,000,000	42,500,000	70,000,000	42,500,000	42,500,000
Interest on fixed deposits [gross of tax deducted at source Rs. 478,693 (Rs. 5,682; Rs. 1,919,416; Rs. 23,152; Rs. 1,532,671)]	16,862,868	212,440	33,214,177	465,949	34,769,928
Profit on sale of fixed assets (net)	-	-	335,100	-	-
Profit on sale of investments					
- Long term trade investment	-	-	-	21,849,760	21,849,760
- Current non trade investments	9,264	5,503,095	9,264	34,705,060	45,139,108
Provisions written back	-	-	7,595,244	5,300,000	5,511,808
Reversal of employee's stock compensation expense	1,333,686		1,152,715		
Miscellaneous income	512,803	-	1,169,948	773,440	1,942,047
	91,058,140	53,369,836	117,471,518	114,419,673	165,629,052

SCHEDULE 16:

Significant accounting policies and notes to the accounts

1. Company Overview

Nucleus Software Exports Ltd. ('Nucleus' or 'the Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 30 September 2009, the Company is listed on three stock exchanges in India namely National Stock Exchange, Bombay Stock Exchange and Madras Stock Exchange. The Company has wholly owned subsidiaries in Singapore, USA, Japan, Australia, Hong-Kong, Netherlands and India. The Company's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

2. Significant accounting policies

(i) Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as prescribed in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The interim financial statements are prepared to conform to the Accounting Standard 25 on 'Interim Financial Reporting' as specified in the Companies (Accounting Standard) Rules, 2006. These financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2009. Accounting policies have been consistently applied except where a newly issued accounting standard, is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

(ii) Use of estimates

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

(iii) Revenue recognition

Revenue from software development services comprises income from time and material and fixed price contracts. Revenue from time and material

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

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered. Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with terms of the contract.

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

(iv) Expenditure

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

(v) Fixed assets and capital work in progress

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

(vi) Depreciation

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

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

Asset category	Useful life (in years)
Building	30
Plant and machinery (including office	5

equipment)	
Computers	4
Vehicles	5
Furniture and fixtures	5
Software	3
Temporary wooden structures (included in furniture and fixtures)	1

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

(vii) Investments

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

(viii) Research and development

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

(ix) Foreign exchange transactions

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

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

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

The Company follows hedge accounting in accordance with principles set out in AS 30. The Company records the gain or loss on effective hedges in the hedging reserve until the transactions are complete. On completion, the gain or loss is transferred to the Profit and Loss Account of that

period. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the Profit and Loss Account.

(x) Employee stock option based compensation

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

(xi) Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

Gratuity

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

Provisions in respect of gratuity for the interim period are calculated on a year-to-date basis by using the actuarially determined rates at the end of the prior financial year, adjusted by the management's estimates after keeping into consideration events occurring during the interim period.

Other long term employee benefits

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

Provisions in respect of leave encashment for the interim period are calculated on a year-to-date basis by using the actuarially determined rates at the end of the prior financial year, adjusted by the management's estimates after keeping into consideration events occurring during the interim period.

(xii) Operating leases

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

(xiii) Earnings per share

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

(xiv) Taxation

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised

only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognised in the period in which the timing difference originate. The income tax provision for the interim period is made based on the best estimate of the average annual tax rate expected to be applicable for the full financial year.

(xv) Impairment of assets

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

(xvi) Contingencies

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

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

3. Deferred tax asset

Components of net deferred tax asset:

(Amount in Rupees)

	As at 30 September 2009	As at 31 March 2009
Deferred tax asset		
Provision for retirement benefits	31,475,301	28,293,037
Others	2,631,380	3,260,917
	34,106,681	31,553,954
Deferred tax liability		
Difference of depreciation as per Income-tax laws and books of accounts	(14,744,988)	(16,832,062)
Net deferred tax asset	19,361,693	14,721,892

4. Forward contract and option in foreign currency

	As at 30 September 2009	As at 31 March 2009
Forward contract outstanding		
In USD	5,750,000	4,750,000
Equivalent amount in Rupees	276,632,500	241,015,000
Options contract outstanding		
In USD	1,600,000	3,400,000
Equivalent amount in Rupees	76,976,000	172,516,000

As at 30 September 2009, the Company has recorded marked to market gain of Rs. 2,625,704 relating to forward contracts that are designated as effective cash flow hedges with a corresponding credit to hedging reserves. Further as at 30 September 2009, the Company has recorded marked to market loss of Rs. 9,646,409 relating to foreign currency options which does not qualify for hedging and accordingly the loss has been recognized in the Profit and Loss Account.

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

Current Assets					
As at 30 September 2009			As at 31 March 2009		
Amount in foreign		Amount in	Amount in foreign		Amount in
USD	13,184,661	639,209,245	USD	12,464,731	616,920,280
EURO	12,256	862,670	EURO	12,206	792,382
AED	483,510	6,295,301	SGD	1,166,923	39,195,408
RM	1,614,028	22,303,508	AED	468,056	6,379,597
SGD	688,139	23,206,639	RM	1,211,277	16,957,876

Creditors					
As at 30 September 2009			As at 31 March 2009		
Amount in foreign		Amount in	Amount in foreign		Amount in
USD	2,726,091	131,152,222	USD	2,704,414	124,706,872
AED	122,082	1,589,504	AED	4,081	55,623
AUD	16,211	688,319	AUD	16,211	567,385
SGD	157,953	5,351,454	SGD	200,169	6,663,637

5. Employees Stock Option Plan (“ESOP”)

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

The Company currently has three ESOP schemes, ESOP scheme- 2002 (instituted in 2002), ESOP scheme-2005 (instituted in 2005) and ESOP scheme-2006 (instituted in 2006). These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 2002 scheme provides for the issue of 225,000 options, 2005 scheme for 600,000 options and 2006 scheme for 1,000,000 options to eligible employees. These schemes are administered by the Compensation Committee comprising four members, the majority of whom are independent directors. On exercise of stock options, option holders are entitled to bonus shares in the ratio of 1:1, pursuant to approval of bonus shares by the shareholders in the annual general meeting held on 6 July 2007.

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

2002 Stock Option Scheme

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March 2009
	2009	2008	2009	2008	
Options outstanding at the beginning of the period	119,150	141,550	126,050	141,550	141,550
Options granted	-	-	-	-	-
Options forfeited	(17,800)	-	(24,700)	-	(14,000)
Options exercised	-	(1,500)	-	(1,500)	(1,500)
Balance carried forward	101,350	140,050	101,350	140,050	126,050

2005 Stock Option Scheme

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March 2009
	2009	2008	2009	2008	
Options outstanding at the beginning of the period	128,000	142,000	142,000	142,000	142,000
Options granted	-	-	-	-	-
Options forfeited	(28,600)	-	(42,600)	-	-
Options exercised	-	-	-	-	-
Balance carried forward	99,400	142,000	99,400	142,000	142,000

2006 Stock Option Scheme

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March 2009
	2009	2008	2009	2008	
Options outstanding at the beginning of the period	189,860	249,860	189,860	249,860	249,860
Options granted	-	-	-	-	-
Options forfeited	(37,000)	-	(37,000)	-	(60,000)
Options exercised	-	-	-	-	-
Balance carried forward	152,860	249,860	152,860	249,860	189,860

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

(Amount in Rupees)

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March 2009
	2009	2008	2009	2008	
Balance brought forward	1,226,523	4,314,963	1,976,054	5,980,726	5,980,726
Less: Amortisation expense #	704,875	785,327	1,454,406	2,451,090	4,004,672
Less: Reversal due to forfeiture	82,159	-	82,159	-	-
Balance carried forward	439,489	3,529,636	439,489	3,529,636	1,976,054

#excluding write back of stock compensation expense in respect of forfeited/lapsed options of Rs. 2,120,720 (Rs. Nil; Rs. 2,689,280; Rs. Nil; Rs. 784,000)

6. Managerial Remuneration *

(Amount in Rupees)

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2009	2008	2009	2008	2009
A. Managing director					
Salary and perquisites	1,500,0	1,500,0	3,000,0	3,000,0	6,000,000
Contribution to provident and	90,000	90,000	180,00	180,000	360,000
Commission	6,263,0	-	9,300,0	-	5,525,000
	7,853,	1,590,	12,480	3,180,0	11,885,0
B. Non executive directors					
Commission	1,637,0	-	2,500,0	-	2,375,000
Sitting fees	380,00	520,00	980,00	945,000	1,625,000
	2,017,	520,00	3,480,	945,00	4,000,00

*Notes:

1. The limits for the purpose of computing managerial remuneration as per Section 349 of the Companies Act, 1956 apply only with reference to the financial year of the Company for the purpose of the Companies Act, 1956, which ends on 31 March 2009.
2. The above remuneration does not include expense towards retirement benefits since the same is based on actuarial valuations carried out for the Company as a whole.

7. Bank Balances

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

(Amount in Rupees)

Name of Bank	As at	
	30 September 2009	31 March 2009
Canara Bank	2,020	86,026
Citi Bank	71,596,991	6,922,063
Citi Bank – EEFC accounts in US dollar	66,454,514	57,259,931
DBS Bank	128,350	247,809
HDFC Bank – EEFC accounts in US dollar	2,224,449	2,320,022
HDFC Bank	1,604,910	4,637,947

HDFC Bank - Unclaimed dividend accounts	1,150,494	802,973
HSBC Bank - Unclaimed dividend accounts	389,917	394,042
ICICI Bank	402,227	1,710,969
State Bank of India	423,558	233,332
Vijaya Bank	-	61,376
Total	144,377,430	74,676,490

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

(Amount in Rupees)

Name of Bank	As at	
	30 September 2009	31 March 2009
HDFC Bank	181,382,429	222,234,512
Canara Bank	196,985,000	181,007,037
Citi Bank	5,024,000	35,000,665
DBS Bank	-	22,500,000
Punjab National Bank	66,000,000	66,000,000
ICICI Bank	52,000,000	127,300,000
State Bank of India	57,300,000	7,500,000
Corporation Bank	86,900,000	37,400,000
Bank of India	20,000,000	20,000,000
Total	665,591,429	718,942,214

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

(Amount in Rupees)

Name of Bank	As at	
	30 September 2009	31 March 2009
Citi Bank, U.A.E	1,284,109	476,810
Citi Bank, United Kingdom	225,413	1,019,739
Total	1,509,522	1,496,549

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

8. Details of investments purchased and sold during the half year ended 30 September 2009

Name of the investment	Face value Amount (Rupees)	Purchased during the period		Sold during the period	
		Quantity	Amount (Rupees)	Quantity	Amount (Rupees)
Reliance Liquid Fund- Treasury Plan-Institutional Option-Daily Dividend Option	10	5,210,232	79,649,857	5,210,232	79,649,857
JP Morgan India Liquid Fund- Super Institutional Daily Dividend Plan-Reinvest	10	4,197,117	42,004,324	4,197,117	42,004,324
Canara Robeco Liquid Fund - Institutional Daily Dividend Reinvest	10	2,390,423	24,002,235	2,390,423	24,002,235
Canara Robeco Treasury Advantage Institutional Daily Dividend Fund	10	1,935,040	24,008,229	1,935,040	24,008,229
Birla Sun Life Cash Plus- Institutional Premium- Daily Dividend Reinvestment	10	7,186,105	72,001,177	7,186,105	72,001,177
UTI Liquid Cash Plan Institutional- Daily Income Option- Reinvestment	1,000	19,811	20,196,071	19,811	20,196,071
HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment	10	5,563	59,168	5,563	59,168
Reliance Medium Term Fund- Daily Dividend Plan	10	292,475	5,000,000	292,475	5,000,000
HDFC Liquid Fund Premium Plan-Dividend Daily Reinvest	10	7,810,061	95,749,785	7,810,061	95,749,785
LICMF Liquid Fund- Dividend Plan	10	6,160,501	67,642,920	6,160,501	67,642,920
ICICI Prudential Institutional Liquid Plan-Super Institutional Daily Dividend	10	4,490,061	44,909,559	4,490,061	44,909,559

**Details of investments purchased and sold during the half year ended
30 September 2008**

Name of the investment	Face value Amount (Rupees)	Purchased during the period		Sold during the period	
		Quantity	Amount (Rupees)	Quantity	Amount (Rupees)
Sundaram BNP Paribas Liquid Plus-Super Inst-- (Dividend)	10	5,021,563	50,341,170	5,021,563	50,341,170
Reliance Liquid Plus Fund- Institutional Option- (Dividend)	1,000	41,169	41,215,471	41,169	41,215,471
DWS Liquid Plus Fund- Regular- (Dividend)	10	549,548	5,503,559	549,548	5,503,559
JP Morgan India Liquid Plus Fund- Super Institutional- (Dividend)	10	15,133,945	151,474,142	15,133,945	151,474,142
Canara Robeco Liquid Plus - Super Institutional Plan- (Dividend)	10	5,917,090	73,413,925	5,917,090	73,413,925
LIC MF Liquid Plus Fund- (Dividend)	10	30,245,862	302,458,623	30,245,862	302,458,623
JP Morgan India Liquid Fund- Super Institutional- (Dividend)	10	11,320,238	113,294,838	11,320,238	113,294,838
JM Money Manager Fund Super Plus –Daily Dividend- (Dividend)	10	3,369,827	33,712,084	3,369,827	33,712,084
SBI SHF Liquid Plus- Institutional Plan-- (Dividend)	10	1,003,064	10,035,659	1,003,064	10,035,659
Reliance Fixed Horizon Fund- VIII- Series 10- Institutional- (Dividend)	10	2,000,000	20,000,000	2,000,000	20,000,200
Sundaram BNP Paribas Interval Fund-Qly-Plan-C- Inst-- (Dividend)	10	1,017,552	10,177,525	1,017,552	10,175,525
HDFC FMP 90D May 2008 (VIII) (2)-Wholesale Plan-- (Dividend)	10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund- VIII-Series 11-Inst-- (Dividend)	10	1,000,000	10,000,000	1,000,000	10,000,000

IDFC Fixed Maturity Plan- Quarterly Series 34-- (Dividend)	10	1,017,690	10,176,900	1,017,690	10,176,900
LICMF Liquid Fund – (Dividend)	10	1,366,389	15,003,087	1,366,389	15,003,087
ICICI Prudential Institutional Liquid Plan- Super Institutional—(Dividend)	10	7,001,001	70,013,508	7,001,001	70,013,508
ICICI Prudential – Flexible Income Plan—(Dividend)	10	6,644,573	70,256,396	6,644,573	70,256,396
HDFC Cash Management Fund –Saving Plus Plan Wholesale –(Dividend)	10	1,744,505	17,500,000	1,744,505	17,500,000
NLFID Canara Rebeco Liquid Fund Institutional – (Dividend)	10	4,303,209	43,208,526	4,303,209	43,208,526

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

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 liabilities. Accordingly a sum of Rs. 55,900,000 (Rs. 57,300,000) was carried forward and shown under "Loans and advances" in the balance sheet as at 30 September 2009.

10. Segment reporting – Basis of preparation

(i) Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Accounting Standard-17 on "Segment Reporting", as specified in the Companies (Accounting Standard) Rules, 2006. The segmentation is based on the Geographies (reportable primary segment) in which the Company operates and internal reporting systems. The secondary segmentation is based on the nature and type of services rendered.

(ii) Composition of reportable segments

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

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of

the costs are categorised in relation to the associated turnover and/or man months. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably across geographies. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as “unallocated” and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between segments and across geographies. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under “Unallocated” head.

Information in respect of primary segment

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

For the quarter ended 30 September 2009

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	93,468,381	139,853,235	42,722,248	42,107,103	98,387,874	62,494,431	479,033,272
Expenses	93,173,043	101,023,937	33,844,591	18,077,401	66,290,311	36,293,913	348,703,196
Segment result	295,338	38,829,298	8,877,657	24,029,702	32,097,563	26,200,518	130,330,076
Unallocated corporate expenditure							52,517,748
Operating profit before Other income							77,812,328
Foreign exchange gain							91,058,140
Profit before tax							1,419,382
Provision for taxation – current income tax							170,289,850
– MAT credit entitlement							22,800,000
– fringe benefit tax							(7,000,000)
– deferred tax							332,155
– income tax for earlier							(19,693)
Provision for wealth tax							-
Net profit after taxation							61,714
							154,115,67

For the quarter ended 30 September 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	96,725,672	216,296,234	27,316,603	44,153,314	52,196,243	64,795,171	501,483,237
Expenses	81,686,407	165,645,046	19,769,764	30,134,428	46,442,816	67,039,995	410,718,456
Segment result	15,039,265	50,651,188	7,546,839	14,018,886	5,753,427	(2,244,824)	90,764,781
Unallocated corporate							54,112,321
Operating profit before taxation							36,652,460
Other income							53,369,836
Foreign exchange gain / (loss)							(13,913,203)
Profit before tax							76,109,093
Provision for taxation							6,800,000
– current income tax							(2,900,000)
– MAT credit entitlement							1,800,686
– fringe benefit tax							(3,142,332)
– deferred tax							1,100,000
– income tax for earlier years							88,047
Provision for wealth tax							
Net profit after							72,362,692

For the half year ended 30 September 2009

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	201,321,182	270,471,536	99,626,038	79,615,344	237,309,451	130,038,321	1,018,381,872
Expenses	199,722,744	206,731,077	73,170,990	38,117,071	146,294,707	73,406,780	737,443,369
Segment result	1,598,438	63,740,459	26,455,048	41,498,273	91,014,744	56,631,541	280,938,503
Unallocated corporate expenditure							98,736,595
Operating profit before taxation							182,201,908
Other income							
Foreign exchange gain / (loss)							(24,822,665)
Profit before tax							274,850,761
Provision for taxation							-
– current income tax							34,200,000



- MAT credit entitlement	1,400,000
- fringe benefit tax	332,155
- deferred tax	(4,639,801)
- income tax for earlier years	-
Provision for wealth tax	61,714
Net profit after taxation	243,496,693

For the half year ended 30 September 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Revenue from external customers	178,055,524	435,568,582	59,256,518	111,108,261	124,320,288	115,709,661	1,024,018,834
Expenses	158,340,786	352,707,478	43,275,899	57,833,923	103,083,220	115,834,315	831,075,621
Segment result	19,714,738	82,861,104	15,980,619	53,274,338	21,237,068	(124,654)	192,943,213
Unallocated corporate							97,369,821
Operating profit before taxation							95,573,392
Other income							114,419,673
Foreign exchange gain / (loss)							(93,438,303)
Profit before tax							116,554,762
Provision for - current income							12,800,000
- MAT credit entitlement							(7,900,000)
- fringe benefit tax							3,670,686
- deferred tax							(11,696,991)
- income tax for Provision for							1,100,000
							88,047
Net profit after							118,493,020

For the year ended 31 March 2009

(Amounts in Rupees)

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

Assets and liabilities of reportable primary segment are as follows:

As at 30 September 2009

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Segment assets	149,090,695	345,416,977	28,561,925	24,195,631	155,651,186	123,722,222	826,638,636
Unallocated corporate assets							1,965,902,052
Total assets							2,792,540,688
Segment liabilities	92,060,597	95,521,790	32,691,956	14,057,456	109,801,035	53,888,665	398,021,499
Unallocated corporate liabilities							70,237,785
Total liabilities							468,259,284
Capital employed							2,324,281,404

As at 31 March 2009

(Amount in Rupees)

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

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

For the quarter ended 30 September 2009

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							664,152
Total capital expenditure							664,152
Depreciation expenditure (unallocated)							25,469,815
Total depreciation							25,469,815
Segment non-cash expense other than depreciation	37,750	(372,027)	(142,454)	(112,382)	(184,836)	83,729	(690,220)
Total non cash expenditure other than depreciation	37,750	(372,027)	(142,454)	(112,382)	(184,836)	83,729	(690,220)

For the quarter ended 30 September 2008

(Amount in Rupees)



Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							45,996,960
Total capital expenditure							45,996,960
Depreciation expenditure (unallocated)							24,771,442
Total depreciation							24,771,442
Segment non-cash expense other than depreciation	4,670,063	300,424	43,482	92,220	308,883	8,319,790	13,734,863
Total non cash expenditure other than depreciation	4,670,063	300,424	43,482	92,220	308,883	8,319,790	13,734,863

For the half year ended 30 September 2009

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							1,464,808
Total capital expenditure							1,464,808
Depreciation expenditure (unallocated)							52,550,403
Total depreciation							52,550,403
Segment non-cash expense other than depreciation	1,231,432	(308,608)	(132,077)	(105,493)	355,812	866,154	1,907,220
Total non cash expenditure other than depreciation	1,231,432	(308,608)	(132,077)	(105,493)	355,812	866,154	1,907,220

For the half year ended 30 September 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							53,676,715
Total capital expenditure							53,676,715
Depreciation expenditure (unallocated)							47,831,789
Total depreciation							47,831,789
Segment non-cash expense other than depreciation	5,999,364	949,685	158,782	201,139	561,971	8,472,716	16,343,657
Total non cash expenditure other than depreciation	5,999,364	949,685	158,782	201,139	561,971	8,472,716	16,343,657

For the year ended 31 March 2009

(Amounts in Rupees)

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

b) Information in respect of secondary segment

i) Information for business segments

For the quarter ended 30 September 2009

(Amounts in Rupees)

Description	Products	Software projects and services	Total
Revenue	369,619,202	109,414,070	479,033,272
Carrying amount of segment assets	637,829,418	188,809,218	826,638,636

For the quarter ended 30 September 2008

(Amounts in Rupees)

Description	Products	Software projects and services	Total
Revenue	438,283,326	63,199,911	501,483,237
Carrying amount of segment assets	822,976,911	118,672,248	941,649,159

For the half year ended 30 September 2009

(Amounts in Rupees)

Description	Products	Software projects and services	Total
Revenue	791,567,550	226,814,322	1,018,381,872
Carrying amount of segment assets	642,529,426	184,109,210	826,638,636

For the half year ended 30 September 2008

(Amounts in Rupees)

Description	Products	Software projects and services	Total
Revenue	876,294,243	147,724,591	1,024,018,834
Carrying amount of segment assets	805,807,188	135,841,971	941,649,159

For the year ended 31 March 2009

(Amounts in Rupees)

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

11. Related party transactions

a) List of related parties – where control exists

Wholly owned subsidiary companies

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

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

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

Other related parties:

Key managerial personnel:

- Vishnu R Dusad (Managing director)

b) Transactions with related parties

(Amount in Rupees)

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2009	2008	2009	2008	2009
i	Software development, services and products				
-Nucleus	30,705,159	141,962,450	55,618,469	246,229,522	417,357,972

	Software Ja Kabushiki Kaig					
	-Nucleus Software Solutions Pte l	23,945,485	21,818,213	69,277,919	47,961,276	80,976,770
	- Others	3,750,000	3,750,000	7,500,000	7,561,962	16,670,012
ii	Other income					
	<i>Dividend incor</i>					
	-VirStra i - Technology Services Limit	70,000,000	42,500,000	70,000,000	42,500,000	42,500,000
	<i>Others</i>					
	-VirStra i - Technology Services Limit	136,360	717,786	522,471	1,212,597	2,202,220
iii	Managerial remuneratio					
	-Vishnu R Dus (Managing director)	7,853,000	1,590,000	12,480,000	3,180,000	11,885,000
iv	Reimbursen of expenses					
	<i>From wholly owned subsidi companies :</i>					
	-VirStra i - Technology Services Limit	29,084	428,190	678,546	573,348	2,118,955
	-Nucleus Software Solutions Pte l	3,580,661	2,010,535	6,916,034	3,746,208	9,385,249
	-Nucleus Software Japa Kabushiki Kaig	267,713	1,542,024	394,343	3,473,646	3,597,274
	-Nucleus Software Inc.	34,400	-	34,400	110,033	110,033
	-Nucleus Software Netherlands B	235,878	-	252,423	-	-
	<i>To wholly own subsidiary companies:</i>					

	-Nucleus Software Solutions Pte I	856,252	1,214,199	1,910,340	3,613,938	5,097,361
	-Nucleus Software Japa Kabushiki Kaig	-	-	258,738	-	4,896,652
v	Cost of services hired					
	-Nucleus Software Solutions Pte I	4,192,877	-	8,416,901	-	3,030,384
vi	Software and Other Development Charges					
	<i>To wholly own subsidiary companies:</i>					
	-Nucleus Software Solutions Pte I	-	-	677,952	-	-
	-Nucleus Software Japa Kabushiki Kaig	-	-	-	-	28,104,350
vii	Commission paid					
	<i>To wholly own subsidiary company</i>					
	-Nucleus Software Inc.	-	-	1,335,280	-	1,116,280
viii	Loans and advances					
	<i>Given to wholl owned subsidi company</i>					
	-Nucleus Software Limit	1,000,000	535,000	1,500,000	123,109,849	27,114,849

	<i>Repaid by wholly owned subsidiary company</i>					
	-Nucleus Software Limited	-	2,000,000	-	2,000,000	2,000,000
ix	Investment:					
	-Nucleus Software Limited	-	-	-	2,500,000	100,000,000
	-Nucleus Software Netherlands B.V.	-	-	-	-	6,391,000

c) **Outstanding balances as at period/ year end**

(Amount in Rupees)

		As at 30 September 2009	As at 31 March 2009
i	Loans and advances		
	<i>To wholly owned subsidiaries</i>		
	-Nucleus Software Limited	26,614,849	25,114,849
ii	Debtors		
	<i>Wholly owned subsidiaries</i>		
	-Nucleus Software Japan Kabushiki Kaiga	48,249,336	7,696,718
	-Nucleus Software Solutions Pte Ltd.	10,950,411	16,029,068
	-VirStra i -Technology Services Limited	3,853,724	2,704,526
	-Nucleus Software Inc.	8,752,566	10,615,001
	-Others	862,669	610,246
iii	Service income accrued but not due		
	<i>Wholly owned subsidiary Company</i>		
	-Nucleus Software Japan Kabushiki Kaiga	17,753	52,292,340
iv	Sundry creditors		
	<i>Due to wholly owned subsidiaries</i>		
	-Nucleus Software Solutions Pte Ltd.	5,321,431	6,324,487
	-Nucleus Software (Australia) Pty Ltd.	688,319	567,385

v **Investment in subsidiaries** Refer Schedule 4 of financial statements

**1 Legal and professional
 (includes payment to auditors) ***
(Amount in Rupees)

	Quarter ended		Half year ended		Year
	30 September		30 September		31 March
	2009	2008	2009	2008	2009
- Audit fees	375,000	375,000	750,000	750,000	1,535,000
- Other services	-	185,000	-	910,000	1,465,000
- Out of pocket expenses	35,000	25,000	65,000	75,000	155,110
Total	410,000	585,000	815,000	1,735,00	3,155,110

* excluding service tax

1 CIF value of imports
(Amount in Rupees)

	Quarter ended		Half year ended		Year
	30 September		30 September		31 March
	2009	2008	2009	2008	2009
Capital goods	49,439	11,610,27	501,491	20,074,33	67,646,097
Total	49,439	11,610,2	501,491	20,074,3	67,646,09

1 Expenditure in foreign currency
(Amount in Rupees)

	Quarter ended		Half year ended		Year
	30 September		30 September		31 March
	2009	2008	2009	2008	2009
Travel expenses	28,838,11	34,978,55	59,901,372	66,345,62	132,274,99
Professional charges	1,243,929	6,471,660	2,821,072	9,762,156	17,024,177
Cost of software purchased for delivery to clients	5,020,681	435,502	25,609,919	23,677,07	36,419,156
				4	
Conference, exhibition and seminar	6,026,721	9,161,249	7,174,727	9,708,832	10,880,495
Software and Other Development Charges	5,425,582	4,735,571	14,055,959	8,589,357	59,514,224
Salary in Foreign currency	6,701,595	8,476,235	14,735,743	14,241,59	32,470,142
Others	3,109,263	8,096,767	9,513,327	17,151,11	28,039,554
Total	56,365,8	72,355,5	133,812,1	149,475,	316,622,7

1 Earnings in foreign *(Amount in Rupees)*

	Quarter ended		Half year ended		Year
	30 September		30 September		31 March
	2009	2008	2009	2008	2009
Income from software	385,564,8	404,757,5	817,060,69	845,963,	1,712,074,3
Interest	-	1,326	579	2,176	2,458
Total	385,564,,	404,758,	817,061,2	845,965,	1,712,076,

1 Earnings per share *(Amount in Rupees)*

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2009	2008	2009	2008	2009
Profit after taxation available to equity shareholders (Rupees)	154,115,674	72,362,691	243,496,693	118,493,019	261,488,679
Weighted average number of equity shares used in calculating basic earnings per share	32,370,024	32,369,711	32,370,024	32,369,114	32,369,568
Add: Effect of dilutive issue of shares	3,752	34,173	2,593	105,519	8,052
Weighted average number of equity shares used in calculating diluted earnings per share	32,373,776	32,403,884	32,372,617	32,474,634	32,377,620
Basic earnings per share (Rupees)	4.76	2.24	7.52	3.66	8.08
Diluted earnings per share (Rupees)	4.75	2.23	7.51	3.65	8.07

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. 792,198 (Rs. 1,309,533).

- b. Claim against the Company not acknowledged as debt 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 quarter ended 30 September 2009 is Rs. 4,194,773 (Rs. 3,385,152, Rs. 9,212,436, Rs. 7,943,428, Rs. 14,104,570). The future minimum lease expense in respect of such leases is as follows:

(Amount in Rupees)

	As at 30 September 2009	As at 31 March 2009
Not later than 1 year	4,641,447	4,641,447
Later than 1 year but not later than 5 years	5,261,619	7,542,352
Later than 5 years	-	-
Total	9,903,066	12,183,799

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

(Amount in Rupees)

	Quarter ended 30 September		Half year ended 30 September		Year ended 31 March
	2009	2008	2009	2008	2009
Salaries and allowances	233,866,020	261,899,235	479,497,357	523,929,612	1,026,556,722
Contribution to provident and other funds	13,062,638	15,304,731	26,778,803	27,942,075	56,896,091
Directors' remuneration	9,780,000	2,020,000	15,780,000	3,945,000	15,525,000
Employee's stock compensation expenses	-	785,327	-	2,451,091	3,220,673
Staff welfare	4,166,206	4,741,240	8,583,441	9,645,225	20,162,982

Training and Recruitment	317,429	2,806,994	1,082,743	7,030,473	13,727,632
Software and other development charges	17,720,750	8,350,240	38,032,320	18,019,611	79,306,710
Cost of software purchased for delivery to clients	5,667,808	3,437,440	27,066,406	26,475,556	53,811,355
Travelling	37,565,589	45,523,975	77,475,443	90,039,168	176,132,128
Conveyance	4,266,822	4,357,146	8,269,397	7,753,219	16,048,937
Communication	4,238,494	6,385,938	8,877,331	10,608,314	18,454,053
Rent	4,194,773	3,385,152	9,212,436	7,943,428	14,104,570
Rates and Taxes	481,093	494,420	1,481,876	1,360,971	2,388,574
Legal and professional	11,434,522	13,861,836	22,945,949	26,131,338	50,686,572
Power and fuel	7,339,104	8,387,436	14,121,963	16,166,959	28,679,874
Repair and maintenance					
- Building	63,392	246,722	826,689	479,743	733,063
- Others	3,777,960	4,499,519	7,698,380	7,765,332	14,817,798
Advertisement and business promotion	1,004,160	3,320,703	1,877,270	8,280,105	10,278,996
Conference, exhibition and seminar	6,111,130	9,282,298	7,350,643	9,295,198	12,875,249
Information technology expenses	3,814,709	1,552,449	6,627,949	3,666,105	10,459,290
Advances and other current assets written off	-	3,879,835	-	3,879,835	4,846,684
Commission to channel partners	351,294	1,788,359	3,576,705	2,378,093	5,658,663
Provision for doubtful debts	643,466	9,069,701	3,059,935	10,012,732	30,679,934

/ advances / other current assets					
Provision for diminution in the value of investments	-	-	-	-	5,515,363
Printing and stationery	369,415	837,846	1,415,277	3,010,555	3,739,902
Loss on sale of fixed assets (net)	227,800	-	227,800	-	-
Insurance	1,206,524	871,213	2,042,951	1,798,402	3,649,719
Bank charges	370,020	428,513	1,753,767	772,705	1,767,758
Miscellaneous expenses	3,710,011	7,339,466	7,096,398	12,829,840	31,613,489
	375,751,129	424,857,734	782,759,229	843,610,685	1,712,337,781

20. Revenue recognised upto the reporting date in respect of contracts in progress at the reporting date aggregates Rs. 806,491,978 (Rs. 1,457,086,628).
21. The company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the period/year and expects such records to be in existence latest by the due date of filing of the return of income, as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
22. During the current quarter, as per provision of Income-tax Act, 1961, the Company has taken credit of corporate dividend tax aggregating Rs. 11,896,274 on account of dividend received from one of its subsidiaries.
23. As reported in the financial results for the quarter ended 30 June 2009, one of the major customers of an overseas subsidiary of the Company, has on July 25, 2009 given notice to this subsidiary of partial cancellation of contracts, on a date one month from receipt of notice. In this regard, the subsidiary is in negotiations with the customer to resolve the dispute and for reaching a mutually satisfactory conclusion. As per legal opinion received and an assessment by management, there is no liability on the parent Company, and there is no impact on the financial results of the Company.

24. Previous period/year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current period and year figures.

For and on behalf of the Board of Directors

Janki Ballabh
Chairman

Vishnu R Dusad
Managing Director

P K Sanghi
Chief Financial Officer

Poonam Bhasin
Company Secretary

Place: Noida
Date: 25 October 2009

Nucleus Software Exports Ltd.

Consolidated Balance Sheet as at 30 September 2009

	As at 30 September 2009 (Rupees)	As at 31 March 2009 (Rupees)
Sources of funds		
Shareholders' funds		
Share capital	323,715,240	323,715,240
Advance pursuant to stock option schemes	4,530,100	5,999,100
Reserves and surplus	2,297,186,130	2,079,345,937
	<u>2,625,431,470</u>	<u>2,409,060,277</u>
Deferred tax liability (refer note 2, schedule 16)	1,584,669	2,541,492
	<u>2,627,016,139</u>	<u>2,411,601,769</u>
Application of funds		
Fixed assets		
Gross block	1,119,726,419	1,120,218,666
Less: Accumulated depreciation	(536,896,002)	(481,171,475)
Net block	<u>582,830,417</u>	<u>639,047,191</u>
Add: Capital work in progress (including capital advances)	2,921,503	3,100,736
	<u>585,751,920</u>	<u>642,147,927</u>
Investments	310,398,103	162,902,975
Deferred tax asset (refer note 2, schedule 16)	22,262,948	17,623,147
Current assets, loans and advances		
Sundry debtors	755,752,180	801,005,914
Cash and bank balances	987,306,280	1,061,360,508
Loans and advances	266,986,941	227,679,275
Other current assets	375,520,380	294,329,402
	<u>2,385,565,781</u>	<u>2,384,375,098</u>
Less: Current liabilities and provisions		
Current liabilities	(562,857,036)	(600,625,716)
Provisions	(114,105,577)	(194,821,663)
	<u>(676,962,613)</u>	<u>(795,447,379)</u>
Net current assets	1,708,603,168	1,588,927,720
	<u>2,627,016,139</u>	<u>2,411,601,769</u>

Nucleus Software Exports Ltd.

Consolidated Profit and Loss Account for the period ended 30 September 2009

	For the quarter ended 30 September 2009 (Rupees)	For the quarter ended 30 September 2008 (Rupees)	For the half year ended 30 September 2009 (Rupees)	For the half year ended 30 September 2008 (Rupees)	Year Ended 31 March 2009 (Rupees)
Sales and services	707,519,098	754,566,641	1,512,889,939	1,583,537,705	3,284,028,256
Software development expenses	476,823,949	529,394,064	1,015,098,756	1,090,002,912	2,225,452,271
Gross profit	230,695,149	225,172,577	497,791,183	493,534,792	1,058,575,985
Selling and marketing expenses	63,259,711	72,365,569	124,021,544	142,270,218	277,984,917
General and administration expenses	47,907,605	68,808,383	93,954,866	125,384,416	284,540,362
Operating profit before depreciation and withholding tax	119,527,833	83,998,625	279,814,773	225,880,158	496,050,706
Depreciation	30,134,977	35,743,864	62,117,661	69,480,956	132,770,459
Withholding taxes charged off	-	15,201,601	870,332	37,002,969	72,624,682
Operating profit after depreciation and withholding tax	89,392,856	33,053,160	216,826,780	119,396,232	290,655,565
Other income	21,655,575	14,889,548	53,108,888	78,146,916	137,083,763
Gain / (Loss) on foreign exchange fluctuation (net)	3,377,007	(4,586,672)	(39,433,683)	(79,404,669)	(79,196,089)
Profit before taxation	114,425,438	43,356,036	230,501,985	118,138,479	348,543,239
Provision for tax - current income tax	31,485,094	9,572,457	44,937,663	17,751,754	53,734,308
- MAT credit entitlement (refer note 8, schedule	(16,240,000)	(6,800,000)	(9,510,000)	(13,800,000)	(20,215,904)
- fringe benefit tax	332,155	1,800,686	332,155	3,670,686	7,020,686
- deferred tax credit (refer note 2, schedule 16)	(19,693)	(3,142,332)	(5,437,556)	(11,696,991)	(14,876,749)
- income tax for earlier year	-	1,100,000	-	1,100,000	210,273
Provision for wealth tax	61,714	88,047	61,714	88,047	88,047
Profit after taxation	98,806,168	40,737,178	200,118,009	121,024,983	322,582,578
Profit available for appropriation					
Profit for the period / year	98,806,168	40,737,178	200,118,009	121,024,983	322,582,578
Add: Balance brought forward	1,359,320,935	1,251,494,517	1,359,320,935	1,171,206,713	1,171,206,712
Total amount available for appropriation	1,458,127,103	1,292,231,695	1,559,438,944	1,292,231,695	1,493,789,290
Proposed dividend	-	-	-	-	80,925,060
Corporate dividend tax	226	-	226	-	13,753,214
Transferred to general reserve	-	-	-	-	39,790,081
Balance carried forward to the Balance Sheet	1,458,126,877	1,292,231,695	1,559,438,718	1,292,231,695	1,359,320,935
Earnings per share (par value Rs. 10 each) (refer note 13, schedule 16)					
Basic	3.05	1.26	6.18	3.74	9.97
Diluted	3.05	1.26	6.18	3.73	9.96
Number of shares used in computing earnings per equity share					
Basic	32,370,024	32,369,711	32,370,024	32,369,114	32,369,568
Diluted	32,373,776	32,403,884	32,372,617	32,474,634	32,377,620

Nucleus Software Exports Ltd.

Consolidated Cash Flow Statement for the quarter ended 30 September 2009

	For the six months ended 30 September 2009	For the quarter ended 30 September 2009	For the quarter ended 30 June 2009	For the year ended 31 March 2009
A. Cash flow from operating activities				
Net profit before tax	230,501,985	114,425,438	116,076,547	348,543,239
<i>Adjustment for:</i>				
Depreciation	62,117,661	30,134,977	31,982,684	132,770,459
Exchange difference on translation of foreign currency accounts	4,113,307	(12,459,406)	16,572,713	39,862,501
Dividend received from non trade investments	(4,559,951)	(2,479,525)	(2,080,426)	(14,906,748)
Interest on fixed deposits	(33,521,174)	(16,874,078)	(16,647,096)	(35,617,650)
Profit on sale of investments	(9,264)	(9,264)	-	(66,988,868)
Amortisation of employees compensation expenses	(1,152,715)	(1,333,686)	180,971	3,220,672
Loss on sale of fixed assets (net)	227,800	227,800	-	7,614,637
Advances and other current assets written off	228,978	-	228,978	4,846,684
Provision for doubtful debts / advances	6,138,809	3,951,318	2,187,491	48,260,777
Operating profit before working capital changes	264,085,436	115,583,574	148,501,862	467,605,703
Decrease / (increase) in debtors	36,154,154	(19,539,315)	55,693,469	(147,080,667)
Decrease / (increase) in loans and advances	(4,794,534)	(1,104,112)	(3,690,422)	(3,805,308)
Decrease / (increase) in other current assets	(49,181,774)	(44,173,717)	(5,008,057)	71,359,468
(Decrease) / increase in current liabilities	(37,145,548)	(16,062,482)	(21,083,067)	78,684,156
	209,117,733	34,703,948	174,413,785	466,763,352
Direct taxes paid	(29,837,789)	(7,039,882)	(22,797,907)	(84,710,563)
Fringe benefit tax paid	(472,156)	(472,156)	-	(6,880,686)
Net cash from operating activities (A)	178,807,788	27,191,909	151,615,878	375,172,103
B. Cash flow from investing activities				
Purchase of fixed assets/capital work in progress	(12,562,458)	(2,167,869)	(10,394,589)	(214,959,374)
Sale of fixed assets	(227,800)	(227,800)	-	20,305,092
Purchase of current investments	(751,506,956)	(510,013,697)	(241,493,259)	(1,858,919,660)
Proceeds on sale of current investments	604,021,092	464,608,259	139,412,833	2,509,956,771
Proceeds on sale of non trade investments	-	-	-	158,732,400
Interest on fixed deposits	10,483,874	3,586,766	6,897,108	10,036,440
Tax paid	(11,292,648)	(5,734,838)	(5,557,810)	(15,415,620)
Dividend received from non trade investments	4,559,951	2,479,525	2,080,426	14,906,748
Net cash from/ (used in) investing activities (B)	(156,524,945)	(47,469,654)	(109,055,291)	624,642,797
C. Cash flow from financing activities				
Dividend paid (including corporate dividend tax thereon)	(94,678,500)	(94,678,500)	-	(113,603,399)
Advance pursuant to employee stock option scheme	-	-	-	360,000
Net cash used in financing activities (C)	(94,678,500)	(94,678,500)	-	(113,243,399)
Net (decrease) / increase in cash and cash equivalents	(72,395,657)	(114,956,245)	42,560,587	886,571,501
Opening cash and cash equivalents	1,061,360,509	1,105,743,166	1,061,360,509	175,019,463
Effect of exchange rate change	(1,658,572)	(3,480,642)	1,822,070	(230,455)
Closing cash and cash equivalents *	987,306,280	987,306,280	1,105,743,166	1,061,360,509

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

The financial statements have been prepared under the historical cost convention in compliance with the requirements of the Companies Act, 1956, the Generally Accepted Accounting Principles (GAAP) in India and mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"). All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid under Accounting Standard 21 on "Consolidated Financial Statements" issued by the ICAI.

Management discussion and analysis of financial condition and results of operations include forward-looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the management has considered future risks as part of the discussions, future uncertainties are not limited to the management perceptions.

Overview

The Company was incorporated on January 9, 1989 as **Nucleus Software Exports Private Limited** with its registered office at 33-35 Thyagraj Nagar Market, New Delhi-110003.

In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Madras Stock Exchange Ltd.

Nucleus is a leading global software powerhouse providing innovative and pioneering products and software solutions to the Banking and Financial Services Industry. Our core competence is in banking and financial services spanning across solutions in the areas of Retail & Corporate Banking, Credit Cards, Cash Management, Relationship Banking, Financial CRM, Credit Risk & Appraisal, EAI, Internet Banking, FX, Basel II, Data warehousing and Analytics. For over twenty years, the Company has developed solutions spanning from Retail Banking to Corporate Banking, Cash Management, Internet Banking and Credit Cards. FinnOneTM, the Flagship product of Nucleus Software is a comprehensive suite for Retail Banking applications comprising of modules like Customer Acquisition System, Loan Management, Delinquency and Recovery Management, Deposits and Finance Against Securities. Cash@WillTM is the offering from Nucleus Software in the area of Cash Management and Internet Banking.

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

Company Strengths

The Company's business broadly consists of Development and Marketing of Software Products and Software Services for business entities in the Banking and Financial Services (BFSI) vertical. From a modest beginning with product development for a leading bank, Nucleus is today a major player in the "Banking Products" industry and is

one of the few Indian Companies whose products are installed at multiple locations internationally.

Our every move is guided by a single-minded focus on becoming a leading IT solutions provider in the Banking and Financial Services Industry. It is this dream that steered our organization in 1996 towards creating products that redefine quality and efficiency, highly appreciating the value of a delighted customer. Today a comprehensive suite of products provides solutions to the banking business.

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

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

Some of the notable accolades won by Nucleus are:

- **Annual Report for financial year 2008 received the ‘Second Runner’s up’ position** for “Best Presented Accounts Award” by the South Asian Federation of Accountants in November 2009 in the category of ‘Communication and Information Technology Sector”.
- **Forrester Research** a leading independent analyst firm, Recognized Nucleus Software **as an industry vertical specialist in their recent report “working with two offshore Providers”**.
- **Forrester Research** a leading independent analyst firm, Recognized Nucleus Software **amongst 17 vendors of globally deployed banking platforms evaluated on their 2008 deals**.
- Nucleus Software’s FinnOne™ has been ranked **‘World’s No 1 Selling Lending Software product ’ (for year 2008) by IBS Publishing of U.K**. This is the third consecutive year, that it has been ranked amongst the top two.
- **Annual Report and Accounts of Nucleus Software for year ended March 31, 2008 have been adjudged as the BEST** under the category ‘Information Technology, Communication and Entertainment enterprises’ of the ‘ICAI Awards for Excellence in Financial Reporting’ by the Institute of Chartered Accountants of India (ICAI). **This award signifies that the accounting policies followed by Nucleus Software are the Best amongst the category**.
- Nucleus Software has been **ranked among the Top 25 Companies adopting “Good Corporate Governance Practices in India”** for the third consecutive year in 2008.
- Nucleus Software has been Ranked Amongst **India’s Top 15 Exciting Emerging Companies to Work For by Nasscom**.
- Nucleus Software has been recognized under **“Best Practices” for Performance Management System by NASSCOM, 2008**
- Nucleus is selected as **one of Forbes ASIA’s 200 Best Under A Billion companies**, for the second consecutive year, list released in September 2008.
- Nucleus Software has been conferred the **Best Independent Software Vendor (ISV) Partner (North India for 2008) award by IBM**
- Nucleus Software was awarded the **“D&B – ECGC Indian Exporters’ Excellence Award”** by Dun & Bradstreet India (D&B India) and Export Credit Guarantee Corporation of India Ltd (ECGC) for the year 2007.
- Nucleus Software was adjudged as **one of the fastest growing companies in Asia Pacific under Deloitte Technology Fast 500 – 2007**.

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

Group Structure

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

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

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

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

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

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

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

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

Risks and Concerns:

Concentration :

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

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

While we are committed to reduce the revenue from top 5 clients to 40 % of the total revenue in the medium term, during the quarter, your Company derived 67% of revenues from its top 5 clients against 70% of revenues from the top 5 clients in the corresponding quarter previous year. . In order to further reduce this risk, the Company is making substantial investments in marketing and brand building in other growing markets, to win new clients. We endeavor to mitigate risk by delivering value on a consistent basis. Despite the extremely uncertain economic scenario worldwide, the Company won 11 product orders for 38 product modules of FinnOne™, our retail loan suite and Cash@will™. The Company has been a regular participant at the Global Banking events to add to the brand and visibility, thereby attracting new customers. These initiatives will help in reaching out to more customers across the globe and reduce client concentration.

For the Year ended September 30,	2009	2008
% of Revenue from the top-five clients	67%	70%
Clients accounting for > 10% of revenues	2	3

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

Majority of our revenue is derived from the Far East region. This concentration of revenue increases the susceptibility of revenue to events that take place in these

geographies. Besides political risk, there are other risks of changes in taxation policy, regulations regarding deputation of skilled manpower, civil unrest, epidemics and wars.

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

REVENUE BY	Quarter Ended	
	30 Sept 2009	30 Sept 2008
<i>GEOGRAPHICAL SEGMENTS</i>		
INDIA	12.67	12.33
FAR EAST	40.15	50.82
SOUTH EAST ASIA	22.01	15.63
EUROPE /U.K.	5.95	5.85
USA & CANADA	1.17	0.28
MIDDLE EAST	13.91	6.92
AFRICA	1.90	4.66
REST OF THE WORLD	2.23	3.51
TOTAL	100.00	100.00

Our success in different geographies is a function of:

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

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

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

- c) **Political Concentration:** Our eight subsidiaries are located in seven countries (Australia, Hong Kong, India, Japan, Netherlands, Singapore and USA). Political

activities in these countries also effect our operations and revenues. At the same time, such diversification strategy is also a de-risking mechanism to protect the Company from the political climate of any country. Any political instability in the Company's key consumer markets could impact business revenues.

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

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

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

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

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

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

FINANCIAL CONDITION RESULTS OF OPERATIONS

The consolidated financial results as below:

(Rs. in Crore)

	Quarter Ended September 30th				
	2009	% of Revenue	2008	% of Revenue	Growth %
Income from Software Services and Products	70.75	100.00	75.46	100.00	(6.24)
Software Development Expenses	47.68	67.39	52.94	70.16	(9.94)
Gross Profit	23.07	32.61	22.52	29.84	2.44
Selling and Marketing Expenses	6.33	8.95	7.24	9.59	(12.57)
General and Administration Expenses	4.79	6.77	6.88	9.12	(30.38)
Operating Profit before Interest, Depreciation and Withholding Taxes	11.95	16.89	8.40	11.13	42.26
Depreciation	3.01	4.25	3.57	4.73	(15.69)
Withholding Taxes	-	-	1.52	2.01	NA
Operating Profit after Interest, Depreciation and Withholding Taxes	8.94	12.64	3.31	4.39	NA
Other Income	2.16	3.05	1.49	1.97	44.97
Foreign Exchange Gain/ (Loss)	0.34	0.48	(0.46)	(0.61)	(173.91)
Profit before Tax	11.44	16.17	4.34	5.75	NA
Provision for Taxation					
-Current	3.15	4.45	0.97	1.29	NA
- MAT credit entitlement	(1.62)	(2.29)	(0.68)	(0.90)	138.24
- Fringe Benefit	0.03	0.04	0.18	0.24	(83.33)
-Deferred	0.00	0.00	(0.31)	(0.41)	NA
-Earlier year tax	0.00	0.00	0.11	0.15	NA
Profit after Tax	9.88	13.96	4.07	5.39	142.75

REVENUE

We derive our revenue from the following business segments:

- Products
- Projects and Services

Products

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

Product revenue was Rs.39.08 crore during the quarter constituting 55.23% of the total revenue against Rs. 52.10 crore, 69.05% of total revenue, in the corresponding quarter previous year.

Projects and Services

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

Revenue from software projects and services segment during the quarter was Rs. 31.68 crore constituting 44.77% of the total revenue against Rs. 23.35 crore constituting 30.95% of total revenue in the corresponding quarter previous year.

EXPENDITURE

Software Development Expenses

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

During the quarter our software development expenses were Rs.47.68 crore, 67.39% of revenue against Rs.52.94 crore, 70.16% of revenue in the corresponding quarter previous year.

(Rs. in crore)

Quarter Ended September 30th					
Particulars	2009	% of Revenue	2008	% of Revenue	Growth %
Employee Costs	32.77	46.32	35.05	46.44	(6.50)
Travel Expenses	4.35	6.15	4.19	5.55	3.93
Cost of Software Purchased for Delivery to Clients	0.53	0.75	1.35	1.79	(60.41)
Communication	0.44	0.63	0.70	0.93	(36.87)
Power and Fuel	0.66	0.94	0.78	1.03	(14.69)
Rent, Rates and Taxes	2.09	2.96	3.42	4.54	(38.83)
Software and Other Development Charges	1.77	2.50	0.84	1.11	112.22
Legal and Professional	0.85	1.20	0.48	0.64	76.92
Conveyance	0.44	0.62	0.36	0.48	20.80
IT Expenses	0.35	0.50	0.16	0.21	122.66
Repairs and Maintenance	0.32	0.46	0.39	0.52	(17.15)
Training and Recruitment	0.06	0.08	0.22	0.29	(73.61)
Insurance	0.15	0.22	0.15	0.20	(0.97)
Consultancy Charges	2.61	3.69	4.08	5.41	(35.99)
Others	0.26	0.37	0.77	1.02	(66.43)
Total Software Development Expenses	47.68	67.39	52.94	70.16	(9.94)
Revenue	70.75	100.00	75.46	100.00	(6.24)

Employee costs have decreased by 6.50% over the corresponding quarter previous year.

Rent has decreased to Rs.2.09 crore against Rs. 3.42 crore in corresponding quarter previous year due to lesser expenses incurred on outsourced work and onsite accommodation charges

Software and other development charges have increased to Rs.1.77 crore against Rs.0.84 crore in corresponding quarter previous year due to hiring of consultants for implementation at customer sites and contracting of development work overseas.

Selling and Marketing Expenses

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

During the quarter selling and marketing expenses were Rs. 6.33 crore at 8.94% of revenue against Rs. 7.24 crore at 9.59% of revenue in the corresponding quarter previous year representing a decrease of 12.57%.

(Rs. in crore)

Quarter Ended September 30th					
Particulars	2009	% of Revenue	2008	% of Revenue	Growth %
Employee Costs	3.60	5.08	3.37	4.47	6.60
Travel Expenses	0.88	1.24	0.91	1.20	(3.02)
Rent, Rates and Taxes	0.30	0.42	0.34	0.46	(13.91)
Advertisement and Business Promotion	0.10	0.14	0.34	0.45	(70.09)
Communication	0.22	0.31	0.17	0.23	27.34
Conference, Exhibition and Seminar	0.62	0.88	0.93	1.23	NA
Commission on Sales	0.04	0.05	0.18	0.24	(80.36)
Legal and professional charges	0.16	0.23	0.45	0.60	(63.67)
Printing and stationary	0.01	0.01	0.02	0.03	(63.30)
Others	0.40	0.57	0.52	0.69	(22.38)
Total Selling and Marketing Expenses	6.33	8.94	7.24	9.59	(12.57)
Revenue	70.75	100.00	75.46	100.00	(6.24)

Employee costs have increased by 6.60%.

General and Administrative Expenses

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

During the quarter our general and administrative expenses were Rs.4.79 crore at 6.77% of revenue against Rs. 6.88 crore at 9.12% of revenue in the corresponding quarter previous year, representing a decrease of 30.38%.

(Rs. in crore)

Quarter Ended September 30th					
Particulars	2009	% of Revenue	2008	% of Revenue	Growth %
Employee Costs	2.69	3.80	3.27	4.33	(17.60)
Travel Expenses	0.07	0.10	0.33	0.44	(78.07)
Legal and Professional Charges	0.89	1.26	0.73	0.97	21.96
Communication	0.08	0.11	0.08	0.11	(4.66)
Provision for Doubtful Debts	0.40	0.56	1.04	1.38	(62.16)
Rent, Rates and Taxes	0.11	0.15	0.13	0.17	(16.89)
Conveyance	0.05	0.07	0.08	0.10	(36.39)
Printing and Stationery	0.03	0.04	0.05	0.07	(45.73)
Power and Fuel	0.06	0.09	0.07	0.09	(4.34)
Advertisement	0.01	0.02	0.03	0.05	(56.08)
Advances and current assets written off	0.00	0.00	0.39	0.51	NA
Miscellaneous expenses	0.40	0.56	0.67	0.89	(41.14)
Total General and Administrative Expenses	4.79	6.77	6.88	9.12	(30.38)
Revenue	70.75	100.00	75.46	100.00	(6.24)

There has been lesser provisioning for doubtful debts and lower write-offs with regards to advances and current assets.

Operating Profit

During the quarter our operating income was Rs.11.95 crore, 16.89% of revenue against Rs.8.40 crore, 11.13% of revenue in the corresponding quarter previous year.

Depreciation

Depreciation on fixed assets was Rs.3.01 crore, 4.25% of revenue for the quarter against Rs. 3.57 crore, 4.73% of revenue in the corresponding quarter previous year.

Withholding Taxes

Withholding taxes charged off represent withholding taxes charged to Profit and Loss Account. During the quarter withholding taxes are NIL against Rs. 1.52 crore in the corresponding quarter previous year. As credits get available, this is turning more into a tax at source rather than an expense.

Foreign Exchange Gain (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from cancellation of options and forward contracts other than those covered by hedge accounting, translation of current assets and liabilities at quarter end rates and those arising from realization /payments of receivables/payables respectively. During the quarter, the Company had a foreign exchange gain of Rs. 34 lakhs against a loss of Rs. 46 lakhs for the corresponding quarter previous year.

In terms of hedges, we had on September 30, 2009, USD 7.50 million dollars of forward contracts @ 48.72 with a mark-to-market gain of about Rs. 27 lakhs which is taken to hedging reserve in the Balance Sheet. We have a USD 1.6 million option which is marked to market at 48.11. Our total hedge as on 30th September was USD 9.10 million, and we are covering close to our India receivables.

Other Income

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

(Rs. in crore)

For the year ended September 30,	2009	2008
On Investments		
Capital Gain	-	0.00
Dividend	0.25	0.55
Interest Income	1.69	0.03
Profit on sale of assets	-	0.03
Others	0.23	0.87
Total	2.17	1.48

Other income for the quarter was Rs. 2.17 crore compared to Rs. 1.48 crore for the corresponding quarter previous year

Provision for Income Tax

Income taxes represent the provision for corporate & income taxes in various countries where the Company and Subsidiaries operate. In estimating these taxes, adjustments are made for deferred tax assets and liabilities.

(Rs. in crore)

As at September 30,	2009	2008
Provision for Taxation		
- Current Tax	3.15	0.96
- Fringe Benefit Tax	0.03	0.18
- MAT Credit Entitlement	-1.62	(0.68)
- Deferred Tax Expense	-	(0.31)
- Earlier Year Tax		0.11
Total	1.56	0.26

Total tax is Rs. 1.56 crore for the quarter as against Rs. 0.26 crore for the corresponding quarter previous year.

Net Income

Our net income for the quarter was Rs. 9.88 crore, 13.97% of revenue, against Rs. 4.07 crore, 5.40% of revenue, during the corresponding quarter previous year.

FINANCIALS

Share Capital

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

Share Capital of the Parent Company remains the same at 32,370,024 Equity Shares of Rs.10/- each as on September 30 2009.

Subsidiaries

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

Name of Subsidiary Company	Currency	As at September 30, 2009		As at September 30, 2008	
		In foreign Currency	Eqv. Rupees (in crore)	In foreign Currency	Eqv. Rupees (in crore)
Nucleus Software Solutions Pte. Ltd. Singapore. 625,000 equity shares of S\$ 1 each.	SGD	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US\$ 0.35 cents each	USD	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaiga, Japan. 200 equity shares of JPY 50,000 each	JPY	10,000,000	0.41	10,000,000	0.41
Nucleus Software (HK) Ltd., Hong Kong. 100,000 equity shares of HK\$ 1 each.	HKD	100,000	0.06	100,000	0.06
Nucleus Software (Australia) Pty Ltd., Australia. 316,000 equity shares of Aus \$ 1 each	Aus \$	316,000	0.98	316,000	0.98
Virstra I-Technology Services Ltd., India. 1,000,000 equity shares of Rs. 10 each	INR	-	1.00	-	1.00
Nucleus Software Netherlands B.V., Netherlands. 1000 equity shares of Euro 100 each	Euro	200,000	1.18	100,000	0.54
Nucleus Software Limited, India 10,000,000 equity shares of Rs.10/- each	INR	-	10	-	0.25
Step down Subsidiary of Nucleus Software Exports Ltd.					
Virstra (Singapore) Pte. Ltd., Singapore. 200,000 equity shares of S\$ 1 each	SGD	200,000	0.56	200,000	0.56

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

value of investments in Nucleus Software (Australia) Pty Ltd., Australia and Nucleus Software (HK) Ltd., Hong Kong.

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

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

Reserves and Surplus

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

(Rs. in crore)

<i>Particulars</i>	<i>Balance as on July 1, 2009</i>	<i>Additions/ (Deletions) during the quarter</i>	<i>Closing Balance as on September 30, 2009</i>
General Reserve	65.43	0	65.43
Securities Premium	2.10	0	2.10
Capital Reserve	0.29	0.11	0.40
Employee Stock Options (net of deferred employee compensation)	1.25	-0.13	1.12
Foreign Currency Translation Reserve	4.13	0.33	4.46
Hedging Reserve	0.92	-0.65	0.27
Profit and Loss Account Balance	146.06	9.88	155.94
Total	220.18	9.54	229.72

Fixed Assets

As at September 30, 2009, gross block of fixed assets including investment in technology assets was Rs. 111.97 crore (Rs. 112.64 crore as on September 30, 2008).

The net fixed assets after depreciation are Rs.58.28 crore as on September 30, 2009 compared to Rs. 68.00 crore as on September 30, 2008.

Other Long-Term Investment

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

Current Investments and Bank Balances

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

As of September 30, 2009 the cash and bank balances stood at Rs.98.73 crore (Rs. 18.20 crore on September 30, 2008) and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs.30.79 crore (Rs.71.85 crore on September 30, 2008) where the average maturity period is 60- 90 days of maturity for the entire fund.

(Rs. in crore)

As at September 30,	2009	2008
Cash and cheque in hand	0.07	0.03
Balances with Bank		
In Current Accounts	30.24	14.99
In Fixed Deposit Account	66.59	1.14
Remittance in transit	1.83	2.06
Investments in Mutual Funds	30.79	71.85
Total	129.52	90.08

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

(Rs. in crore)

As at September 30,	2009
Balances with Banks	
In Current Accounts in INDIA	
Canara Bank	-
Citi Bank	8.07
Citi Bank – EEFC accounts in US dollar	9.02
DBS Bank	0.01
HDFC Bank – EEFC accounts in US dollar	0.22
HDFC Bank	0.25
HDFC Bank – Unclaimed dividend accounts	0.11
HSBC Bank – Unclaimed dividend accounts	0.04
ICICI Bank	0.04
State Bank of India	0.04
Vijaya Bank	-
In Current Accounts in OVERSEAS locations	
ANZ Bank, Australia	-
Bank of Tokyo Mitshubishi, Japan	2.40
Citi Bank, Korea	1.95
Citi Bank, Netherlands	0.07
Citi Bank, Philippines	0.14
Citi Bank, Singapore	5.25
Citi Bank, Singapore	0.09
Citi Bank, HongKong	-
Citi Bank, UK	0.02
Citi Bank, UAE	0.13
PNC Bank, USA	0.56
Shinsei Bank, Japan	1.27
Total Balances in Current Accounts	29.68
Total Bank Balances	17.80
In Fixed Deposit Accounts	
ANZ Bank, Australia	-
Bank of India	2.00
Canara Bank	19.70
Citi Bank	0.53
Corporation Bank	8.69
DBS Bank	-
HDFC Bank	18.14
ICICI Bank	5.20
Punjab National Bank	6.60
State Bank of India	5.73
Total Balances in Fixed Deposit Accounts	66.59
Remittance in Transit	2.39
Cash In Hand	0.07
Total Bank Balance & Fixed Deposits	98.73

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

(Rs. in crore)

As at September 30,	2009	2008
Days of sale receivable	98	99
Cash and bank balances as % of assets	37.58%	7.95%
Cash and bank balances as % of revenue	139.54%	24.13%
Current investments as % of assets	11.72%	31.36%
Current investments as % of revenue	43.52%	95.22%

Trade Receivables

Our trade receivables (net of provision) as on September 30, 2009 were Rs.75.58 crore against Rs. 81.54 crore as on September 30, 2008. In the opinion of management all the trade receivables are recoverable.

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

(Rs. in crore)

As at September 30,	2009	2008
Less than 6 months	81.55%	93.08%
More than 6 months	18.45%	6.92%
Days of sales receivables (DSR)	98	99

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

Loans and Advances

The amount is Rs.26.69 crore as on September 30, 2009 (Rs.22.51 crore as on September 30, 2008).

(Rs. in crore)

Loans and advances as on	30-Sep-09	30-Sep-08
Advances recoverable in cash or in kind	3.92	6.27
Security deposits	2.86	3.16
Advance income tax	7.24	2.37
Prepaid expenses	3.66	3.29
Advance fringe benefit tax	0.27	0.26
MAT credit entitlement	8.74	7.16
Total	26.69	22.51

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.3.92 crore as on September 30, 2009 (Rs.6.27 crore as on September 30, 2008).

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs. 2.86 crore as on September 30, 2009 (Rs.3.16 crore as on September 30, 2008). Advance income tax has increased as WHT deducted from overseas customers add on to the advance tax/ TDS.

Pursuant to the changes in the Indian Income Tax Act, 1961, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). A sum of Rs.8.74 crore is carried forward and shown under Loans and Advances as at September 30, 2009 to be set off against future tax liabilities (Rs.7.16 crore as on September 30, 2008.)

Other Current Assets

Other current assets as on September 30, 2009 are Rs. 37.55 crore (Rs.41.45 crore as on September 30, 2008).

(Rs. in crore)

As at September 30,	2009	2008
Service income accrued but not due	32.58	41.31
Interest accrued but not due	4.97	0.14
Total	37.55	41.45

Service income accrued but not due as on September 30, 2009 is Rs.32.58 crore (Rs.41.31 crore as on September 30, 2008), which is service income not billed.

Current Liabilities

The Current Liabilities as on September 30, 2009 is Rs. 56.28 crore against (Rs. 67.65 crore as on September 30, 2008).

(Rs. in crore)

Current Liabilities as on	30-Sep-09	30-Sep-08
Sundry Creditors	36.48	50.64
Withholding tax	3.39	3.39
Due to Subsidiaries		
Advances from customers	10.82	8.52
Mark to Market on Options/ Forward Con	0.70	-
Unclaimed dividend	0.15	0.13
Other liabilities	4.74	4.97
Total	56.28	67.65

Sundry Creditors represent amounts payable for the supply of goods and services and has decreased by Rs.14.16 crore.

The total amount of Sundry Creditors as on September 30, 2009 is Rs. 36.48 crore (Rs.50.64 crore as on September 30, 2008).

Withholding tax payable represents the amount of withholding taxes to be deducted/deductible by overseas clients/ Subsidiaries on income billed to them by the Parent Company. The total amount of withholding tax liability as on September 30, 2009 was same at Rs. 3.39 crore.

Advances from customers as on September 30, 2009 is Rs.10.82 crore Rs. 8.52 crore as on September 30, 2008). These consist of advance payments received from customers and "Unearned Revenue"; Unearned Revenue is defined as client billing for which related costs have not been incurred or product license delivery is at a later date.

The amount of Unclaimed Dividend as on September 30, 2009 is Rs.0.15 crore (Rs.0.13 crore as on September 30, 2008).

At the end of the quarter Rs. 0.70 crore is the liability on Mark to Market options /Forward contracts Other liabilities represent amounts accrued for statutory dues related to taxes and staff benefits etc. The total amount of other liabilities as on September 30, 2009 is Rs. 4.73 crore (Rs. 4.97 crore as on September 30, 2008).

Provisions

Provisions as on September 30, 2009 are Rs.11.41 crore (Rs.10.44 crore as on September 30, 2008). The break-up of provisions at the quarter-end is given below:

(Rs. in crore)

As at September 30,	2009	2008
Gratuity	6.24	4.72
Leave encashment	4.76	4.95
Net of Advance Tax	0.41	0.77
Dividend		
Corporate dividend tax		
Total	11.41	10.44

Gratuity and leave encashment provisions are higher due to adoption of revised Accounting Standard 15 on employee benefits.

- Shares of the Company are compulsorily traded in demat form.
- 96.80 % of the Company's equity shares are in demat form.
- The Company had 17,972 shareholders as on September 30, 2009.
- The Company has not issued any GDRs / ADRs. The Company has granted options to employees under ESOP (1999), ESOP (2002), ESOP (2005) and ESOP (2006) scheme. The options if exercised at the end of the vesting period shall be converted into equity shares.
- The dividend declared and paid in the previous financial years is given below:

Financial Year	Dividend (%)	Dividend Per Share in Rs.	Dividend Pay Out in Rs. Crore
2008-09	25%	2.50	8.09
2007-08	30%	3.00	9.71*
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05	25%	2.50	4.02*
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2001-02	20%	2.00	1.58
2000-01	20%	2.00	0.68

** The dividend payout in 2004-05 and 2007-08 was on the enhanced capital consequent to 1:1 bonus issue made during the respective years.*

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

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

The Board of Directors reviews the Dividend Policy periodically.

- Registrars of Company

Karvy Computershare Private Limited

Plot No. 17-24
Vithal Rao Nagar, Madhapur
Hyderabad 500 081
Tel: 040-23420815-28
Fax: 040- 23420814/23420857
Email: mailmanager@karvy.com

6. Locations

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

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
Jul-09	83.85	101.00	74.40	91.35	2,282,343	84.95	100.70	74.20	91.25	4,248,633
Aug-09	91.35	131.50	91.00	121.90	6,303,485	93.00	138.00	92.00	122.05	13,602,892
Sep-09	122.70	128.25	112.60	114.80	2,886,411	122.85	127.85	112.60	115.00	6,652,976

1. The highest share price of the Nucleus scrip at Bombay Stock Exchange Ltd. was Rs.131.50 in August 2009 and the lowest share price was Rs.74.40 in July 2009.
2. The highest share price of the Nucleus scrip at National Stock Exchange was Rs.138.00 in August 2009 and the lowest share price was Rs.74.20 in July 2009.

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

	BSE		NSE	
	<i>High (Rs.)</i>	<i>Low(Rs.)</i>	<i>High(Rs.)</i>	<i>Low(Rs.)</i>
December 31 st 2009	111.00	43.00	112.95	42.50
March 31 st 2009	63.50	39.50	63.35	38.75
June 30 th 2009	122.90	49.05	120.80	50.00
September 30 th 2009	131.50	74.40	138.00	74.20

8. Share Transfer System

The Company's shares are currently traded in dematerialised form, transfers are processed and approved in the electronic form by NSDL/CDSL through their Depository Participants.

The Shareholders/Investor Grievance Committee is authorised to approve transfer of shares, which are received in physical form, and the said Committee approves transfer of shares on a fortnightly basis.

All requests for dematerialisation of shares are processed and confirmation is given to the respective Depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) within 15 days.

The Company has De-materialised 31,334,109 shares (96.80% of the paid up share capital) as at September 30, 2009.

The Company obtains from a Company Secretary in practice half –yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.

9. Employee Stock Option Schemes

The Company earlier instituted an ESOP scheme 1999 in year 2000, ESOP scheme 2002 was instituted in 2002, ESOP scheme 2005 was instituted in 2005 and ESOP scheme 2006 was instituted in 2006. These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 1999 scheme originally provided for the issue of 170,000 Equity Shares, 2002 scheme for 225,000 Equity Shares, 2005 scheme for 625,000 Equity Shares and 2006 scheme for 10,00,000 to eligible employees and Directors. A Compensation Committee of Board of Directors administers these schemes.

The Company had allotted Bonus shares in the ratio of 1:1 to the existing equity shareholders of the Company in August 2007. Consequently the Company 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.

During the current quarter ended September 30, 2009, the Compensation Committee of the Board of Directors granted 1,00,000 options to the Employees of the Company and its subsidiary companies under Employee Stock Option Plan (2006).

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	4	4	0
2.	Non-receipt of Dividend Warrant	11	11	0
3.	Issue of Duplicate Share Certificates	1	1	0
4.	Non-Receipt of Annual Report	6	6	0
	Total	22	22	0

The Company 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 proceeding pending against the Company in Court one relating to termination of employment and another relating to stamp duty.

12. Distribution of Shareholding

DISTRIBUTION SCHEDULE AS ON 30.09.2009						
SL No	No of Equity Shares Held		Number of Share Holders	Percentage of Share Holders	No of Shares	Percentage of Shares
	From	To				
1	1 -	500	15,643	87.04	1,723,250	5.32
2	501	1000	1,183	6.58	907,864	2.80
3	1001	2000	533	2.97	798,926	2.47
4	2001	3000	187	1.04	476,541	1.47
5	3001	4000	91	0.51	323,425	1.00
6	4001	5000	56	0.31	265,985	0.82
7	5001	10000	142	0.79	1,029,475	3.18
7	10001 and above.		137	0.76	26,844,558	82.93
TOTAL			17,972	100.00	32,370,024	100.00

13. Categories of Shareholders

<i>Category</i>	<i>As on September 30,2009</i>		
	<i>No. of Share Holders</i>	<i>Voting Strength (%)</i>	<i>No. of Shares Held</i>
Promoter and Promoter Group	11	59.55	19,276,990
Individuals	16,757	21.30	6,895,579
Bodies Corporate	675	7.13	2,309,026
Non-Resident Indians & OCBs	344	1.76	568,746
Foreign Institutional Investors	12	5.47	1,771,559
Mutual Funds	6	4.26	1,378,725
FIs/Banks	2	0.00	700
Clearing Members and Trusts	165	0.52	168,699
Total	17,972	100	32,370,024

14. Investors' Correspondence may be addressed to:

The Company Secretary
Nucleus Software Exports Ltd.,
33-35, Thyagraj Nagar Market
New Delhi-110003
India

Tel: ++91-(120)-2404050 Fax: ++91-(120)-2403972
Email: investorrelations@nucleussoftware.com

15. Employee Strength of Nucleus

Nucleus employed 1,812 people as on September 30, 2009 as compared to 2,059 people on September 30, 2008.

A. Distribution of the employees:

As at September 30,	2009		2008	
	No.	%	No.	%
Technical Staff	1,493	82.78	1,709	83.00
Non-Technical Staff including Business Development Group	312	17.22	350	17.00
The gender classification of employees is:				
Male	1,433	20.53	1,581	76.78
Female	372	79.47	478	23.22
Total	1,805	100.00	2,059	100.00

B. The age profile of employees is:

As at September 30,	2009		2008	
	No.	%	No.	%
Between 20 and 25 years	265	14.74	415	20.16
Between 26 and 30 years	813	45.14	896	43.52
Between 31 and 40 years	651	35.93	667	32.39
Between 41 and 50 years	59	3.26	63	3.06
51 years and above	17	0.94	18	0.87
Total	1,805	100.00	2,059	100.00

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

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

Vishnu R Dusad Managing Director	Tel: +91 (120) 2404033 E Mail: vishnu@nucleussoftware.com
R P Singh President – Deliveries	Tel: +91 (120) 2403981 E Mail: rp@nucleussoftware.com
Pramod K Sanghi President - Finance & Chief Financial Officer	Tel: +91 (120) 2404036 E Mail: pk sanghi@nucleussoftware.com
Prakash Pai President – Product Management	Tel: +91 (120) 2404046 E Mail: pai@nucleussoftware.com
Niraj Vedwa President – Global Sales & Marketing	Tel: +91 (120) 2403979 E Mail: niraj@nucleussoftware.com
Ravi Verma President & Global Head - Human Resource	Tel: +91(120) 2404050 E Mail: ravi.verma@nucleussoftware.com
Poonam Bhasin Company Secretary	Tel: +91 (120) 2403960 E Mail: poonam@nucleussoftware.com



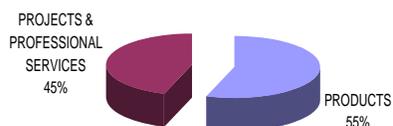
Nucleus Software Exports Ltd.

Consolidated Segment Information

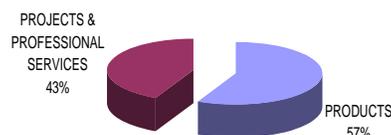
(Rs. in Cr)

REVENUE BY	Quarter Ended				Half Year Ended				Year ended	
	30 Sept 2009	% of Revenue	30 Sept 2008	% of Revenue	30 Sept 2009	% of Revenue	30 Sept 2008	% of Revenue	31 March 2009	% of Revenue
GEOGRAPHICAL SEGMENTS										
INDIA	8.97	12.67	9.31	12.33	19.38	12.81	17.06	10.78	36.74	11.19
FAR EAST	28.42	40.15	38.35	50.82	58.11	38.41	82.37	52.01	160.55	48.89
SOUTH EAST ASIA	15.57	22.01	11.80	15.63	33.94	22.43	24.15	15.25	53.30	16.23
EUROPE /U.K.	4.21	5.95	4.42	5.85	7.97	5.27	11.11	7.02	21.61	6.58
USA & CANADA	0.83	1.17	0.21	0.28	0.83	0.55	0.45	0.28	0.80	0.24
MIDDLE EAST	9.84	13.91	5.22	6.92	23.75	15.70	12.43	7.85	32.02	9.75
AFRICA	1.34	1.90	3.52	4.66	3.97	2.63	6.67	4.21	13.16	4.01
REST OF THE WORLD	1.57	2.23	2.65	3.51	3.34	2.21	4.11	2.60	10.22	3.11
TOTAL	70.75	100.00	75.46	100.00	151.29	100.00	158.35	100.00	328.40	100.00
CURRENCY SEGMENTS										
INDIAN RUPEE	8.97	12.68	9.30	12.32	19.38	12.81	17.06	10.77	36.74	11.19
JAPANESE YEN	3.70	5.23	3.54	4.69	7.07	4.67	6.91	4.36	19.79	6.03
SING \$	10.66	15.07	8.68	11.50	23.88	15.78	17.99	11.36	40.83	12.43
US \$	44.70	63.18	52.97	70.20	95.58	63.18	114.08	72.04	225.71	68.73
MALAYSIAN RINGITT	0.11	0.16	-	0.00	0.11	0.07	-	0.00	-	-
AUD	0.00	0.00	-	0.00	-	0.00	-	0.00	-	-
AED	1.86	2.63	-	0.00	3.67	2.43	-	0.00	1.60	0.49
KRW	0.75	1.06	0.56	0.74	1.60	1.06	1.48	0.93	2.77	0.84
EURO	-	0.00	0.41	0.54	-	0.00	0.83	0.52	0.96	0.29
TOTAL	70.75	100.00	75.46	100.00	151.29	100.00	158.35	100.00	328.40	100.00
BUSINESS SEGMENTS										
PRODUCTS	39.08	55.23	52.10	69.05	86.39	57.10	109.36	69.06	219.96	66.98
Own	37.70	53.30	49.58	65.71	79.29	52.41	97.10	61.32	200.72	61.12
Traded	1.37	1.94	2.52	3.34	7.10	4.69	12.26	7.74	19.24	5.86
PROJECTS & PROFESSIONAL SERVICES	31.68	44.77	23.35	30.95	64.90	42.90	48.99	30.94	108.44	33.02
TOTAL	70.75	100.00	75.46	100.00	151.29	100.00	158.35	100.00	328.40	100.00

Business Segments
Q2 FY 2009- 10



Business Segments
HY 2009-10





NUCLEUS SOFTWARE EXPORTS LIMITED
RATIO ANALYSIS

Particulars	CONSOLIDATED PERFORMANCE				
	Quarter ended		Half Year Ended		Year ended
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008	March 31, 2009

Ratios- Financial Performance

Export Revenue/ Revenue	87.32%	87.67%	87.19%	89.22%	88.81%
Domestic Revenue/ Revenue	12.68%	12.33%	12.81%	10.78%	11.19%
Gross Profit/ Revenue	32.61%	29.84%	32.90%	31.17%	32.24%
Software Development Expenses/ Revenue	67.39%	70.16%	67.10%	68.83%	67.77%
Selling and Marketing Expenses/ Revenue	8.94%	9.59%	8.20%	8.98%	8.46%
General and Administrative Expenses/ Revenue	6.77%	9.12%	6.21%	7.92%	8.66%
Total Operating Expenses/ Revenue	83.11%	88.87%	81.50%	85.74%	84.90%
Operating Profit/ Revenue	16.89%	11.13%	18.50%	14.27%	15.11%
Depreciation/ Revenue	4.26%	4.74%	4.11%	4.39%	4.04%
Other Income/ Revenue	3.54%	1.37%	0.90%	-0.08%	1.76%
Tax/ Revenue	2.21%	0.35%	2.01%	-0.18%	0.79%
Tax/ PBT	13.65%	6.04%	13.18%	-2.44%	7.46%
PAT from Ordinary Activities/ Revenue	10.43%	4.03%	12.32%	7.72%	8.06%
PAT from Ordinary Activities/ Net Worth	2.81%	1.33%	7.11%	5.36%	11.02%
ROCE(PBIT/Average Capital Employed)	4.44%	1.91%	8.93%	5.21%	15.26%
RONW (PAT/Average Net Worth)	3.84%	1.80%	7.78%	5.36%	14.16%

Ratios Balance Sheet

Debtors Turnover (Days)	98	99	91	94	84
Asset Turnover Ratio	0.27	0.33	0.58	0.69	1.36
Current Ratio	3.52	2.42	3.52	2.42	3.00
Cash and Equivalents/Total Assets (%)	49.30%	39.31%	49.30%	39.31%	50.66%
Cash and Equivalents/ Revenue (%)	183.07%	119.35%	85.61%	56.87%	37.20%
Depreciation/Average Gross Block(%)	2.69%	3.41%	5.55%	6.63%	12.82%

Ratios - Growth

Growth in Export Revenue (%)	-6.61%	4.05%	-6.64%	17.10%	13.66%
Growth in Revenue (%)	-6.24%	7.24%	-4.46%	15.57%	13.74%
Operating Expenses Growth (%)	-12.32%	27.93%	-9.18%	31.86%	29.49%
Operating Profit Growth (%)	42.26%	-53.20%	23.88%	-33.68%	-32.43%
PAT Growth (%)	142.75%	-74.83%	65.35%	-59.92%	-47.76%
EPS Growth (%)	142.06%	-74.80%	65.24%	-59.91%	-47.75%

Per- Share Data (Period End)

Earning Per Share from Ordinary Activities (Rs.)	2.28	0.94	5.76	3.78	8.18
Earning Per Share (Including Other Income) (Rs.)	3.05	1.26	6.18	3.74	9.97
Cash Earning Per Share from Ordinary Activities (Rs.)	3.81	2.04	7.68	5.92	12.28
Cash Earning Per Share (Including Other Income)(Rs.)	3.98	2.36	8.10	5.89	14.07
Book Value (Rs.)	80.97	70.52	80.97	70.52	74.24
Price/Earning (Annualized)	9.42	20.69	9.30	13.93	5.05
Price/ Cash Earning (Annualized)	7.22	11.01	7.10	8.85	3.58
Price/Book Value	1.42	1.48	1.42	1.48	0.68

Note:1) While calculating the consolidated figures of group, inter group transactions have been ignored.

2) Cash and Equivalents includes cash and bank balances and current investments.