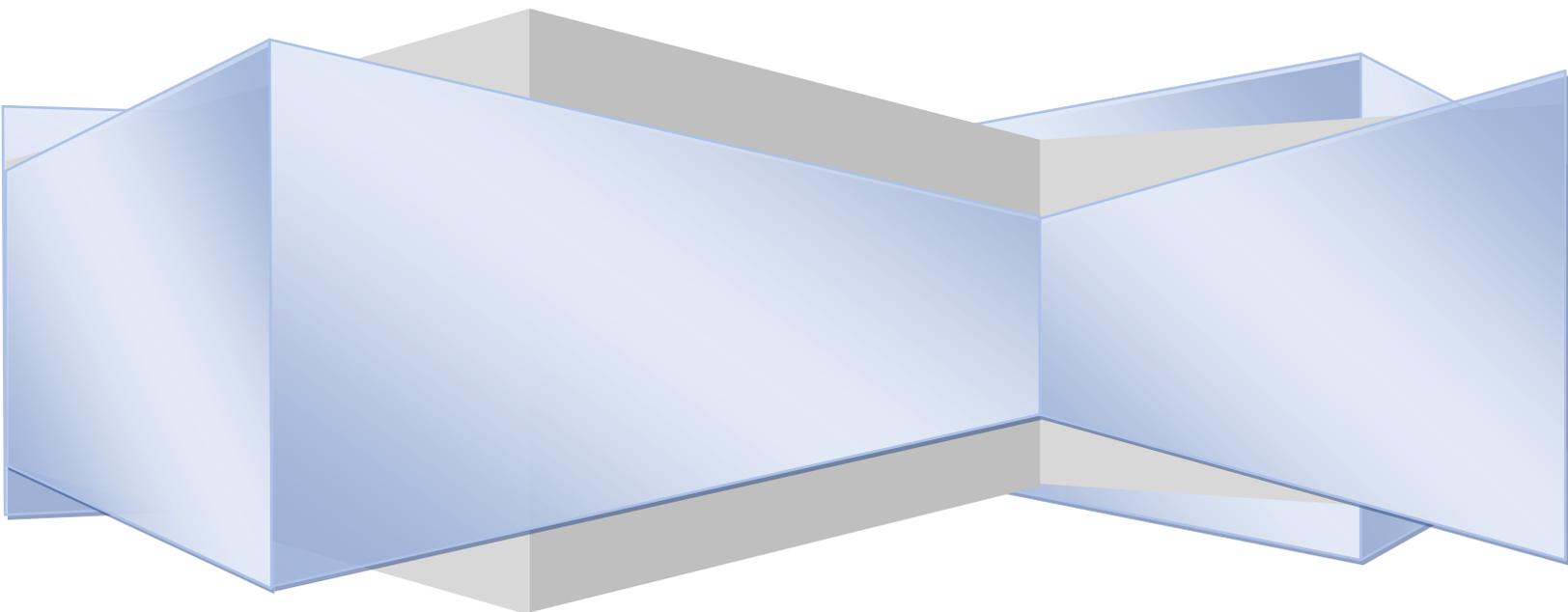


**NUCLEUS  
SOFTWARE**

# Quarterly Report

June 30, 2013



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## FINANCIAL HIGHLIGHTS

Rs. in Crore except per share data

Particulars	Consolidated Performance			
	For the Quarter ended			For the Year Ended
	June 30, 2013	March 31, 2013	June 30, 2012	March 31, 2013
Revenue from Operations	86.32	73.44	73.95	293.76
Operating Profit (EBITDA)	14.22	12.26	9.16	45.90
Profit after Tax (PAT)	11.17	10.45	12.30	45.17
EBITDA Margin	16%	17%	12%	16%
PAT Margin	13%	14%	17%	15%
EPS	3.45	3.23	3.80	13.95

At the end of the Period	As at		
	June 30, 2013	March 31, 2013	June 30, 2012
Share Capital	32.39	32.39	32.38
Reserves and Surplus	328.46	317.60	292.59
Net Worth	3.61	3.50	3.25
Total Assets	468.46	458.96	417.00
Net Fixed Assets	50.34	50.69	48.45
Investments	179.57	154.74	150.82
Current Assets	392.47	379.92	341.31
Cash and Cash Equivalents	104.49	111.99	71.97
Working Capital	298.04	283.39	260.98
Market Capitalisation	221.02	234.78	227.49
No. of Shareholders	15,794	16,336	17,549
No. of Shares (Face Value of Rs.10.00)	32,383,634	32,383,634	32,383,454

**Notes:**

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs. 68.25 at June 30, 2013, Rs. 72.50 at March 31, 2013 & Rs. 62.30 at June 30, 2012.
- 2.) While calculating the figures of group, intergroup transactions have been ignored.
- 3.) Previous year figures have been regrouped/ reclassified wherever necessary.

USD million except per share data

Particulars	Consolidated Performance			
	For the Quarter ended			For the Year Ended
	June 30, 2013	March 31, 2013	June 30, 2012	March 31, 2013
Revenue from Operations	15.24	13.31	13.73	54.05
Operating Profit (EBITDA)	2.51	2.22	1.70	8.44
Profit after Tax (PAT)	1.97	1.89	2.28	8.31
EBITDA Margin	16%	17%	12%	16%
PAT Margin	13%	14%	17%	15%
EPS	0.61	0.59	0.71	2.57
US \$/ INR Exchange Rate*	56.63	55.18	53.84	54.35

At the end of the Period	As at		
	June 30, 2013	March 31, 2013	June 30, 2012
Share Capital	5.45	5.97	5.82
Reserves and Surplus	55.32	58.51	52.57
Net Worth	0.61	0.64	0.58
Total Assets	78.89	84.55	74.92
Net Fixed Assets	8.48	9.34	8.70
Investments	30.24	28.51	27.10
Current Assets	66.09	69.99	61.32
Cash and Cash Equivalents	17.60	20.63	12.93
Working Capital	50.19	52.21	46.89
Market Capitalisation	37.22	43.25	40.87
US \$/ INR Exchange Rate*	59.38	54.28	55.66

**Note:**

- 1.) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the quarter which is Rs. 68.25 at June 30, 2013, Rs. 72.50 at March 31, 2013 & Rs. 70.25 at June 30, 2012.
- 2.) While Calculating the figures of group, intergroup transactions have been ignored.
- 3.) Previous year figures have been regrouped/ reclassified wherever necessary.
- 4.) \* The Revenue and expenditure items have been translated at an average US \$ / INR rate, mentioned here for the respective years.
- 5.) # The Balance Sheet items have been translated at year end US \$ / INR rate, mentioned here for the respective years.

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## LETTER TO THE SHAREHOLDERS

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Dear Shareholder,

I take this opportunity to present to you a brief report on the performance of your Company for the first quarter ended of the financial year 2013-14.

First the financial performance, consolidated revenue for the quarter was Rs. 86.32 crore against Rs.73.95 Crore in the corresponding quarter of the previous year. The consolidated EBITDA was Rs. 14.22 crore in comparison to Rs. 9.16 crore in the corresponding quarter of the previous year. Consolidated net profit was Rs. 11.17 crore in comparison to Rs. 12.30 crore in the corresponding quarter of the previous year. EPS for the quarter was Rs. 3.45 against Rs. 3.80 in the corresponding quarter of the previous year.

The Product business revenue was Rs. 62.47 crore against Rs. 50.58 crore in the corresponding quarter of the previous year. The Company continues to focus and invest on development of niche Banking Products.

Operating cash flow after working capital changes was Rs. 16.43 crore. Receivables were at Rs. 71.91 crore against Rs. 69.80 crore as on March 31, 2013. The Company continues to enjoy a high level of liquidity. 'Cash and Bank balances' and 'Current Investments' were at Rs. 284.23 crore against Rs. 266.73 crore as on March 31, 2013. We had a hedging position of US \$ 10.10 million, June 30, 2013 at an average rate of Rs. 56.80. There is a mark-to-market loss of Rs. 3.62 crore which is taken to hedging reserve in the balance sheet.

Encouraged by the strong execution of our teams, we have commenced this financial year with growth in revenue and EBITDA. The product business performed in line with expectations. I'm confident that our transformational initiatives in operations and human resources will pay significant returns and will empower the company for long term growth.

During the quarter we won 2 new product orders and Nucleus Software completed a total of 10 product modules implementations of FinnOne™ and Cash@Will™ suite across Europe, South East Asia, Latin America, and Middle East regions. With over 150 customers across the globe for the financial year ending FY 2013, the company added a new customer in the first quarter of FY 2014.

We showcased our award winning Retail Auto Finance products at the E.N.G.'s Automotive Finance Summit on the 4th & 5th June 2013 in Frankfurt. In the month of May, we exhibited at The European Banking Forum (EBF) showcasing our award winning Lending and Cash Management product solutions at the event. To discuss the future of Lending, the company exhibited at the 'Technology & Innovation — the Future of Banking & Financial Services' Conference organized by FST Media on the 14th May in Malaysia

The Manpower numbers are at 1,486 as on June 30, 2013. HR focus for the quarter remained on enhancing domain and management competencies in the organization.

Going forward, Nucleus will be introducing differentiated product offerings that cater to market demands with a greater focus on investments in development and technology enablement as planned.

Vishnu R Dusad

Managing Director & Chief Executive Officer

Date: July 20, 2013

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**FINANCIAL STATEMENTS OF NUCLEUS SOFTWARE EXPORTS LTD.**

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**AUDITORS' REPORT**

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**TO THE BOARD OF DIRECTORS OF  
NUCLEUS SOFTWARE EXPORTS LIMITED**

1. We have audited the accompanying Statement of Financial Results ("the Statement") of **NUCLEUS SOFTWARE EXPORTS LIMITED** ("the Company") for the quarter ended 30 June 2013, being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges. This Statement has been prepared on the basis of the related interim financial statement, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim financial statement, which has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement 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 Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
  - i. is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges and
  - ii. gives a true and fair view of the net profit and other financial information of the Company for the quarter ended 30 June 2013.
4. Further, we also report that we have traced from the details furnished by the Management/ Registrars, the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding, pledged/ encumbered shares and non-encumbered shares of promoter and promoter group shareholders, in terms of Clause 35 of the Listing Agreements and the particulars relating to the investor complaints disclosed in Part II – Select Information for the quarter ended 30 June, 2013 of the Statement, from the details furnished by the Registrar.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)

Gurgaon  
20 July, 2013  
RT/SK/2013

**RASHIM TANDON**  
Partner  
(Membership No. 95540)

## BALANCE SHEET

NUCLEUS SOFTWARE EXPORTS LIMITED  
BALANCE SHEET AS AT 30 June, 2013

	Notes Ref.	As at 30 June, 2013 (Rupees)	As at 31 March, 2013 (Rupees)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a. Share capital	2.1	323,851,340	323,851,340
b. Advance pursuant to stock option plan	2.2	23,020	13,200
c. Reserves and surplus	2.3	3,023,999,499	2,870,914,728
		<b>3,347,873,859</b>	<b>3,194,779,268</b>
<b>2. NON-CURRENT LIABILITIES</b>			
Long-term provisions	2.4	<b>106,690,804</b>	<b>103,918,332</b>
<b>3. CURRENT LIABILITIES</b>			
a. Trade payables	2.5	158,990,777	188,939,713
b. Other current liabilities	2.6	504,898,789	510,518,062
c. Short-term provisions	2.7	134,468,443	149,480,388
		<b>798,358,009</b>	<b>848,938,163</b>
		<b>4,252,922,672</b>	<b>4,147,635,763</b>
<b><u>ASSETS</u></b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Fixed assets			
- Tangible assets	2.8	289,095,801	287,808,339
- Intangible assets	2.8	39,681,132	43,487,776
		328,776,933	331,296,115
b. Non-current investments	2.9	132,912,212	132,912,212
c. Deferred tax assets (net)	2.10	60,402,112	54,240,458
d. Long-term loans and advances	2.11	223,809,797	260,326,654
e. Other non-current assets	2.12	1,930,224	1,836,179
		<b>747,831,278</b>	<b>780,611,618</b>
<b>2. CURRENT ASSETS</b>			
a. Current investments	2.13	1,743,693,690	1,508,238,181
b. Inventories		-	49,486,419
c. Trade receivables	2.14	560,305,745	572,941,136
d. Cash and bank balances	2.15	872,940,638	904,671,094
e. Short-term loans and advances	2.16	65,116,596	74,182,007
f. Other current assets	2.17	263,034,725	257,505,308
		<b>3,505,091,394</b>	<b>3,367,024,145</b>
		<b>4,252,922,672</b>	<b>4,147,635,763</b>

See accompanying notes forming part of the financial statements 1 &amp; 2

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants**RASHIM TANDON**  
Partner  
Place : Noida  
Date : 20 July, 2013

For and on behalf of the Board of Directors

**JANKI BALLABH**  
Chairman**P K SANGHI**  
Chief Financial Officer  
Place : Noida  
Date : 20 July, 2013**VISHNU R DUSAD**  
Managing Director**POONAM BHASIN**  
Company Secretary

PROFIT & LOSS

NUCLEUS SOFTWARE EXPORTS LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 JUNE, 2013

	Notes Ref.	For the quarter ended 30 June, 2013 (Rupees)	30 June, 2012 (Rupees)
<b>1. REVENUE FROM OPERATIONS</b>			
Income from software products and services	2.18	631,492,848	518,928,889
<b>2. OTHER INCOME</b>	2.19	144,267,241	81,343,562
<b>3. TOTAL REVENUE (1+2)</b>		<b>775,760,089</b>	<b>600,272,451</b>
<b>4. EXPENSES</b>			
a. Cost of stock in trade		49,486,419	-
b. Employee benefits expense	2.20	313,161,620	310,599,098
c. Operating and other expenses	2.21	163,158,873	149,798,792
d. Finance cost	2.22	929,345	678,384
e. Depreciation and amortisation expense	2.8	12,705,008	13,033,383
<b>TOTAL EXPENSES</b>		<b>539,441,265</b>	<b>474,109,657</b>
<b>5. PROFIT BEFORE TAX (3-4)</b>		<b>236,318,824</b>	<b>126,162,794</b>
<b>6. TAX EXPENSE</b>			
a. Current tax expense	2.24	66,400,000	35,600,000
b. Tax expense relating to prior year		-	-
c. Withholding taxes charged off		-	-
d. Net current tax expense		66,400,000	35,600,000
e. Deferred tax credit	2.10	(6,161,654)	(1,612,457)
<b>NET TAX EXPENSE</b>		<b>60,238,346</b>	<b>33,987,543</b>
<b>7. PROFIT FOR THE YEAR (5-6)</b>		<b>176,080,478</b>	<b>92,175,251</b>
<b>8. EARNINGS PER EQUITY SHARE</b>	2.31		
Equity shares of Rs. 10 each			
a. Basic		5.44	2.85
b. Diluted		5.44	2.85
Number of shares used in computing earnings per share			
a. Basic		32,383,534	32,383,454
b. Diluted		32,383,534	32,383,454

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**RASHIM TANDON**  
Partner  
Place : Noida  
Date : 20 July, 2013

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**

Place : Noida  
Date : 20 July, 2013

## CASH FLOW STATEMENT

**NUCLEUS SOFTWARE EXPORTS LIMITED**  
**CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE, 2013**

	Notes Ref.	Year ended	
		30 June, 2013 (Rupees)	31 March, 2013 (Rupees)
<b>A. Cash flow from operating activities</b>			
Net profit before tax		236,318,824	496,798,959
Adjustment for:			
Depreciation		12,705,008	49,701,538
Exchange Loss/(gain) on translation of foreign currency accounts		(15,335,137)	(41,911,314)
Dividend received from non-trade investments		(11,201,366)	(71,681,063)
Dividend on Long term trade investment		-	(50,000)
Dividend received from subsidiary		(93,931,921)	(30,000,000)
Interest on fixed deposits and others		(22,135,928)	(72,579,793)
Interest on loan to subsidiaries		(140,857)	(758,308)
Net Loss/(Profit) on sale of investments		(1,054,143)	(10,295,275)
Amortisation of employees stock compensation expenses		-	-
Net Loss/(Profit) on sale of fixed assets		(438,290)	(2,979,280)
Provision for doubtful debts/advances/other current assets		20,384,764	16,018,490
Provisions written back		-	(3,242,396)
Provision for diminution in the value of investments		-	24,242,000
Operating profit before working capital changes		125,170,954	353,263,558
Adjustment for (increase) / decrease in operating assets			
- Trade receivables		31,533,313	229,370,483
- Inventories		49,486,419	(49,486,419)
- Short-term loans and advances		2,426,254	5,138,691
- Long-term loans and advances		1,949,631	2,728,911
- Other current assets		(8,638,313)	82,891,942
- Other non-current assets		(94,045)	10,280,606
Adjustment for (increase) / decrease in operating liabilities			
- Trade payables and other current liabilities		(83,385,848)	130,258,829
- Short-term provisions		951,785	1,298,083
- Long-term provisions		2,772,472	7,526,033
		122,172,622	773,270,717
Income tax paid (net)		(23,288,755)	(112,980,233)
<b>Net cash from operating activities (A)</b>		<b>98,883,867</b>	<b>660,290,484</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets		(8,352,733)	(69,340,142)
Sale of fixed assets		506,179	3,186,072
Purchase of current investments		(587,541,659)	(4,075,468,639)

Proceeds from sale of current investments	352,086,149	3,576,644,425
Loans and advances to subsidiaries (net)	24,293	8,440,108
Bank balance not considered as cash and cash equivalents - placed	(854,723,761)	(857,023,761)
Bank balance not considered as cash and cash equivalents - matured	857,023,761	706,891,014
Interest on fixed deposits and others	5,346,824	74,024,283
Income tax paid	(7,524,019)	(26,968,168)
Dividend received from non-trade investments	11,201,366	71,681,063
Dividend on Long term trade investment	-	50,000
Dividend received from subsidiary	93,931,921	30,000,000
Profit on Sale of Long term non trade investment	1,054,143	10,295,275
<b>Net cash from / (used in) investing activities (B)</b>	<b>(136,967,536)</b>	<b>(547,588,470)</b>

**C. Cash flow from financing activities**

Dividend paid (including corporate dividend tax)	-	(89,227,448)
Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised		24,120
<b>Net cash used in financing activities (C)</b>	<b>9,820</b>	<b>(89,203,328)</b>

**Net increase / (decrease) in cash and cash equivalents (A+B+C)**

Opening cash and cash equivalents	2.15	47,647,333	28,894,251
Exchange difference on translation of foreign currency bank accounts		8,643,393	(4,745,604)
Closing cash and cash equivalents	2.15	<b>18,216,877</b>	<b>47,647,333</b>

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**RASHIM TANDON**  
Partner

Place : Noida  
Date : 20 July, 2013

**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 : 20 July, 2013

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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Notes forming part of the financial statements

**Note 1:****1.1. Company Overview**

Nucleus Software Exports Ltd. ('Nucleus' or 'the Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October, 1994. The Company made an initial public offer in August 1995. As at 30 June, 2013, the Company is listed on two stock exchanges in India namely National Stock Exchange and Bombay Stock Exchange. The Company has wholly owned subsidiaries in Singapore, USA, Japan, 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.

The shares of the Company have been voluntarily delisted from Madras Stock Exchange w.e.f. 16 September, 2011.

**1.2. 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"). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

**(ii) Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. 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. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the year in which the results are known / materialise.

**(iii) Inventories**

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale.

**(iv) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of

past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(v) Depreciation and amortisation**

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

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

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

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

**(vi) 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.

Revenue from sale of goods is recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.

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.

**(vii) Other Income**

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 income is accounted on accrual basis.

Dividend income is recognised when the right to receive the same is established.

**(viii) Expenditure**

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

**(ix) Tangible assets and capital work in progress**

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

**(x) Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

**(xi) 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 year are recognised in the Statement of Profit and Loss. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the Statement of Profit and Loss.

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.

**(xii) 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.

**(xiii) 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.

**(xiv) Employee benefits**

Employee benefits include provident fund, gratuity and compensated absences.

**Defined contribution plans**

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as they fall due based on the amount of contribution required to be made.

**Defined benefit plans**

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each year end. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

**(xv) Post Sales client support and warranties**

The Company provides its clients with fixed period warranty for correction of errors and support on its fixed price product orders. Revenue for such warranty period is allocated based on the estimated effort required during warranty period.

**(xvi) Operating leases**

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

**(xvii) Earnings per share**

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

**(xviii) Taxation**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**(xix) 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.

**(xx) Impairment**

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

**(xxi) Provision and 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.

Contingent assets are not recognised in the financial statements.

**(xxii) Hedge Accounting**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

**(xxiii) Derivative Contracts**

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

**(xxiv) Operating cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## NOTES FORMING PART OF THE ACCOUNTS FOR THE QUARTER ENDED 30 JUNE, 2013

## 2.1 SHARE CAPITAL

Particulars	As at 30 June, 2013 (Rupees)	As at 31 March, 2013 (Rupees)
<b>a. Authorized</b>		
Equity shares		
40,000,000 (40,000,000) equity shares of Rs. 10 each	<b>400,000,000</b>	<b>400,000,000</b>
<b>b. Issued, Subscribed and Paid-Up</b>		
<b>Issued</b>		
32,386,434 (32,386,434) equity shares of Rs. 10 each	<b>323,864,340</b>	<b>323,864,340</b>
<b>Subscribed and Paid-Up</b>		
32,383,634 (32,383,634) equity shares of Rs. 10 each, fully paid up	323,836,340	323,836,340
Add: 2,800 (2,800) forfeited equity shares pending reissue	15,000	15,000
	<b>323,851,340</b>	<b>323,851,340</b>

Refer notes (i) to (vi) below :-

- (i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :-**

Particulars	Opening Balance	Allotted under Employee Stock Option Plans	Closing Balance
As at quarter ended 30 June, 2013			
- Number of shares	32,383,634	-	32,383,634
- Amount	323,836,340	-	323,836,340
As at year ended 31 March, 2013			
- Number of shares			

- Amount	32,383,454	180	32,383,634
	323,834,540	1,800	323,836,340

(ii) **Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) **Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-**

Particulars	As at 30 June, 2013		As at 31 March, 2013	
	(Number)	(Percentage)	(Number)	(Percentage)
Karmayogi Holdings Private Limited	9,000,000	28%	9,000,000	28%
Vishnu R Dusad	3,603,492	11%	3,603,492	11%
Nucleus Software Engineers Private Limited	2,385,882	7%	2,385,882	7%
Madhu Dusad	2,036,248	6%	2,036,248	6%

(iv) As at 30 June, 2013, 1,230 shares (As at 31 March, 2013, 1,320 shares) of Rs. 10 each were reserved for issuance towards employee stock options granted. (Also see note 2.2)

(v) Details of forfeited shares

Particulars	As at 30 June, 2013		As at 31 March, 2013	
	(Number)	(Rupees)	(Number)	(Rupees)
Equity shares with voting rights	2,800	15,000	2,800	15,000

**2.2 EMPLOYEES STOCK OPTION PLAN ("ESOP")**

- a. Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999, issued by the SEBI, 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 grant of options over the exercise price of the option, including up-front payments, if any, is to be recognized and amortised on graded vesting basis over the vesting period of the options.
- b. The Company currently has two ESOP schemes 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 2005 scheme provides for 600,000 options and 2006 scheme provides 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.

c. **Details of options granted, forfeited and exercised during the period in the above mentioned scheme are as follows:**

Particulars	As at 30 June, 2013 (Number)	Weighted Average (Rupees)	As at 31 March, 2013 (Number)	Weighted Average (Rupees)
<b>2005 Stock Option Scheme</b>				
Options outstanding at the beginning of the period	1,320	144	1,700	144
Options granted	-	-	-	-
Options forfeited	(90)	144	(200)	144
Options exercised	-	-	(180)	144
Balance carried forward	<b>1,230</b>	<b>144</b>	<b>1,320</b>	<b>144</b>
<b>2006 Stock Option Scheme</b>				
Options outstanding at the beginning of the period	-	-	15,064	509
Options granted	-	-	-	-
Options forfeited	-	-	(15,064)	509
Options exercised	-	-	-	-
Balance carried forward	-	-	-	-
Total stock options outstanding at end of the period (in Nos)	1,230		1,320	

Advance pursuant to stock option plan (in Rs.) (See Note below)	<u>23,020</u>	<u>13,200</u>
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**Note**

Advance pursuant to stock option plan also includes Rs 10,720 received from employee during the quarter ended 30 June, 2013 on exercise of 80 options under 2006 Stock option Scheme. The shares have been allotted to employees subsequent to quarter end.

- d. During the quarter ended 30 June, 2013, 90 shares (Year ended 31 March, 2013 : 15,264 shares) were forfeited and the amount paid up as application money aggregating to Rs. 900 (Year ended 31 March, 2013 : Rs. 152,640) has been transferred to the Capital reserve. (Also see note 2.3(a))

Particulars	As at 30 June, 2013 (Rupees)	As at 31 March, 2013 (Rupees)
<b>2.3 RESERVES AND SURPLUS</b>		
<b>a. Capital reserve</b>		
Opening balance	8,887,930	8,735,290
Add: Amount forfeited against employees stock option plan	900	152,640
Closing balance	<u>8,888,830</u>	<u>8,887,930</u>
<b>b. Securities premium account</b>		
Opening balance	21,889,429	21,865,309
Add : Premium on conversion of stock options issued to employees	-	24,120
Closing balance	<u>21,889,429</u>	<u>21,889,429</u>
<b>c. Hedging reserve [see note 2.36]</b>		
Opening balance	6,370,074	(147,146)
Add / (Less) : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the period	(38,960,337)	6,517,220
Closing balance	<u>(32,590,263)</u>	<u>6,370,074</u>

**d. General reserve**

Opening balance	767,620,461	730,532,471
Add: Transferred from surplus in statement of Profit and Loss	-	37,087,990
Closing balance	<b>767,620,461</b>	<b>767,620,461</b>

**e. Surplus in Statement of Profit and Loss**

Opening balance	2,066,146,834	1,841,151,919
Add: Profit for the period	176,080,478	370,879,901
Less : Appropriations		
- Proposed final dividend on equity shares [see note (i) below]	-	97,150,902
- Tax on dividend charge/(credit) [see note 2.39]	(15,963,730)	11,646,094
- Transferred to general reserve		37,087,990
Closing balance	<b>2,258,191,042</b>	<b>2,066,146,834</b>
	<b>3,023,999,499</b>	<b>2,870,914,728</b>

Note :

- (i) The Board of Directors, at their meeting held on 27 April, 2013 has recommended a final dividend of Rs. 3 per equity share for the year ended 31 March, 2013, which was approved by shareholders through poll in Annual General Meeting held on 10 July 2013.

<b>Particulars</b>	<b>As at 30 June, 2013 (Rupees)</b>	<b>As at 31 March, 2013 (Rupees)</b>
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**2.4 LONG-TERM PROVISIONS**

Provision for employee benefits		
- Provision for compensated absences	35,612,939	35,029,478

- Provision for gratuity	71,077,865	68,888,854
	<b>106,690,804</b>	<b>103,918,332</b>

## 2.5 TRADE PAYABLES

a. Trade Payables		
- Micro and small enterprises	-	-
- Others	154,876,039	182,598,016
b. Due to subsidiaries	4,114,739	6,341,697
	<b>158,990,778</b>	<b>188,939,713</b>

c. The Company has no amounts payable to Micro and Small 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 on the basis of information collected by the Management. This has been relied upon by the auditors.

## 2.6 OTHER CURRENT LIABILITIES

a. Advance from customers	193,680,168	148,598,580
b. Advance billing	-	93,262,132
c. Deferred revenue	241,844,803	224,800,364
d. Mark-to-market loss on forward and options contracts (see note 2.36)	33,678,942	-
e. Unpaid dividends	2,047,659	2,047,659
f. Payable for purchase of fixed assets	1,900,987	2,494,274
g. Other payables - statutory liabilities	31,746,230	22,176,583
h. Book Overdraft	148,703	17,138,470
	<b>505,047,492</b>	<b>510,518,062</b>

## 2.7 SHORT-TERM PROVISIONS

a. Provision for employee benefits		
- Provision for compensated absences	13,729,218	13,533,135
- Provision for gratuity	23,041,257	22,285,555
b. Provision for proposed equity dividend	97,150,902	97,150,902
c. Provision for tax on proposed dividend (see note 2.39)	547,066	16,510,796
	<b>134,468,443</b>	<b>149,480,388</b>

2.8 Fixed Assets (At Cost)		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
PARTICULARS		As at 1 April, 2013	Additions	Deductions / adjustments (Note (i))	As at 30 June, 2013	As at 1 April, 2013	Depreciation for the period	Deductions / adjustments (Note (i))	As at 30 June, 2013	As at 30 June, 2013	As at 31 March, 2013
(Amount in Rupees)											
<b>Tangible assets</b>											
Freehold land	3,360,720 (3,360,720)	-	-	-	3,360,720 (3,360,720)	-	-	-	-	3,360,720 (3,360,720)	3,360,720 (3,360,720)
Leasehold land	66,395,000 (66,395,000)	-	-	-	66,395,000 (66,395,000)	8,134,965 (7,383,407)	187,889 (751,558)	-	8,322,854 (8,134,965)	58,072,146 (58,260,035)	58,260,035 (59,763,151)
Leasehold improvements	7,583,420 (12,758,283)	-	-	(5,174,863)	7,583,420 (7,583,420)	7,583,420 (12,758,283)	-	(5,174,863)	7,583,420 (7,583,420)	-	(1,236,967)
Buildings	242,275,991 (242,275,991)	-	-	-	242,275,991 (242,275,991)	59,438,363 (51,378,002)	1,983,055 (8,060,361)	-	61,421,418 (59,438,363)	180,854,573 (182,837,628)	182,837,628 (198,899,761)
Plant and equipment	114,674,612 (113,853,217)	2,327,887 (4,721,398)	1,256,745 (3,900,003)	-	115,745,754 (114,674,612)	108,206,471 (105,619,064)	1,281,079 (6,910,397)	1,199,225 (4,322,990)	108,286,325 (108,206,471)	7,457,429 (6,468,141)	6,468,141 (22,259,481)
Office equipment	28,529,271 (27,900,002)	692,110 (1,144,164)	-	(514,995)	29,221,381 (28,529,271)	24,440,982 (22,031,655)	582,610 (2,501,237)	-	25,023,592 (24,440,982)	4,197,789 (4,088,289)	4,088,289 (6,548,964)
Computer equipment	224,752,030 (225,831,595)	4,192,732 (20,024,872)	3,039,891 (11,104,437)	-	235,904,821 (234,752,030)	205,692,115 (203,447,818)	2,999,726 (13,246,681)	3,039,891 (11,002,384)	205,651,950 (205,692,115)	30,252,921 (29,059,915)	29,059,915 (26,596,279)
Vehicles	14,427,706 (15,116,453)	1,534,953 (1,533,137)	1,919,525 (2,221,884)	-	14,043,134 (14,427,706)	11,548,094 (12,653,271)	275,694 (1,116,707)	1,909,153 (2,221,884)	9,914,635 (11,548,094)	4,128,499 (2,879,612)	2,879,612 (4,879,270)
Furniture and fixtures	36,670,113 (37,500,454)	-	-	(1,432,041)	36,670,113 (36,670,113)	35,816,114 (35,933,214)	82,281 (1,210,200)	-	35,898,395 (35,816,114)	771,718 (853,999)	853,999 (4,961,995)
<b>Intangible assets</b>											
Software	171,727,503 (127,918,358)	1,506,038 (43,809,145)	-	-	173,233,541 (171,727,503)	128,239,727 (112,335,330)	5,312,674 (15,904,397)	-	133,552,401 (128,239,727)	39,681,140 (43,487,776)	43,487,776 (15,583,028)
	920,396,366 (872,910,073)	10,253,720 (71,834,416)	6,216,161 (24,348,123)	6,216,161 (24,948,123)	924,433,925 (920,396,366)	589,100,251 (563,540,044)	12,705,008 (49,701,538)	6,148,269 (24,141,331)	595,656,990 (589,100,251)	328,776,935 (331,296,115)	331,296,115 (344,089,616)
Notes :											
(i) Some of the assets have been re-grouped during the previous year, based on the nature of assets.											
(ii) Figures in bracket pertain to previous year ended 31 March 2013.											

Particulars	As at 30 June, 2013 (Rupees)	As at 31 March, 2013 (Rupees)
<b>2.9 NON-CURRENT INVESTMENTS (at cost)</b>		
<b>- Trade (unquoted)</b>		
<b>Investments in equity instruments of subsidiaries</b>		
a. 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
b. 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 Less: Provision for diminution in value of investment in Nucleus Software Inc., USA	16,293,150 (16,293,150)	16,293,150 (16,293,150)
c. 200 (200) equity shares of Japanese Yen 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaisha, Japan, a wholly owned subsidiary	4,092,262	4,092,262
d. 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
e. 4,000 (4,000) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands, a wholly owned subsidiary Less: Provision for diminution in value of investment in Nucleus Software Netherlands B.V., Netherlands	24,242,000 (24,242,000)	24,242,000 (24,242,000)
f. 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
	<b>130,412,212</b>	<b>130,412,212</b>
<b>- Other investments (unquoted)</b>		
<b>Investment in equity instruments (Unquoted)</b>		
250,000 (250,000) equity shares of Rs. 10 (Rs. 10) each, fully paid up, in Ujjivan Financial Services Private Limited	2,500,000	2,500,000
<b>Aggregate amount of non current investments</b>	<b>132,912,212</b>	<b>132,912,212</b>

**2.10 DEFERRED TAX ASSET (Net)**

Particular	As at 1 April, 2013	(Credited)/ charge during the period	As at 30 June, 2013

	(Rupees)	(Rupees)	(Rupees)
<b>a. Deferred tax assets</b>			
Provision for compensated absences, gratuity and other employee benefits	45,718,618	(1,324,735)	47,043,353
Provision for doubtful debts / service income accrued but not due	15,682,378	(5,489,979)	21,172,357
	<b>61,400,996</b>	<b>(6,814,714)</b>	<b>68,215,710</b>
<b>b. Deferred tax liabilities</b>			
On difference between book balance and tax balance of fixed assets	<b>7,160,538</b>	<b>653,060</b>	<b>7,813,599</b>
<b>c. Net deferred tax (liability) / asset</b>	<b>54,240,458</b>	<b>(6,161,654)</b>	<b>60,402,111</b>

Particulars	As at 30 June, 2013 (Rupees)	As at 31 March, 2013 (Rupees)
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## 2.11 LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)

a. Loans to subsidiaries (see note 2.32) (also see note (i) and (ii) below)	102,822,898	101,802,898
b. Security Deposits	11,245,781	11,176,092
c. Loans and advances to employees - Staff Loans	586,076	2,300,076
d. Prepaid expenses	7,207,259	7,512,579
e. Balances with government authorities - Advance tax [net of provision of Rs. 343,568,123 (Rs. 277,168,123)] (see note 2.25) Mat Credit Entitlement (see note 2.25)	101,947,783	137,535,009
	-	-
	<b>223,809,797</b>	<b>260,326,654</b>

Note (i) : Disclosure under section 370 (1B) of the Companies Act, 1956 is given below :-

Amount outstanding at the end of period

<b>- Long Term</b>		
a. Nucleus Software Limited, India	90,946,898	90,946,898
b. Nucleus Software Inc., USA	11,876,000	10,856,000
<b>- Short Term (See note 2.16)</b>		
a. Nucleus Software Limited, India	-	-
b. Nucleus Software Inc., USA	5,938,000	5,428,000
Maximum amount outstanding during the period		
a. Nucleus Software Limited, India	90,946,898	90,946,898
b. Nucleus Software Inc., USA	17,814,000	22,600,000

Note (ii) : Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges is given below :-

Loans and advances in the nature of loans given to subsidiaries :

Name of the party	Interest Rate	Repayment Schedule	As at 30 June, 2013 (Rupees)	Maximum balance outstanding during the period (Rupees)
a. Nucleus Software Limited, India	Interest free	Payable on demand after 31 March, 2018	90,946,318 (90,946,318)	90,946,318 (90,946,318)
b. Nucleus Software Inc., USA	3% over six months LIBOR	5 yearly installments (December, 2011 to December, 2015)	17,814,000 (20,352,000)	17,814,000 (22,600,000)

Note : Figures in bracket pertains to previous year ended 31 March, 2013.

Particulars	As at 30 June, 2013 (Rupees)	As at 31 March, 2013 (Rupees)
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**2.12 OTHER NON CURRENT ASSETS**  
(Unsecured, considered good)

a. Service income accrued but not due	-	-
a. Long-term bank deposits	1,675,000	1,625,000
b. Interest accrued but not due on bank deposits	255,224	211,179
	<u>1,930,224</u>	<u>1,836,179</u>

Note :-

Balances with scheduled banks - in deposit accounts represents deposits under lien with bank and are restricted from being settled for more than 12 months from the Balance Sheet Date.

### 2.13 Current investments - Non trade (At the lower of cost and fair value)

#### a. Investment in mutual funds

Name	Units as at 30 June, 2013	Value of units as at 30 June, 2013	Units as at 31 March, 2013	Value of units as at 31 March, 2013
	(Numbers)	(Rupees)	(Numbers)	(Rupees)
<b>- Liquid Schemes of Mutual Funds (Quoted)</b>				
a. Birla Sun Life Savings Fund - Daily Dividend-Regular Plan	509,308	51,080,989	205,788	20,597,222
b. Birla Sun Life Cash Plus - Daily Dividend-Regular Plan	754,159	75,562,951	735,277	73,671,097
c. Kotak Floater Short Term Fund - Daily Dividend	89,573	90,614,276	128,641	130,136,216
d. Templeton India Treasury Management Account Super Institutional Plan	-	-	46,901	46,932,204
e. ICICI Prudential Liquid - Regular Plan - Daily Dividend	740,262	74,062,934	1,222,150	122,242,629
f. Reliance Liquid Fund-Treasury Plan-Daily Dividend Option	-	-	31,013	47,410,382
g. JPMORGAN India Liquid Fund-Super Inst.-Daily Dividend Reinvestment	5,768,329	57,728,860	14,676,604	146,881,985
h. JPMORGAN India Treasury Fund-Super Inst. - Daily Dividend Reinvestment	5,234,599	52,392,575	5,148,608	51,531,900
i. ICICI Prudential Floating Rate Fund-Direct Plan-Daily Dividend-Reinvestment	586,009	58,699,529	-	-
j. Kotak Liquid Scheme Plan A-Daily Dividend-Reinvestment Option	6,607	8,078,861	-	-
k. DSP BlackRock Liquidity Fund-Institutional Plan-Daily Dividend-Reinvestment	16,125	16,130,342	-	-
l. DSP BlackRock Liquidity Fund-Direct Plan-Daily Dividend-Reinvestment	22,057	22,064,252	-	-
m. ICICI Prudential Liquid Fund-Direct Plan-Daily Dividend-Reinvestment Option	453,066	45,330,813	-	-
n. Kotak Floater Long Term Fund-Direct Plan- Daily Dividend-Reinvestment Option	2,986,446	30,102,774	-	-
o. Kotak Floater Short Term Fund-Direct Plan-Daily Dividend-Reinvestment Option	14,855	15,027,850	-	-
p. Kotak Liquid Scheme Plan A- Direct Plan-Daily Dividend-Reinvestment Option	4,112	5,027,775	-	-

q.	HDFC Cash Management Fund- Treasury Advantage Plan-Direct Plan- Daily Dividend-Reinvestment	1,103,658	11,071,346		
r.	HDFC Liquid Fund- Direct Plan-Daily Dividend-Reinvestment Option	4,664,519	47,569,700		
s.	Reliance Liquid Fund-Treasury Plan-Direct Plan-Daily Dividend-Reinvestment Option	28,538	43,626,757		
t.	Reliance Money Manager Fund-Direct Plan-Daily Dividend-Reinvestment Option	36,955	37,032,815		
u.	JP Morgan India Liquid Fund-Direct Plan-Daily Dividend-Reinvestment Option	6,827,116	68,325,091	-	-
v.	UTI Money market Fund-Institutional Plan- Direct Plan-Daily Dividend-Reinvestment	33,406	33,519,357	-	-
w.	Templeton India Treasury Management Account Super Institutional Plan - Direct Plan- Daily Dividend Reinvestment	5,517	5,523,145	-	-
x.	Templeton India Ultra Short Bond Fund Super Institutional Plan	3,269,516	32,775,260	-	-
y.	Templeton India Ultra Short Bond Fund Super Institutional Plan - Direct	350,245	3,510,892	-	-

**- Fixed Maturity Plans/Interval Plans (Quoted)**

a.	Birla Sun Life Fixed Term Plan-Series FU-Growth-366 Days	5,000,000	50,000,000	5,000,000	50,000,000
b.	Birla Sun Life Fixed Term Plan-Series FV-Growth-367 Days	2,100,000	21,000,000	2,100,000	21,000,000
c.	Kotak FMP Series 102 Direct - Growth	5,000,000	50,000,000	5,000,000	50,000,000
d.	SBI Debt Fund Series - 366 days-10-Growth	1,000,000	10,000,000	1,000,000	10,000,000
e.	SBI Debt Fund Series - 366 days-12-Growth	1,000,000	10,000,000	1,000,000	10,000,000
f.	SBI Debt Fund Series - 366 days-17-Growth	2,000,000	20,000,000	2,000,000	20,000,000
g.	SBI Debt Fund Series - 366 days-19-Growth	6,000,000	60,000,000	6,000,000	60,000,000
h.	SBI Debt Fund Series - 366 days 25 - Direct Plan-Growth	10,000,000	100,000,000	10,000,000	100,000,000
i.	DSP BlackRock FMP-Series 82-12M-Growth	5,000,000	50,000,000	5,000,000	50,000,000
j.	DSP BlackRock FMP-Series 81-12M-Growth	5,000,000	50,000,000	5,000,000	50,000,000
k.	DSP BlackRock FMP-Series 52-9M-Dividend Payout	3,000,000	30,000,000	3,000,000	30,000,000
l.	DSP BlackRock FMP-Series 52-9M-Dividend-Payout	3,041,587	30,415,869	3,041,587	30,415,869
m.	ICICI Prudential Interval Fund-Annual Interval Plan IV - Regular Plan - Growth	1,442,814	20,000,000	1,442,814	20,000,000
n.	HDFC FMP 370D April 2012(2) - Growth - Series XXI	-	-	1,000,000	10,000,000
o.	HDFC FMP 370D October 2012(1) - Growth - Series 22	1,000,000	10,000,000	1,000,000	10,000,000
p.	HDFC FMP 371D November 2012(1) - Growth - Series 23	6,000,000	60,000,000	6,000,000	60,000,000
q.	HDFC FMP 371D November 2012(2) - Growth - Series 23	5,000,000	50,000,000	5,000,000	50,000,000
r.	HDFC FMP 370D December 2012(1) - Growth - Series 23	1,915,678	19,156,780	1,915,678	19,156,780



a.	Nucleus Software Solutions Pte Ltd, Singapore	6,794,330	5,331,026
b.	Nucleus Software Japan Kabushiki Kaisha, Japan	12,706,910	11,721,037
c.	Nucleus Software Inc., USA	37,168,292	38,439,793
d.	Nucleus Software Netherlands B.V., Netherlands	27,919,164	27,195,883
e.	VirStrai -Technology Services Limited, India	174,057	135,845
f.	Nucleus Software Limited, India	-	-

## 2.15 CASH AND BANK BALANCES

### Cash and cash equivalents

a.	Cash on hand	32,791	13,879
b.	Remittance in transit	-	9,219,803
c.	Balances with scheduled banks:		
	- in current accounts	5,849,668	3,958,371
	- in EEFC accounts	9,701,561	32,694,065
d.	Balance with non scheduled banks in current accounts:		
	- Citibank, United Kingdom	679,832	413,361
	- Citibank, U.A.E	1,297,110	708,222
	- Citibank, Spain	804,618	639,632
		<b>18,365,580</b>	<b>47,647,333</b>

### Other bank balances

a.	Balances with scheduled banks in earmarked accounts:		
	- unclaimed dividend accounts	2,052,623	2,052,623
b.	Balances with scheduled banks in deposit accounts with original maturity of more than 3 months :		
	- Original maturity of more than 12 months	848,871,138	849,371,138
	- Original maturity of less than 12 months	3,800,000	5,600,000
		<b>854,723,761</b>	<b>857,023,761</b>

**873,089,341**      **904,671,094**

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

- Canara Bank		-
- Citi Bank	1,201,278	241,128
- HDFC Bank	1,565,983	3,148,910
- DBS Bank	61,497	61,497
- ICICI Bank	2,784,163	270,089
- State Bank of India	236,747	236,747
- Citi Bank *	8,651,369	32,051,065
- HDFC Bank *	1,050,192	643,000
- HDFC Bank **	2,052,623	2,052,623
- HSBC Bank **	-	-
	<b>17,603,852</b>	<b>38,705,059</b>

\* EEFC account

\*\* Earmarked for unclaimed dividend

Particulars	As at	As at
	30 June, 2013	31 March, 2013
	(Rupees)	(Rupees)

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

- HDFC Bank	60,539,294	60,539,294
- Citi Bank	6,300,000	8,100,000
- Bank of India	198,000,000	198,500,000
- State Bank of Travancore	89,400,000	89,400,000
- ICICI Bank	200,000,000	200,000,000
- State bank of Bikaner and Jaipur	-	-
- Syndicate Bank	-	-
- Corporation Bank	198,331,844	198,331,844
- State Bank of India	-	-
- Punjab national Bank	100,100,000	100,100,000

	<b>852,671,138</b>	<b>854,971,138</b>
<b>Detail of fixed deposit under lien</b>		
- HDFC Bank	1,039,294	1,039,294
- Citi Bank	2,500,000	2,500,000
- State Bank of India	-	-
<b>Total</b>	<b>3,539,294</b>	<b>3,539,294</b>

## 2.16 SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)

a. Loans to subsidiaries (see note 2.32)	5,938,000	5,428,000
b. Security deposit	495,021	501,317
c. Loans and advances to employees		
- Staff loans	2,977,224	3,241,606
- Employee advances	5,795,039	7,756,341
d. Prepaid expenses	39,922,109	35,491,286
e. Balances with government authorities		
- Advance fringe benefit tax [net of provision Rs. 24,915,859 (Rs. 24,915,859)]	2,732,275	2,732,275
- Service tax credit receivable	2,367,765	4,373,739
- Input VAT	-	-
- Mat credit entitlement	-	-
f. Others		
- Supplier advances	3,371,820	1,198,356
Advance tax [net of provision of Rs. 195,512,932 (Rs. 148,497,708)] (see note 2.25)		
- Mark-to-market gain on forward contracts (see note 2.36)	-	7,149,157
- Expenses recoverable from customers	1,517,343	6,309,930
Application Money - Mutual Fund	-	-
- Others	-	-
	<b>65,116,596</b>	<b>74,182,007</b>

**2.17 OTHER CURRENT ASSETS**

(Unsecured)

a. Service income accrued but not due

- Considered good	215,883,967	227,284,511
- Considered doubtful	40,243,490	22,421,781
	<u>256,127,457</u>	<u>249,706,292</u>
Less : Provision for service income accrued but not due	(40,243,490)	(22,421,781)
	<b>215,883,967</b>	<b>227,284,511</b>

b. Interest accrued but not due on

- Fixed deposits with banks	44,417,098	29,293,091
- Loan to subsidiary	156,728	140,857
- Current, non trade investments	2,576,932	786,849
	<u>263,034,725</u>	<u>257,505,308</u>

Particulars	Quarter ended 30 June, 2013	Quarter ended 30 June, 2012
	(Rupees)	(Rupees)

**2.18 INCOME FROM SOFTWARE PRODUCTS AND SERVICES**

a. Software development Products and services (see note below)

- Domestic	161,024,582	150,439,034
- Overseas	413,125,540	368,489,855

b. Sale of goods

57,342,726	-
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<b>631,492,848</b>	<b>518,928,889</b>
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Note:

Income from software products and services for quarter ended 30 June, 2013 includes prior period revenue of Rs. Nil (Quarter ended 30 June, 2012 : Rs. 3,745,151).

## 2.19 OTHER INCOME

a.	Interest income on		
	- Deposits with banks	20,329,975	13,370,521
	- Loan to subsidiary	156,728	211,508
	- Current, non trade investments	1,790,082	
b.	Dividend income from		
	- Current, non trade investments	11,201,366	22,115,422
	- Non-current, non trade investment	-	50,000
	- Subsidiary company (see note 2.32)	93,931,921	-
c.	Net gain on sale of investments		
	- Long term trade investment	-	-
	- Current, non trade investments	1,054,143	-
f.	Profit on sale of fixed assets (net)	-	-
d.	Net Gain / (Loss) on foreign currency		
	- Gain / (Loss) on exchange fluctuation	14,195,323	43,567,166
	- Gain / (Loss) on ineffective hedges (see note 2.36)	1,133,572	799,492
e.	Other non-operating income		
	- Excess provisions written back	-	269,420
	- Net Reversal of employees stock compensation expense	-	-
	- Net Profit on sale of fixed assets/discarded assets	438,290	375,429
	- Miscellaneous income	35,841	584,604
		<b>144,267,241</b>	<b>81,343,562</b>

## 2.20 EMPLOYEE BENEFITS EXPENSES

a.	Salaries and wages	285,486,249	283,952,024
b.	Contribution to provident and other funds	13,708,955	13,937,527
c.	Gratuity expense (see note 2.35)	5,547,165	5,771,288

d. Staff welfare expenses	8,419,251	6,938,259
	<b>313,161,620</b>	<b>310,599,098</b>

**Employee benefit expenses include Managing Director remuneration as follows :**

a. Salary	1,500,000	1,500,000
b. Contribution to provident and other funds	90,000	90,000
c. Perquisites	166,750	-
	<b>1,590,000</b>	<b>1,590,000</b>

Notes:

The above remuneration does not include expense towards retirement benefits since the same is calculated for the Company as a whole.

Particulars	Quarter ended 30 June, 2013	Quarter ended 30 June, 2012
	(Rupees)	(Rupees)

**2.21 OPERATING AND OTHER EXPENSES**

a. Outsourced technical service expense	9,505,331	12,852,129
b. Cost of software purchased for delivery to clients	28,016,136	28,047,616
c. Power and fuel	11,140,994	8,171,429
d. Rent (see note 2.23)	6,702,598	7,339,686
e. Repair and maintenance		
- Buildings	1,108,534	219,820
- Others	4,698,329	4,814,187
f. Insurance	1,010,836	783,216
g. Rates and taxes	471,854	692,083
h. Travel expenses		
- Foreign	35,949,789	39,107,156
- Domestic	5,928,301	3,227,066
i. Advertisement and business promotion	2,087,837	1,266,346
j. Legal and professional (see note 2.27)	8,408,016	8,611,712
k. Directors remuneration	3,340,000	1,580,000

l. Conveyance	3,136,792	2,497,399
m. Communication	3,163,012	3,657,454
n. Training and recruitment	2,763,117	2,411,358
o. Net loss on sale of fixed assets/discarded assets	-	-
o. Loss on Current non trade investments	-	16,444
p. Conference, exhibition and seminar	1,282,423	8,632,487
q. Information technology expenses	3,448,617	4,000,455
r. Advances and other current assets written off	-	-
r. Provision for doubtful debts/advances/other current assets	20,384,764	1,634,685
t. Provision for diminution in value of investment	-	-
s. Commission to channel partners	2,968,361	4,206,234
u. Customer claim	-	-
t. Miscellaneous expenses	7,643,232	6,029,830
	<b>163,158,873</b>	<b>149,798,792</b>

**Directors Remuneration includes :**

**Non Executive Directors**

a. Commission	3,000,000	1,200,000
b. Sitting fees	340,000	380,000
	<b>3,340,000</b>	<b>1,580,000</b>

**2.22 FINANCE COST**

Bank Charges	<b>929,345</b>	<b>678,384</b>
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**2.23 OPERATING LEASE**

**Obligations on long-term, non-cancelable operating leases**

The Company has acquired office premises under cancellable and non-cancellable operating lease. Operating lease rentals paid during the quarter ended 30 June, 2013 is Rs. 6,702,598 (Quarter ended 30 June, 2012 : Rs. 7,339,686). The future minimum lease expense in respect of non-cancellable leases for the quarter ended 30 June 2013 is Rs. Nil (As at 31 March 13, Rs. Nil).

Particulars	As at	As at
	30 June, 2013	31 March, 2013
	(Rupees)	(Rupees)

**Future minimum lease payments**

a. Not later than 1 year	-	-
b. Later than 1 year but not later than 5 years	-	-
	-	-

**2.24 Tax Expense**

- a. The Company had set up SEZ unit, which has commenced operations during the year ended 31 March, 2012. Income from SEZ unit is eligible for exemption under section 10 AA. This has resulted in decrease in income tax liability of the Company as income earned from SEZ unit is not liable to tax under Income tax Act, 1961.

During earlier years, the Company has calculated its tax liability under Minimum Alternative Tax (MAT) as its liability under MAT was higher than normal tax liability. The excess of tax payable under MAT over normal tax payable (MAT Credit entitlement) was carried forward to be set off against the future tax liabilities. During the quarter ended 30 June, 2013, the Company is liable to Normal Tax as its Normal Tax is higher than MAT Tax Liability. The Company has utilised the balance MAT Credit Entitlement for the quarter ended 30 June, 2013 of Rs. Nil (Quarter ended 30 June, 2012 Rs. 12,400,000), to set off its liability for payment of Income Tax.

**2.25 Advance Tax (Net of provision)**

- a. Advance Tax (Net of provision) aggregating to Rs. 101,947,783 (As at 31 March, 2013 : Rs. 137,535,009 ) has been classified as Long-Term Loans and Advances as the same represents amount recoverable from Income Tax Department after the completion of Income Tax Assessments.
- b. MAT Credit Entitlement balance aggregating to Rs. Nil (As at 31 March, 2013 : Rs. Nil) which the Company expects to set off against Income Tax payable for the year ending 31 March, 2013 has been considered to be Short-Term Loans and Advances.

**2.26 Commitments**

Particulars	As at 30 June, 2013	As at 31 March, 2013
	(Rupees)	(Rupees)

- a. **Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances). **3,516,979** **1,961,645**

**b. Other Commitments**

The Company is committed to provide financial support to its subsidiary companies, as and when required.

The Company has given an undertaking to repay the amounts due to Nucleus Software Solutions Pte Limited, Singapore (subsidiary company) by Nucleus Software Japan Kabushiki Kaisha, Japan (subsidiary company) and Nucleus Software Inc., USA (subsidiary company), in the event that the later parties are unable to repay the same, as and when it falls due. (Also see note 2.32)

As on 30 June, 2013, the Company has outstanding bank guarantee and letter of credits of Rs. 10,931,336 (Previous year Rs. 8,821,000). These are secured to the extent of Rs. 15 crores against all present and future receivables and inventories of the Company.

Particulars	Quarter ended 30 June 2013	Quarter ended 30 June 2012
	(Rupees)	(Rupees)
<b>2.27 Auditors Remuneration (excluding service tax)</b>		
a. As auditors - statutory audit, including quarterly audits	450,000	450,000
b. For taxation matters	-	-
c. For other services	175,000	50,000
d. Reimbursement of expenses	-	48,375
	<b>625,000</b>	<b>548,375</b>
<b>2.28 CIF value of imports</b>		
Capital goods	<b>2,869,823</b>	<b>6,871,930</b>
<b>2.29 Earnings in foreign currency</b>		
a. Software development services and products	413,125,540	368,489,855
b. Dividend income from subsidiary company	93,931,921	-
c. Interest	156,728	211,508

507,214,189 368,701,363

Particulars	Quarter ended 30 June 2013	Quarter ended 30 June 2012
	(Rupees)	(Rupees)
<b>2.30 Expenditure in foreign currency</b>		
a. Travel expenses	26,246,142	28,853,186
b. Legal and professional	942,320	2,378,236
c. Cost of software purchased for delivery to clients	3,175,321	2,385,847
d. Conference, exhibition and seminar	917,742	8,627,062
e. Outsourced technical service expense	3,187,150	3,803,729
f. Salaries and wages	11,486,330	14,072,123
g. Commission to channel partners	2,968,361	3,561,271
h. Rent	2,145,269	2,204,395
i. Others	5,017,025	5,157,109
	<b>56,085,660</b>	<b>71,042,958</b>
<b>2.31 Earnings per share</b>		
a. Profit after taxation available to equity shareholders (Rupees)	176,080,478	92,175,251
b. Weighted average number of equity shares used in calculating basic earnings per share	32,383,634	32,383,454
c. Effect of dilutive issue of shares	-	-
d. Weighted average number of equity shares used in calculating diluted earnings per share	32,383,634	32,383,454
e. Basic earnings per share (Rupees)	5.44	2.85
f. Diluted earnings per share (Rupees)	5.44	2.85

**2.32 RELATED PARTY TRANSACTIONS**

**List of related parties – where control exists**

**a. Wholly owned subsidiary companies**

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaisha, Japan
- Nucleus Software Inc., USA
- Nucleus Software Netherlands B.V., Netherlands
- VirStra i -Technology Services Limited, India
- Nucleus Software Limited, India

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

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

**c. Other related parties:**

Key managerial personnel:

- Vishnu R Dusad (Managing Director)

Particulars	Quarter ended 30 June 2013	Quarter ended 30 June 2012
	(Rupees)	(Rupees)
<b>Transactions with related parties</b>		
<b>a. Software development, services and products</b>		
- Nucleus Software Japan Kabushiki Kaisha, Japan	37,806,990	32,372,569
- Nucleus Software Solutions Pte Ltd, Singapore	16,356,493	15,098,471
- Nucleus Software Inc., USA	4,613,368	5,187,025
- Nucleus Software Netherlands B.V., Netherlands	2,387,645	2,205,113
<b>b. Other income</b>		

Dividend income		
- Nucleus Software Solutions Pte Ltd, Singapore	93,931,921	-
Interest income		
- Nucleus Software Inc., USA	156,728	211,508
<b>c. Managerial remuneration [including perquisite value of Rs. 21,048 for the quarter ended 30 June, 2013 (Quarter ended 30 June, 2012 : Rs. 145,583)]</b>		
- Vishnu R Dusad (Managing director)	1,611,048	1,733,583
<b>d. Cost of software purchased for delivery to clients</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	575,634	1,052,815
<b>e. Outsourced technical service expense</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	1,345,176	1,444,165
<b>f. Lease Rent Paid</b>		
- Nucleus Software Limited, India	2,064,414	2,064,414
<b>g. Reimbursement of expenses from</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	282,684	1,941,482
- Nucleus Software Japan Kabushiki Kaisha, Japan	100,301	291,134
- Nucleus Software Inc., USA	1,283,755	651,242
- Nucleus Software Netherlands B.V., Netherlands	167,953	1,329,408
- VirStrai -Technology Services Limited, India	25,616	49,287
- Nucleus Software Limited, India	8,826	405
<b>h. Reimbursement of expenses to</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	107,086	162,439
- Nucleus Software Japan Kabushiki Kaisha, Japan	-	22,264
- Nucleus Software Limited, India	-	-
<b>i. Loans and advances</b>		
- Nucleus Software Limited, India	-	-
<b>j. Repayment of Loan</b>		
- Nucleus Software Inc., USA	-	-

**k. Capital Assets Purchased**

- Nucleus Software Limited, India - -

**l. Bad Debts Written off**

- Nucleus Software Japan Kabushiki Kaisha, Japan - -

**Outstanding balances as at period end**

Particulars	As at 30 June, 2013	As at 31 March, 2013
	(Rupees)	(Rupees)
<b>a. Trade receivables</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	6,794,330	5,331,026
- Nucleus Software Japan Kabushiki Kaisha, Japan	12,706,910	11,721,037
- Nucleus Software Inc., USA	37,168,292	38,439,793
- Nucleus Software Netherlands B.V., Netherlands	27,919,164	27,195,883
- VirStra i -Technology Services Limited, India	174,057	135,845
- Nucleus Software Limited, India	-	-
<b>b. Trade payables</b>		
- Nucleus Software Solutions Pte Ltd, Singapore	844,920	4,024,181
- Nucleus Software Japan Kabushiki Kaisha, Japan	1,408,790	1,352,053
- VirStra i -Technology Services Limited, India	148,903	164,400
- Nucleus Software Limited, India	1,712,126	801,063
<b>c. Loans to subsidiaries</b>		
- Nucleus Software Inc., USA	17,814,000	16,284,000
- Nucleus Software Limited, India	90,946,898	90,946,898
<b>d. Interest income accrued but not due</b>		
- Nucleus Software Inc., USA	156,728	140,857
<b>e. Service income accrued but not due</b>		

- Nucleus Software Netherlands B.V., Netherlands	9,403,568	11,994,819
- Nucleus Software Inc., USA	1,278,975	-

**f. Deferred revenue**

- Nucleus Software Japan Kabushiki Kaisha, Japan	497,653	4,763,855
- Nucleus Software Netherlands B.V., Netherlands	3,987,579	634,897

**g. Advance billing**

- Nucleus Software Inc., USA	-	13,675,086
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**h. Advance from customer**

- Nucleus Software Inc., USA	10,681,037	-
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**i. Guarantees on behalf of (see note 2.26)**

- Nucleus Software Japan Kabushiki Kaisha, Japan	67,636,700	62,443,012
- Nucleus Software Inc., USA	44,917,310	41,059,474

**j. Investments in subsidiary companies (net of provision) (see note 2.9)**

130,412,212	130,412,212
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Particulars	Quarter ended 30 June 2013	Year ended 31 March, 2013
	(Rupees)	(Rupees)

**2.33 Research and development expenditure**

Expenditure on Research and development as per Accounting Standard 26 from 01 April, 2013 to 30 June, 2013 and 01 April 2012 to 31 March, 2013

(i) Revenue	43,496,566	135,482,672
(ii) Capital	-	-
	<b>43,496,566</b>	<b>135,482,672</b>

The Company has been accorded initial recognition for the in-house R&D unit by the Department of Scientific and Industrial Research (DSIR) for its R&D centre at Noida effective 31 December, 2012 which is valid till 31 March, 2015. The Company has thereafter applied to DSIR for the approval of weighted deduction under section 35(2AB) of the Income Tax Act, 1961 which is pending with the authorities.

## 2.34 Segment reporting – Basis of preparation

### a 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 Standards) 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.

### b Composition of reportable segments

The Company operates in five main geographical segments: India, Far East, South east Asia, Europe and Middle East which individually contribute 10% or more of the Company's revenue and segment assets.

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.

The secondary segmentation is based on the nature and type of services rendered. Accordingly, Secondary Segmentation has been classified under Products and Software Projects and Services. Products revenue includes Income from sale of licenses and all other related customization, implementation, time and material contracts, fixed price contracts and annual technical service for these licenses. Software projects and services includes other time and material contracts and fixed price contracts, whereby no license sale is made by the Company.

### Information in respect of primary segment

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

### a For the quarter ended 30 June 2013

(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Revenue from operations	218,367,308	87,903,114	81,628,451	38,097,963	150,433,209	55,062,803	631,492,848
Expenses	162,164,219	37,205,461	65,149,364	20,573,393	57,361,912	27,602,061	370,056,410
Segment result	56,203,089	50,697,653	16,479,087	17,524,570	93,071,297	27,460,742	261,436,438
Unallocated corporate expenditure							169,384,855
Operating profit before taxation							92,051,583

Other income	128,938,346
Net foreign exchange gain/(loss)	15,328,895
Profit before taxation	236,318,824
Tax Expense	
Current tax expense for current period	66,400,000
Deferred tax charge/(credit)	(6,161,654)
	60,238,346
<b>Profit for the period</b>	<b>176,080,478</b>

**b For the quarter ended 30 June 2012**

(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Revenue from operations	150,439,037	95,160,964	81,646,907	50,110,473	97,260,689	44,310,822	518,928,889
Expenses	92,712,469	51,740,677	62,205,580	40,006,140	47,040,333	21,061,941	314,767,140
Segment result	57,726,568	43,420,287	19,441,327	10,104,333	50,220,356	23,248,881	204,161,752
Unallocated corporate expenditure							159,342,520
Operating profit before taxation							44,819,232
Other income							36,976,904
Net foreign exchange gain/(loss)							44,366,658
Profit before taxation							126,162,794
Tax Expense							
Current tax expense for current period							35,600,000
Tax expense relating to prior period							-
Withholding taxes charged off							-
Deferred tax charge/(credit)							(1,612,457)
							33,987,543
							<b>92,175,251</b>

**Assets and liabilities of reportable primary segment are as follows:**

**a As at 30 June, 2013**

(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Segment assets	421,928,061	39,651,614	150,581,889	62,639,478	168,533,826	100,485,870	943,820,738
Unallocated corporate assets							3,309,250,638
<b>Total assets</b>							<b>4,253,071,376</b>
Segment	248,922,829	30,230,647	120,859,906	58,598,534	141,176,986	100,719,068	700,507,970

liabilities	
Unallocated corporate liabilities	204,689,547
<b>Total liabilities</b>	<b>905,197,517</b>
<b>Capital employed</b>	<b>3,347,873,859</b>

**b As at 31 March, 2013**

Segment assets	451,521,994	39,328,110	156,956,494	62,701,433	217,390,629	83,726,429	1,011,625,089
Unallocated corporate assets							3,136,010,674
<b>Total assets</b>							<b>4,147,635,763</b>
Segment liabilities	354,994,135	29,539,313	124,167,693	58,268,466	141,255,865	85,082,344	793,307,816
Unallocated corporate liabilities							159,548,679
<b>Total liabilities</b>							<b>952,856,495</b>
<b>Capital employed</b>							<b>3,194,779,268</b>

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

**a For the quarter ended 30 June 2013**

(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
Capital expenditure (unallocated)							10,253,720
<b>Total capital expenditure</b>							<b>10,253,720</b>
Depreciation expenditure (unallocated)							12,705,008
<b>Total depreciation</b>							<b>12,705,008</b>
Segment non-cash expense other than depreciation	7,348,158	-	10,896,811	-	2,139,795	-	20,384,764
<b>Total non cash expenditure other than depreciation</b>	<b>7,348,158</b>	<b>-</b>	<b>10,896,811</b>	<b>-</b>	<b>2,139,795</b>	<b>-</b>	<b>20,384,764</b>

**b For the quarter ended 30 June 2012**

(Amount in Rupees)

Description	India	Far East	South East Asia	Europe	Middle East	Others	Total
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Capital expenditure (unallocated)							10,635,853
<b>Total capital expenditure</b>							<b>10,635,853</b>
Depreciation expenditure (unallocated)							13,033,383
<b>Total depreciation</b>							<b>13,033,383</b>
Segment non-cash expense other than depreciation	(3,495,912)	-	1,567,002	-	2,644,120	919,475	1,634,685
<b>Total non cash expenditure other than depreciation</b>	<b>(3,495,912)</b>	<b>-</b>	<b>1,567,002</b>	<b>-</b>	<b>2,644,120</b>	<b>919,475</b>	<b>1,634,685</b>

**Information in respect of secondary segment**

Information for business segments

Description	<i>(Amounts in Rupees)</i>		
	Products	Software projects and services	Total
<b>a For the quarter ended 30 June, 2013</b>			
Revenue	600,549,787	30,943,061	631,492,848
Carrying amount of segment assets	897,573,654	46,247,084	943,820,738
<b>b For the quarter ended 30 June, 2012</b>			
Revenue	475,481,583	43,447,306	518,928,889
Carrying amount of segment assets	928,360,711	84,829,304	1,013,190,015

Note : The carrying amount of segment assets has been allocated proportionately in ratio of revenue in the related secondary segment.

**2.35 Employee Benefit Obligations**

**Defined contribution plans**

An amount of Rs. 13,708,955 for the quarter ended 30 June, 2013 (Year ended 31 March, 2013 : Rs. 57,691,669), have been recognized as an expense in respect of Company's contribution for Provident Fund and Employee State Insurance Fund deposited with the government authorities and has been shown under employee benefit expenses in the Statement of Profit and Loss.

**Defined benefit plans**

The Gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months subject to a maximum limit of Rs 1,000,000 in terms of the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

Provision in respect of gratuity and leave encashment for interim period are calculated on year to date basis by using actuarially determined rates at the end of prior financial year, adjusted by the Management's estimates after keeping into consideration only material events occurring during the interim period.

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation as on 31 March, 2013**

a Particular	As at 31 March, 2013	As at 31 March, 2012
	(Rupees)	(Rupees)
Obligation at beginning of the year	83,557,616	75,668,784
Current service cost	14,043,237	14,467,346
Interest cost	7,280,939	6,501,164
Actuarial losses/(gains)	(781,645)	(3,033,687)
Past service cost	-	-
Benefits paid	(13,067,924)	(10,045,991)
Obligation at year end	<b>91,032,223</b>	<b>83,557,616</b>
<b>b Change in plan assets</b>		
Plan Assets at year beginning, at fair value	-	-
Contributions by employer	13,067,924	10,045,991
Benefits paid	(13,067,924)	(10,045,991)
Plan assets at period end, at fair value	-	-
The Scheme does not have any assets as at the valuation date to meet the gratuity liability.		
Expected employer's contribution next year	22,285,555	20,807,966
<b>c Gratuity cost for the year:</b>		
Particular	Year ended 31 March, 2013	Year ended 31 March, 2012
	(Rupees)	(Rupees)
Current service cost	14,043,237	14,467,346
Interest cost	7,280,939	6,501,164
Actuarial losses/(gains)	(781,645)	(3,033,687)
Past service cost	-	-
Net gratuity cost	<b>20,542,531</b>	<b>17,934,823</b>
<b>d Experience adjustment</b>		

Particulars	Year ended 31 March, 2009	Year ended 31 March, 2010	Year ended 31 March, 2011	Year ended 31 March, 2012	Year ended 31 March, 2013
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Defined benefit obligation	51,341,655	58,763,800	75,668,784	83,557,616	91,032,223
Plan assets	-	-	-	-	-
Surplus/(Deficit)	(51,341,655)	(58,763,800)	(75,668,784)	(83,557,616)	(91,032,223)
Experience adjustment on plan liabilities	2,701,103	(3,409,464)	(609,066)	(1,340,985)	(2,781,491)
Experience adjustment on plan assets	-	-	-	-	-

**e Economic assumptions :**

Discount rate	7.85%	8.35%
Salary escalation rate	7%	10% p.a. for first years & 7% p.a. thereafter

**f Discount rate:**

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**g Salary escalation rate:**

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

**h Demographic assumptions**

Retirement age	58 years
Mortality table	LIC (1994-96) duly modified

**i Withdrawal rates**

Ages - Withdrawal Rate (%)
21-50 years - 20%
51-54 years - 2%
55-57 years - 1%

**2.36 Forward contract and option in foreign currency**

a. Forward contract outstanding	Buy/Sell	As at 30 June, 2013	As at 31 March, 2013
In USD	Sell	9,200,000	9,000,000



AED	197,237	3,195,241	49,252	727,945
ZAR	3,294,014	19,862,907	-	-
JPY	2,366,316	1,418,606	3,119,773	1,795,117

**2.37 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS (Unaudited)**

Particulars	Quarter ended 30 June 2013 (Rupees)	Quarter ended 30 June 2012 (Rupees)
Income from software services and products	631,492,848	518,928,889
Software development expenses	341,954,140	356,159,998
<b>Gross Profit</b>	<b>289,538,708</b>	<b>162,768,891</b>
Changes in inventories of stock of trade	49,486,419	-
Selling and marketing expenses	63,463,888	61,118,828
General and administration expenses	71,831,811	43,797,448
<b>Operating profit before depreciation</b>	<b>104,756,590</b>	<b>57,852,615</b>
Depreciation and amortisation expense	12,705,008	13,033,383
<b>Operating profit after depreciation</b>	<b>92,051,582</b>	<b>44,819,232</b>
Other income	144,267,241	81,343,562
<b>Profit before tax</b>	<b>236,318,823</b>	<b>126,162,794</b>
Tax expense:		
Net current tax expense	66,400,000	35,600,000
Deferred tax credit	(6,161,655)	(1,612,457)
	<b>60,238,345</b>	<b>33,987,543</b>
<b>Profit for the quarter</b>	<b>176,080,478</b>	<b>92,175,251</b>

**2.38 TRANSFER PRICING**

The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions and is in the process of establishing such system for specified domestic transactions. The Company will further update above information and records and expects these to be in existence latest by due date of the filing of return, as required under law. The management is of the opinion that all above transactions are at arm's length so that aforesaid legislation will not have any impact on the financial statement, particularly on the amount of tax expense and that of provision for taxation.

- 2.39** During the quarter ended 30 June, 2013, as per provision of Income-tax Act, 1961, the Company has taken credit of corporate dividend tax aggregating Rs. 15,963,730 (Year ended 31 March, 2013 : Rs. 4,864,702) on account of tax on dividend received from one of its subsidiaries.

The Company (NSEL) has a wholly owned subsidiary Nucleus software Netherlands B.V ('NSBV') in which the company has invested Rs. 24,242,000 in share capital. NSBV has a negative net worth as on 31 December, 2012. The Company has confirmed to provide NSBV with continuous operational and financial support to enable it to carry on its operations. Considering the business prospects and the long term nature of investment and strategic involvement with NSBV, no provision is considered necessary for diminution in the value of investment as the same is considered to be temporary.

- 2.40** Revenue recognised up to the reporting date in respect of contracts in progress at the reporting date aggregates to Rs. 700,720,510 (As at 31 March, 2013 : Rs. 764,470,880).

- 2.41** Previous period/year figures have been regrouped/ reclassified wherever necessary to correspond with the current period classification/disclosure.

**For and on behalf of the Board of Directors****JANKI BALLABH**

Chairman

**VISHNU R DUSAD**Managing Director &  
Chief Executive Officer**P K SANGHI**President Finance  
&  
Chief Financial  
Officer**POONAM BHASIN**

Company Secretary

Place : Noida

Date : 20 July,  
2013

## CONSOLIDATED FINANCIAL STATEMENTS OF NUCLEUS SOFTWARE EXPORTS LTD. AND ITS SUBSIDIARIES

### CONSOLIDATED FINANCIAL STATEMENTS

#### NUCLEUS SOFTWARE EXPORTS LIMITED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE, 2013

	Notes Ref.	As at 30 June, 2013 (Rupees)	As at 31 March, 2013 (Rupees)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
a. Share capital	2.1	323,851,340	323,851,340
b. Advance pursuant to stock option plan	2.2	23,020	13,200
c. Reserves and surplus	2.3	3,284,641,888	3,176,035,120
		<b>3,608,516,248</b>	<b>3,499,899,660</b>
<b>2. NON-CURRENT LIABILITIES</b>			
a. Long-term provisions	2.4	<b>131,761,796</b>	<b>124,450,634</b>
<b>3. CURRENT LIABILITIES</b>			
a. Trade payables	2.5	232,251,852	253,360,204
b. Other current liabilities	2.6	577,580,384	559,494,626
c. Short-term provisions	2.7	134,468,443	152,415,178
		<b>944,300,679</b>	<b>965,270,008</b>
		<b>4,684,578,723</b>	<b>4,589,620,302</b>
<b><u>ASSETS</u></b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Fixed assets			
- Tangible assets	2.8	461,546,504	461,482,267
- Intangible assets	2.8	41,827,734	45,427,669
		503,374,238	506,909,936
b. Non-current investments	2.9	2,523,000	2,523,000
c. Deferred tax assets (net)	2.10	67,276,422	60,779,256
d. Long-term loans and advances	2.11	184,755,563	218,166,791
e. Other non-current assets	2.12	1,930,224	2,023,135
		<b>759,859,447</b>	<b>790,402,118</b>
<b>2. CURRENT ASSETS</b>			
a. Current investments	2.13	1,795,701,877	1,547,406,783
b. Inventories		-	49,486,419
c. Trade receivables	2.14	719,068,946	698,017,163
d. Cash and cash equivalents	2.15	1,044,893,471	1,119,864,480
e. Short-term loans and advances	2.16	87,413,300	93,101,702
f. Other current assets	2.17	277,641,683	291,341,637
		<b>3,924,719,277</b>	<b>3,799,218,184</b>
		<b>4,684,578,724</b>	<b>4,589,620,302</b>

**NUCLEUS SOFTWARE EXPORTS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 JUNE, 2013**

	Notes Ref.	For the quarter ended	
		30 June, 2013 (Rupees)	30 June, 2012 (Rupees)
<b>1. REVENUE FROM OPERATIONS</b>			
Income from software products and services	2.18	863,230,754	739,456,423
<b>2. OTHER INCOME</b>	2.19	53,363,382	85,036,981
<b>3. TOTAL REVENUE (1+2)</b>		<b>916,594,136</b>	<b>824,493,404</b>
<b>4. EXPENSES</b>			
a. Cost of stock in trade		49,486,419	-
b. Employee benefits expense	2.20	446,537,408	429,312,475
c. Operating and other expenses	2.21	223,662,195	217,451,003
d. Finance cost	2.22	1,354,933	1,050,351
e. Depreciation and amortisation expense	2.8	15,655,944	15,905,705
<b>TOTAL EXPENSES</b>		<b>736,696,899</b>	<b>663,719,534</b>
<b>5. PROFIT BEFORE TAX (3-4)</b>		<b>179,897,237</b>	<b>160,773,870</b>
<b>6. TAX EXPENSE</b>			
a. Current tax expense for current year		73,781,382	39,619,975
b. Tax expense relating to prior year		-	-
c. Withholding taxes charged off		1,022,816	-
d. Net current tax expense		74,804,198	39,619,975
e. Deferred tax credit		(6,564,807)	(1,798,310)
<b>NET TAX EXPENSE</b>		<b>68,239,391</b>	<b>37,821,665</b>
<b>7. PROFIT FOR THE YEAR</b>		<b>111,657,846</b>	<b>122,952,205</b>
<b>8. EARNINGS PER EQUITY SHARE</b>	2.26	1	2
Equity shares of Rs. 10 each			
a. Basic		3.45	3.80
b. Diluted		3.45	3.80
Number of shares used in computing earnings per share			
a. Basic		32,383,534	32,383,634
b. Diluted		32,383,534	32,383,634

**NUCLEUS SOFTWARE EXPORTS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE, 2013**

	Notes Ref.	Year Ended 30 June, 2013 (Rupees)	Year ended 31 March 2013 (Rupees)
<b>A. Cash flow from operating activities</b>			
Net profit before tax		179,897,237	600,544,068
<i>Adjustment for:</i>			
Depreciation		15,655,944	60,916,415
Exchange difference on translation of foreign currency accounts		(15,335,137)	(40,716,923)
Dividend received from non trade investments		(11,840,951)	(73,283,265)
Dividend on Long term trade investment		-	(50,000)
Interest on fixed deposits		(22,325,175)	(72,894,566)
(Profit)/Loss on sale of investments		(1,054,143)	(10,328,341)
Amortisation of employees compensation expenses		-	-
Profit on sale of fixed assets (net)		(438,290)	(2,979,280)
Provisions written back		-	(6,703,108)
Advances and other current assets written off		-	-
Provision for doubtful debts / advances		20,713,530	43,661,751
Operating profit before working capital changes		<b>165,273,015</b>	<b>498,166,751</b>
Adjustment for (increase) / decrease in operating assets			
Trade receivable		(2,482,626)	177,567,139
Short-term loans and advances		(5,461,484)	17,338,603
Inventories		49,486,419	(49,486,419)
Long-term loans and advances		1,232,687	3,423,101
Other current assets		(6,338,903)	93,312,620
Other non-current assets		92,911	11,925,862
Adjustment for (increase) / decrease in operating liabilities			
Trade payables and other current liabilities		(14,395,025)	112,077,402
Short-term provisions		(1,983,005)	1,697,654
Long-term provisions		7,311,162	11,819,452
Other long term liabilities		-	-
Direct taxes paid		192,735,151	877,842,165
		(28,469,544)	(130,172,843)
<b>Net cash from operating activities (A)</b>		<b>164,265,607</b>	<b>747,669,322</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets/capital work in progress		(10,219,259)	(76,210,145)
Profit / (Loss) on sale of fixed assets		438,290	2,979,280
Purchase of current investments		(248,295,094)	(506,126,416)
Bank balance not considered as cash and cash equivalents - placed		(855,060,717)	(922,336,052)
Bank balance not considered as cash and cash equivalents - matured		922,336,052	707,293,108
Interest on fixed deposits		4,816,068	73,410,671
Income tax paid		(7,524,019)	(26,968,168)
Dividend received from non trade investments		11,840,951	73,283,265
Dividend on Long term trade investment		-	50,000
Profit on Sale of Long term non trade investment		1,054,143	10,328,341
<b>Net cash from/ (used in) investing activities (B)</b>		<b>(180,613,585)</b>	<b>(664,296,116)</b>
<b>C. Cash flow from financing activities</b>			
Dividend paid (including corporate dividend tax)		-	(94,095,935)
Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised		9,820	24,120
<b>Net cash used in financing activities (C)</b>		<b>9,820</b>	<b>(94,071,815)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(16,338,158)</b>	<b>(10,698,609)</b>
Opening cash and cash equivalents	2.15	197,528,428	212,967,879
Exchange difference on translation of foreign currency bank accounts		8,642,484	(4,740,842)
Closing cash and cash equivalents	2.15	<b>189,832,754</b>	<b>197,528,428</b>

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**MANAGEMENT DISCUSSION AND ANALYSIS- CONSOLIDATED**

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

Financial statements of the Company are prepared under the historical cost convention in compliance with the requirements of the Companies Act, 1956, Generally Accepted Accounting Principles (GAAP) in India and mandatory accounting standards as prescribed in Companies (Accounting Standard) Rules, 2006. All income and expenditure items 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.

**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 110 003. Subsequently in October 1994, it was converted into a Public Limited Company. In August 1995, Nucleus made an Initial Public Offer and is currently listed at National Stock Exchange of India Ltd., and BSE Ltd. Nucleus provides software solutions to the Banking and Financial Services Industry. For over 20 years, we have developed solutions spanning from Retail Banking to Corporate Banking, Cash Management, Internet Banking and Credit Cards. FinnOne™, the Flagship product of Nucleus Software is a comprehensive suite for Retail Banking applications comprising of modules like Customer Acquisition System, Loan Management, Delinquency and Recovery Management, Deposits and Finance Against Securities. Cash@Will™ and BankONet™ are the offerings from Nucleus Software in the area of Cash Management and Internet Banking respectively. Over the years, our committed professionals have provided solutions par excellence and with the experience and skills, we have been able to create a global footprint of clients and partners across multiple continents with multi-product, multi-service, multi-currency and multi-lingual implementations, leading to worldwide acceptability and customer satisfaction. Nucleus operates through integrated and well-networked subsidiaries in India, Japan, Netherlands, Singapore and USA and branch offices in Chennai and Mumbai in India and in London, UK and Dubai. The Singapore subsidiary has branch offices in Seoul in Korea and Manila in Philippines. These Subsidiaries/branch offices help the Company in providing front-end support to clients and explore new opportunities.

Since 1995, product development has been our forte and the Company has chosen to exclusively develop products and further add value through dedicated research and development initiatives.

**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 (BFS) vertical. With a single point focus on the

banking and financial industry, the Company's focus on product development is to build products on latest architecture & technology stack. They will have advanced feature & functionalities to support growing need of business. At Nucleus our strategy is to ultimately touch and improve lives of more and more people across the world by equipping Banks with superior technology products for managing lending operations. Our key strengths include:

- Robust functionality of products
- A satisfied and widely spread customer base
- Commitment to deliver quality and Value through our portfolio of products
- Strong and rich BFS domain expertise
- Reputation of being a 'Leader' / Niche player
- Following Best practices of Corporate Governance
- A pool of technically qualified skilled resources
- Highly competent and geared up Leadership team
- Industry recognitions and accolades from all across the globe

Nucleus Software is embarking on a makeover which will take it to the next level. This endeavor demonstrates our passion for perfection and relentless commitment to deliver world class products to our customers. In this journey, we have been honoured and feel grateful for having received various accolades, a few of them to list would be:

- FinnOne™ has been ranked as the **Global No. 1 Lending Software solution** for the fifth consecutive year by IBS Publishing, UK in their Sales League Table 2013 for Banking Product Sales.

Annual Report and Accounts of the Company for the year ended March 31, 2012 was adjudged as the **BEST** under the Category X - Service Sector (Other than financial services sector-turnover less than ₹ 500 crore) of the **'ICAI Awards for Excellence in Financial Reporting'**. A GOLD SHIELD was awarded to the Company for the fifth consecutive year.

NASSCOM Corporate Award for Excellence in Diversity and Inclusion 2013 for the category **Best IT services & Product Company - Special recognition (less than 5000 employees)**

**'Best Online Annual Report'** globally in the technology sector & the Best in **'Most Improved Financial Disclosure Procedures'** in the regional rankings for India for the year 2012 by IR Global Rankings (IRGR).

Annual Report for the year ended March 31, 2012 won the **Platinum Award** for excellence within the Technology-Software industry and ranked 22nd amongst the Top 100 Annual Reports in the Vision Awards by the League of American Communications Professionals (LACP), USA.

- Social and Corporate Governance Award 2013 in the category '**Best Overall Corporate Governance**'

Titanium Award for **Investor Relations, Corporate Governance** and Environment Responsibility in the Asset Triple A Corporate Awards 2012.

- CIMB Malaysia, our customer, powered by Nucleus Software's FinnOne™ implementation, has received the Process Excellence Award for Collection and Debt Management at the prestigious BPA Trailblazer Awards.
- Vietnam Prosperity Bank's Loan Origination system, powered by Nucleus Software's FinnOne CAS, LMS and Collections was recognized with Model Bank Award by Celent (March 2013).
- Forrester recognized Nucleus as a "Global Pursuer" and stated it "regained traction in 2010". Based on the number of deals and regions covered, Nucleus was ranked among top Banking Platform providers Source: Global Banking Platform Deals 2010, Forrester Research, Inc., 31 March 2011.
- HDFC Bank, Nucleus Software customer, won the prestigious Celent 2010 Model Bank Award for its loan origination system, FinnOne™.
- Ranked amongst the Top 25 companies adopting "Good Corporate Governance Practices" by ICSI for fourth consecutive year in 2009.
- Forrester Research, a leading independent analyst firm, recognized Nucleus Software as an industry vertical specialist in their report "Working With Tier Two Offshore Providers".
- Nucleus Software Ranked Amongst India's Top 15 Exciting Emerging Companies to Work For by Nasscom.
- Nucleus Software recognized under "Best Practices" for Performance Management System by NASSCOM, 2008.
- Nucleus 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 conferred the Best Independent Software Vendor (ISV) Partner (North India for 2008) award by IBM.
- Nucleus Software 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 adjudged as one of the fastest growing companies in Asia Pacific under Deloitte Technology Fast 500 – 2007.
- Nucleus Software conferred with Oracle Partner of the Year Award in Fusion Middleware category at an APAC level.
- Nucleus Software awarded for being the Fastest Growing ISV in 2007 by Oracle Corporation.
- Nucleus Software ranked 13th in Dataquest Top 20 Best Employers Survey 2006. Survey was conducted by IDC–Dataquest amongst 200 IT employers across India.

### FINANCIAL PERFORMANCE

Financial statements of the Company are prepared in compliance with the Companies Act, 1956 and generally accepted accounting principles in India (Indian GAAP). The Company has six subsidiary companies, all over the world, all of which are wholly-owned subsidiaries.

The consolidated financial results are as below:

(Rs. in crore)

For the Quarter Ended June 30,	2013	% of Revenue	2012	% of Revenue	Growth (%)
<b>Revenue From Operations</b>	86.32	<b>100.00</b>	73.95	<b>100.00</b>	16.74
<b>Expenses</b>					
a) Changes in inventories of stock-in-trade	4.95	5.73	-	0.00	0.00
b) Employee benefits expense	44.65	51.73	42.72	57.78	4.52
c) Travel expenditure	4.71	5.46	5.19	7.02	(9.27)
d) Finance costs	0.14	0.16	0.11	0.14	29.05
e) Other expenses	17.66	20.45	16.76	22.67	5.33
<b>Total Expenses</b>	<b>72.10</b>	<b>83.53</b>	<b>64.78</b>	<b>87.61</b>	<b>11.30</b>
<b>Operating Profit (EBITDA)</b>	<b>14.22</b>	<b>16.47</b>	<b>9.16</b>	<b>12.39</b>	<b>55.16</b>
Depreciation	1.57	1.81	1.59	2.15	(1.57)
<b>Operating Profit after Interest and Depreciation</b>	<b>12.65</b>	<b>14.66</b>	<b>7.57</b>	<b>10.24</b>	<b>67.07</b>
Other Income	3.41	3.95	3.74	5.06	(8.91)
Foreign Exchange Gain/ (Loss)	1.93	2.23	4.76	6.44	NA
<b>Profit Before Tax</b>	<b>17.99</b>	<b>20.84</b>	<b>16.08</b>	<b>21.74</b>	<b>11.89</b>
<b>Taxation</b>					
- Withholding Taxes	0.10	0.12	0.00	0.00	-
- Current (Net of MAT credit entitlement)	7.38	8.55	3.96	5.36	86.22
- Deferred Taxation	(0.66)	(0.76)	(0.18)	(0.24)	265.12
<b>Profit After Tax</b>	<b>11.17</b>	<b>12.93</b>	<b>12.30</b>	<b>16.63</b>	<b>(9.19)</b>

### Revenue from Operations

We derive our revenue from the following business segments:

- Products
- Projects and Services

During the quarter the total revenue is Rs.86.32 crore against Rs. 73.95 crore for the corresponding quarter previous year, representing an increase of 16.74%.

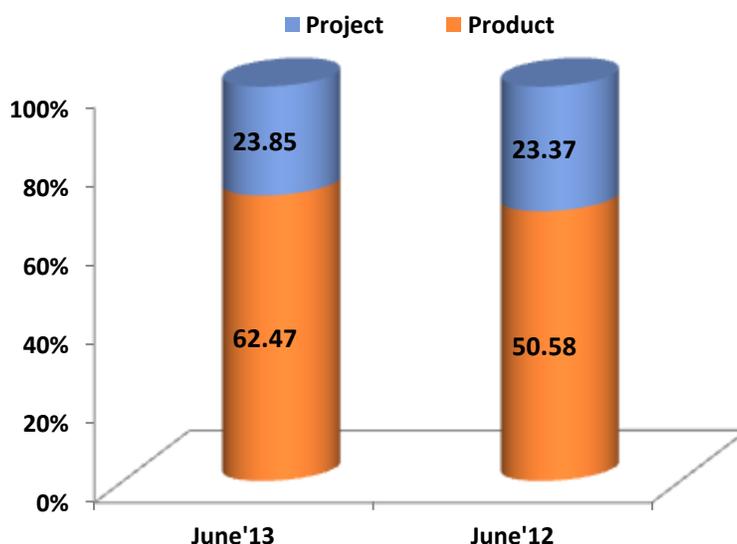
### Revenue from Products

Product revenue arises from Products and related services comprising of license fees, revenue from customization and implementation of products and post production and maintenance support. Product revenue is Rs.62.47 crore during the quarter, constituting 72.37% of the total revenue against Rs.50.58 crore, 68.40% of total revenue, in the corresponding quarter previous year. This has grown by 23.51%. We are a Company focused on Product business.

### Revenue from Projects and Services

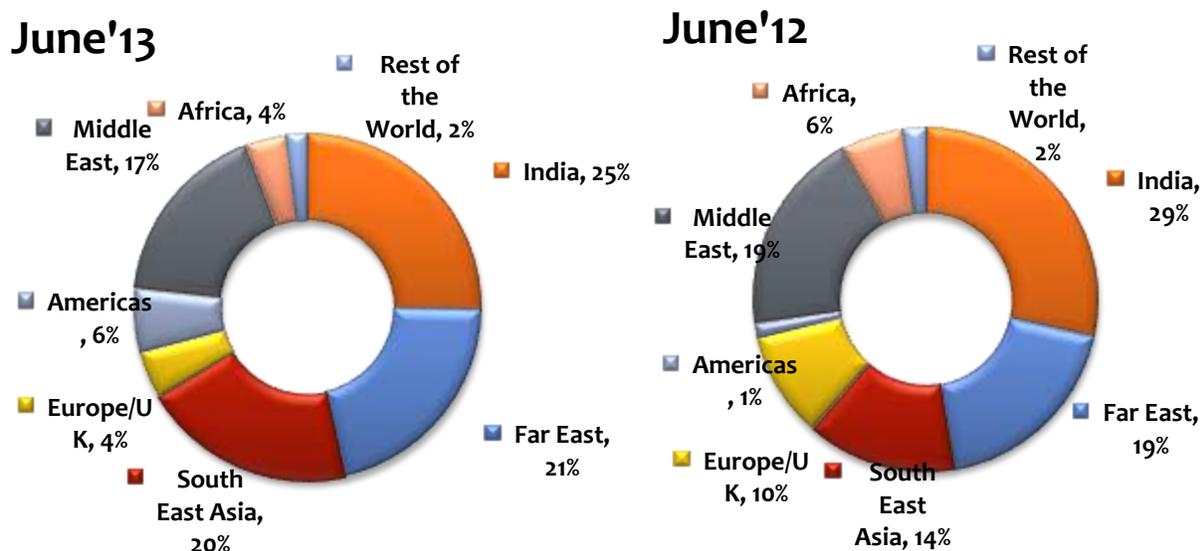
Software services rendered by the Company, classified under this segment, typically consist of development of software to meet specific customer requirements consisting of application development & maintenance, testing services, consulting and infrastructure management services with a strong banking domain focus.

Revenue from software projects and services segment during the quarter is Rs.23.85 crore constituting 27.63% of the total revenue against Rs. 23.37 crore, constituting 31.60% of total revenue in the corresponding quarter previous year. This has increased by 2.08%.



### Revenue from Various Geographies

Your Company is incorporated in India, caters to customers situated all across the globe, and hence significant part of the revenue is derived from international sales. The graph below presents a geography-wise distribution for the quarter as well as the corresponding quarter previous year.



### EXPENDITURE

#### Employee Benefit Expense

Employee benefit expenses include salaries paid to employees globally which have fixed and variable components; provision for retirement benefits, contribution to provident fund and expense on staff welfare activities. The employee benefit expenses have increased by 4.52% to Rs. 44.65 crore, 51.73% of total revenue. For the corresponding quarter previous year, they were at Rs. 42.72 crore, 57.78% of total revenue.

(Rs. in crore)

For the Quarter Ended June 30,	2013	% of Revenue	2012	% of Revenue	Growth (%)
Salaries and bonus	41.13	47.64	39.48	53.39	4.18
Contribution to provident and other funds	1.94	2.25	1.83	2.47	5.92
Gratuity expense	0.62	0.72	0.61	0.83	1.21
Staff welfare	0.97	1.12	0.80	1.08	20.83
<b>Total Employee Benefit Expenses</b>	<b>44.65</b>	<b>51.73</b>	<b>42.72</b>	<b>57.78</b>	<b>4.52</b>
<b>Revenue</b>	<b>86.32</b>	<b>100.00</b>	<b>73.95</b>	<b>100.00</b>	<b>16.74</b>

Employee costs have risen and we are taking steps to optimize utilization and productivity.

#### Operating and Other Expenses

Operating and other expenses primarily consist of expenses on travel to execute work at client site and for other related activities, consultancy charges, cost of software purchased for delivery to clients, bandwidth and communication expense, infrastructure charges and expenses on account of brand building activities. Other expenses included here are training and recruitment costs, legal and professional charges, repairs and maintenance charges, insurance, provision for doubtful debts, bad debts, finance costs and other miscellaneous charges. Operating and other expenses are at Rs.22.50 crore, 26.07% of revenue for the quarter, with an increase of 2.01% against Rs.22.06 crore, 29.83% of revenue in the corresponding quarter previous year.

(Rs. in crore)

For the Quarter Ended June 30,	2013	% of Revenue	2012	% of Revenue	Growth (%)
Software and other development charges	2.57	2.98	3.20	4.32	(19.57)
Travelling	4.71	5.46	5.19	7.02	(9.27)
Cost of software purchased for delivery to clients	2.79	3.23	3.19	4.32	(12.61)
Power and fuel	1.28	1.49	0.96	1.30	33.59
Rent	2.24	2.59	2.75	3.72	(18.58)
Rates & Taxes	0.05	0.06	0.14	0.18	(62.67)
Repair and maintenance	0.73	0.85	0.62	0.84	18.40
Legal and professional	1.89	2.19	1.26	1.70	50.28
Directors remuneration	0.35	0.40	0.38	0.52	(8.85)
Conveyance	0.46	0.53	0.34	0.46	32.69
Communication	0.60	0.69	0.69	0.93	(12.73)
Information technology expenses	0.39	0.45	0.46	0.63	(16.13)
Provision for doubtful debts/advances/other current assets	2.07	2.40	0.18	0.24	1050.75
Commission to channel partners	0.30	0.34	0.42	0.57	(29.43)
Training and recruitment	0.30	0.34	0.29	0.39	3.51
Conference, exhibition and seminar	0.24	0.28	0.86	1.17	(72.06)
Loss on Current non trade investments	-	0.00	0.00	0.00	(100.00)
Advertisement and business promotion	0.23	0.26	0.20	0.28	10.85
Insurance	0.17	0.19	0.11	0.16	44.69
Finance Cost	0.14	0.16	0.11	0.14	29.00
Miscellaneous expenses	1.01	1.17	0.71	0.96	43.22
<b>Total Operating and Other Expenses</b>	<b>22.50</b>	<b>26.07</b>	<b>22.06</b>	<b>29.83</b>	<b>2.01</b>
<b>Revenue</b>	<b>86.32</b>	<b>100.00</b>	<b>73.95</b>	<b>100.00</b>	<b>16.74</b>

- Software and other development charges relate to outsourced work for software development and is lower than corresponding quarter previous year by 19.57%.
- Cost of software purchased for delivery to clients has decreased by 12.61% for the quarter against the corresponding quarter previous year.
- Provisions for doubtful debts include bad debts written off and provision for all invoices outstanding for a period of 365 days or more and those invoices which are considered doubtful based on the

management's perception of risk of collection as per the Company's policies. This figure is Rs.2.07 crore against Rs.0.18 crore in the corresponding quarter previous year.

- Finance cost includes bank charges and fee for issuance of bank guarantees to customers.

We have taken a number of steps to improve our operational efficiency and there has been a very strong control and focus on costs.

### Operating Profit (EBITDA)

Operating Profit improved to Rs.14.22 crore, 16.47% of revenue against Rs.9.16 crore, 12.39% of revenue in the corresponding quarter previous year.

### Depreciation

Depreciation on fixed assets was Rs.1.57 crore, 1.81% of revenue for the quarter against Rs.1.59 crore, 2.15% of revenue in the corresponding quarter previous year.

### Other Income

Other Income primarily consists of interest and dividend income, capital gains on sale of current investments.

(Rs. in crore)		
For the Quarter Ended June 30,	2013	2012
On Investments		
Capital Gain- Mutual Funds	0.11	-
Dividend on investment in Mutual fund units	1.18	2.28
Interest Income	2.23	1.34
Foreign Exchange differences on consolidation	(0.16)	(0.17)
Profit on sale of assets	0.04	0.03
Others	0.004	0.26
<b>Total</b>	<b>3.41</b>	<b>3.73</b>

Other income for the quarter is Rs.3.41 crore, against Rs.3.73 crore in the corresponding quarter previous year.

### Foreign Exchange Gain / (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from cancellation of options and forward contracts, 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. 1.93 crore against a gain of Rs. 4.76 lakhs for the corresponding quarter previous year.

### Taxation

It represents provision for corporate & income taxes in various countries where the Company and subsidiaries operate.

(Rs. in crore)

For the Quarter Ended June 30,	2013	2012
- Withholding taxes charged off	0.10	-
- Current Tax	7.38	3.96
- Deferred Tax Credit (net)	(0.66)	(0.18)
<b>Total</b>	<b>6.82</b>	<b>3.78</b>

### Profit after Tax

Our profit after tax for the quarter is Rs.11.17 crore, 12.93% of revenue, against Rs.12.30 crore, 16.63% of revenue, during the corresponding quarter previous year.

### Share Capital

Share Capital of the Company consists of Equity Share Capital. The paid-up Share Capital as on June 30, 2013 is 32,383,634 equity shares of Rs. 10 each, against 32,383,454 as on June 30, 2012.

### Subsidiaries

The Company has six wholly owned subsidiary companies, all over the world. There is also a step down subsidiary at Singapore. 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 amounts in the accounts of the Parent Company. Paid-up Share Capital of the Subsidiaries as on June 30, 2013 is as per the below table:

Name of Subsidiary Company	Currency	As at June 30, 2013		As at March 31, 2013	
		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 (After provision for diminution)	<b>USD</b>	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaiga, Japan. 200 equity shares of JPY 50,000 each	<b>JPY</b>	10,000,000	0.41	10,000,000	0.41
Virstra i-Technology Services Ltd., India. 1,000,000 equity shares of Rs. 10 each	<b>INR</b>	-	1.00	-	1.00
Nucleus Software Netherlands B.V., Netherlands. 4000 equity shares of Euro 100 each	<b>Euro</b>	400,000	2.42	400,000	2.42
Nucleus Software Limited, India 10,000,000 equity shares of Rs.10/- each	<b>INR</b>	-	10.00	-	10.00
<b>Step down Subsidiary of Nucleus Software Exports Ltd.</b>					
Virstra (Singapore) Pte. Ltd., Singapore. 200,000 equity shares of S\$ 1 each	<b>SGD</b>	200,000	0.56	200,000	0.56

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

### Reserves and Surplus

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

Particulars	(Rs. in crore)		
	<i>Opening Balance as on April 1, 2013</i>	<i>Additions/ (Deletions) during the period</i>	<i>Closing Balance as on June 30, 2013</i>
General Reserve	83.37	-	83.37
Securities Premium	2.19	-	2.19
Capital Reserve	0.89	0.00	0.89
Employee Stock Options	-	-	-
Foreign Currency Translation Reserve	8.96	1.74	10.70
Hedging Reserve	0.74	(3.64)	(2.90)
Profit and Loss Account Balance	221.45	12.76	234.21
<b>Total</b>	<b>317.60</b>	<b>10.86</b>	<b>328.46</b>

### Fixed Assets

As at June 30, 2013, gross block of fixed assets including investment in technology assets is Rs.124.67 crore (Rs.124.12 crore March 31, 2013).

(Rs. in crore)

As at	30-Jun-13	31-Mar-13	Inc/Dec (%)
<b>Gross Block</b>			
Freehold land	0.34	0.34	-
Leasehold land	18.78	18.78	-
Leasehold improvement	0.76	0.76	-
Building	28.17	28.17	0.01
Office and other equipment	19.52	19.18	1.76
Computers	31.71	31.11	1.93
Vehicles	1.40	1.44	(2.67)
Furniture and fixtures	5.23	5.16	1.32
Software	18.76	18.58	0.98
<b>Total</b>	<b>124.67</b>	<b>123.52</b>	<b>0.93</b>
Less: Accumulated Depreciation	74.34	72.83	2.07
<b>Net Block</b>	<b>50.34</b>	<b>50.69</b>	<b>(0.69)</b>
Add: Capital Work In Progress			NA
<b>Net Fixed Assets</b>	<b>50.34</b>	<b>50.69</b>	<b>(0.69)</b>

### Other Long-Term Investments

Other long term investments comprise of investment in 250,000 Equity Shares of face value of Rs.10/- each in Ujjivan Financial Services Private Ltd., a Company promoted in the area of micro finance by a group of experienced professionals with banking and technology background.

### Current Investments and Bank Balances

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

As of June 30, 2013 the cash and bank balances stood at Rs.104.50 crore (Rs.111.98 crore on March 31, 2013) and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs.169.57 crore (Rs.144.74 crore on March 31, 2013).

Total cash and cash equivalents are thus at Rs.284.07 crore on June 30, 2013 against Rs.266.72 crore as on March 31, 2013.

(Rs. in crore)

Cash & Cash Equivalents as at	30-Jun-13	31-Mar-13
<b>Balances with Bank</b>		
In Current Accounts	19.20	19.95
In Fixed Deposit Account	85.30	92.03
Investments in Mutual Funds	169.57	144.74
Investments in tax free PSU Bonds	10.00	10.00
<b>Total</b>	<b>284.07</b>	<b>266.72</b>

As a part of the financial policies, the Company believes in maintaining high level of liquidity as it provides immense support against contingencies and uncertainties.

Our net cash flow from operating activities before working capital changes is Rs.16.53 crore for the quarter against Rs.49.82 crore in the corresponding quarter previous year. After considering working capital changes, operating cash flow is Rs. 16.44 crore against Rs.74.77 crore.

Operating cash flow is today considered a better measure of operations of the Company than the net profits as it measures the cash generated by the operations.

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

As at	30-Jun-13	31-Mar-13
Operating cash flow as % of revenue	19.15%	16.96%
Days of sale receivable	76	87
Cash and Equivalents as % of assets	60.64%	58.11%
Cash and Equivalents as % of revenue (LTM)	92.79%	90.79%
Current investments as % of assets	36.20%	31.54%
Current investments as % of revenue (LTM)	55.39%	49.27%

Days of sales receivables (DSR) are at 76 days as on June 30, 2013 against 87 days as on March 31, 2013.

The Company has a policy of providing for all invoices outstanding for a period of 365 days or more and for those invoices which are otherwise considered doubtful based on the Management's perception of risk of collection.

**Loans and Advances**

Loans and Advances as on June 30, 2013 are Rs.27.22 crore against Rs.31.13 crore as on March 31, 2013.

(Rs. in crore)

As at	30-Jun-13	31-Mar-13
<b>Long term Loans and advances</b>		
Security deposits	2.92	2.84
Advance income tax	10.22	14.10
Prepaid expenses	0.72	0.75
MAT credit entitlement	4.56	3.90
Staff Loans	0.06	0.23
Capital advances	-	-
<b>Total</b>	<b>18.48</b>	<b>21.82</b>
<b>Short term Loans and advances</b>		
Prepaid expenses	5.97	4.40
Supplier advances	0.52	0.57
MAT credit entitlement	-	0.66
Employee advances	1.15	1.06
Others	1.10	2.62
<b>Total</b>	<b>8.74</b>	<b>9.31</b>
<b>Total Loans and Advances</b>	<b>27.22</b>	<b>31.13</b>

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs.2.92 crore as on June 30, 2013 (Rs.2.84 crore as on March 31, 2013).

Advance income tax is Rs.10.22 crore as on June 30, 2013 (Rs.14.10 crore as on March 31, 2013).

**Current Liabilities**

(Rs. in crore)

As at	30-Jun-13	31-Mar-13
Trade Payables	23.23	25.34

Advances from customers	25.30	27.60
Deferred Revenue	24.18	22.48
Mark-to-market loss on forward and options contracts	2.99	-
Unclaimed dividend	0.20	0.20
Book Overdraft	-	1.71
Payable for purchase of fixed assets	0.19	0.25
Retention Money	-	-
Other Payables- statutory remittances	4.88	3.70
<b>Short term provisions</b>		
Compensated absences	1.37	1.49
Gratuity	2.30	2.38
Proposed dividend	9.72	9.72
Tax on dividend	0.05	1.65
<b>Total</b>	<b>94.43</b>	<b>96.53</b>

Trade payables represent the amount payable for providing goods and services and are Rs.23.23 crore as on June 30, 2013 (Rs.25.34 crore as on March 31, 2013).

Advances from customers as on June 30, 2013 is Rs.25.30 crore (Rs.27.60 crore as on March 31, 2013). These consist of advance payments received from customers for which related costs have not been yet incurred or product license delivery is at later date.

Short term provisions for leave encashment and gratuity are those for which liability is expected to arise in near future. A sum total of all these short-term provisions as on June 30, 2013 is Rs.13.45 crore (Rs.15.24 crore as on March 31, 2013).

#### Long Term Provisions

Provisions as on June 30, 2013 are Rs.13.18 crore (Rs.12.45 crore as on March 31, 2013). The breakup of provisions at the quarter end is given below.

As at	30-Jun-13	31-Mar-13
Gratuity	7.92	7.48
Compensated Absences	5.26	4.96
<b>Total</b>	<b>13.18</b>	<b>12.45</b>

(Rs. in crore)

Provisions for Gratuity and Leave encashment represent provision made by the Company based on valuation reports from actuaries.

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## ADDITIONAL INFORMATION TO SHAREHOLDERS

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1. Date of Incorporation January 9, 1989
  
2. Registered office 33-35, Thyagraj Nagar Market  
New Delhi-110003  
India
  
3. Corporate Office A-39, Sector 62  
NOIDA, UP -201301  
India
  
4. Financial Calendar  
(tentative and subject to change)
 

Financial reporting for the second quarter ending September, 2013.	between 21 <sup>st</sup> to 31 <sup>st</sup> of October 2013
Financial reporting for the third quarter ending December 31, 2013.	between 21 <sup>st</sup> to 31 <sup>st</sup> of January 2014
Financial reporting for the fourth quarter ending March 31, 2014.	between 21 <sup>st</sup> to 30 <sup>th</sup> of April 2014
Financial results for the year ending March 31, 2014	between 21 <sup>st</sup> to 30 <sup>th</sup> of April 2014
  
5. Share Related Data
  - The Shares of Nucleus are listed on The National Stock Exchange of India limited, and Bombay Stock Exchange Limited
  
  - Scrip Code (NSE) NUCLEUS
  
  - Scrip Code (BSE) 531209
  
  - The Company's shares are traded in "Group B" category at the Bombay Stock Exchange Ltd.
  
  - International Securities Identification

Number (ISIN code-NSDL and CDSL)

INE096B01018

- Face value of the Company's equity shares is Rs. 10.
- Shares of the Company are compulsorily traded in demat form.
- 98.83 % of the Company's equity shares are in demat form.
- The Company has 15,794 shareholders as on June 30, 2013.
- 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
2012-13	30%	3.00	9.71
2011-12	25%	2.50	8.09
2010-11	25%	2.50	8.09
2009-10	25%	2.50	8.09
2008-09	25%	2.50	8.09
2007-08	30%	3.00	9.71
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05	25%	2.50	4.02*
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2001-02	20%	2.00	1.58
2000-01	20%	2.00	0.68

- The dividend payout in 2004-05 was on the enhanced capital consequent to 1:1 bonus issue made during the year.  
The Board had not recommended any dividend prior to financial year 2000-2001.

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

- Registrars of Company

**Karvy Computershare Private Limited**

Plot No. 17-24

Vithal Rao Nagar, Madhapur

Hyderabad 500 081

Tel: 040-23420815-28

Fax: 040- 23420814/23420857

Email: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)

- Financial Results of Nucleus Software Exports Limited for the Quarter Ended June 30, 2013. (Consolidated)

	Particulars	Quarter Ended			Year Ended
		June 30, 2013	March 31, 2013	June 30, 2012	March 31, 2013
		Unaudited	Unaudited	Unaudited	Audited
1.	<b>INCOME FROM OPERATIONS</b>				
	Income from Software Products and Services	8,632.31	7,343.50	7,394.56	29,375.85
	<b>Total Income from operations (net)</b>	<b>8,632.31</b>	<b>7,343.50</b>	<b>7,394.56</b>	<b>29,375.85</b>
2.	<b>EXPENSES</b>				
	a) Purchases of stock-in-trade	494.86	-	-	-
	b) Employee benefits expense	4,465.37	3,890.80	4,272.27	16,340.57
	c) Depreciation and amortisation expense	156.56	151.64	159.06	609.16
	d) Travel expense	470.95	489.41	519.07	2,020.18
	e) Other expenses	1,765.68	1,723.66	1,676.29	6,381.40
	<b>Total Expenses</b>	<b>7,353.42</b>	<b>6,255.51</b>	<b>6,626.69</b>	<b>25,351.31</b>
3.	<b>PROFIT FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS AND TAXES (1-2)</b>	<b>1,278.89</b>	<b>1,087.99</b>	<b>767.87</b>	<b>4,024.54</b>
4.	Other Income	533.63	415.11	850.37	2,025.10
5.	<b>PROFIT FROM OPERATIONS BEFORE FINANCE COSTS AND TAXES (3+4)</b>	<b>1,812.52</b>	<b>1,503.10</b>	<b>1,618.24</b>	<b>6,049.64</b>
6.	Finance costs	13.55	13.38	10.50	44.20
7.	<b>PROFIT BEFORE TAXES (5-6)</b>	<b>1,798.97</b>	<b>1,489.72</b>	<b>1,607.74</b>	<b>6,005.44</b>
8.	Tax expense	682.39	444.78	378.22	1,488.53
9.	<b>PROFIT AFTER TAXES (7-8)</b>	<b>1,116.58</b>	<b>1,044.94</b>	<b>1,229.52</b>	<b>4,516.91</b>
10.	Minority Interest	-	-	-	-
11.	<b>NET PROFIT FOR THE PERIOD (9-10)</b>	<b>1,116.58</b>	<b>1,044.94</b>	<b>1,229.52</b>	<b>4,516.91</b>
12.	Paid-up Equity Share Capital (Face Value Rs.10 each)	3,238.51	3,238.51	3,238.50	3,238.51
13.	Reserves excluding Revaluation Reserves				31,760.35
14.	<b>Earnings Per Share (Rs.) (Par value Rs.10 each) (not annualised)</b>				
	Basic	3.45	3.23	3.80	13.95
	Diluted	3.45	3.23	3.80	13.95

## 6. Locations

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

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 (Maharashtra) under the Software Technology Park Scheme of the Government of India.

## 7. 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-materialized 32,010,918 shares (98.85% of the paid up share capital) as at June 30, 2013

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.

## 8. Employee Stock Option Schemes

The Company earlier instituted an ESOP scheme 1999 in year 2000, ESOP scheme 2002 was instituted in 2002, ESOP scheme 2005 was instituted in 2005 and ESOP scheme 2006 was instituted in 2006. These schemes were duly approved by the Board of Directors and

Shareholders in their respective meetings. The 1999 scheme originally provided for the issue of 170,000 Equity Shares, 2002 scheme for 225,000 Equity Shares, 2005 scheme for 625,000 Equity Shares and 2006 scheme for 10,00,000 to eligible employees and Directors. A Compensation Committee of Board of Directors administers these schemes.

The Company has allotted Bonus shares in the ratio of 1:1 to the existing equity shareholders of the Company in August 2007. Consequently the Company has applied and received in-principal approval from stock exchanges for allotment of additional shares in the ratio of 1:1 (pursuant to Bonus Issue), which are likely to arise out of exercise of options as and when exercised under the abovementioned schemes.

## 9. Investors' Services

### i. Details of request /complaints received during the quarter.

S.No.	Nature of Requests	Received	Attended	Pending
1.	Revalidation of Dividend Warrants	15	15	Nil
2.	Non-receipt of Dividend Warrant	1	1	Nil
3.	Non-Receipt of Securities	0	0	Nil
4.	Non-Receipt of Shares after transfer	-	-	Nil
5.	Non-Receipt of Annual Report	0	0	Nil
6.	SEBI/Stock Exchange/Legal	0	0	Nil

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

ii. Designated e-mail Address for Investor Services

In terms of clause 47(f) of the Listing Agreement, the designated e-mail address for investor complaints is investorrelations@nucleussoftware.com.

10. Legal Proceedings

There is no legal proceeding pending against the Company in the Court.

11. Distribution of Shareholding

Distribution Schedule As On 30/06/2013					
Sno	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	13522	85.25	15136150	4.32
2	5001- 10000	1259	7.96	9478270	3.33
3	10001- 20000	495	3.13	7359500	2.27
4	20001- 30000	170	1.07	4329050	1.33
5	30001- 40000	88	0.96	3136100	0.97
6	40001- 50000	56	0.35	2611470	0.81
7	50001- 100000	106	0.67	7538600	2.31
8	100001& Above	98	0.61	272198458	84.66
	<b>Total:</b>	<b>15,794</b>	<b>100.00</b>	<b>323836340.00</b>	<b>100.00</b>

12. Categories of Shareholders

Category	As on June 30, 2013		
	No. of Share Holders	Voting Strength (%)	No. of Shares Held
Promoter and Promoter Group	9	57.44	1,86,01,866
Individuals	14,925	22.53	72,93,801
Bodies Corporate	428	1.99	6,45,971
Non-Resident Indians	381	2.05	6,62,501
Foreign Institutional Investors	2	5.35	17,32,536
Mutual Funds	11	10.52	34,08,377
Financial Institutions/ Banks	2	0.03	8,785
Clearing Members and Trusts	36	0.09	29,797
<b>Total</b>	<b>15,794</b>	<b>100.00</b>	<b>32,383,634</b>

13. 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](mailto:investorrelations@nucleussoftware.com)

14. Employee Strength of Nucleus

Nucleus employed 1,486 people as on June 30, 2013 as compared to 1,503 people as on March 31, 2013.

Distribution of the employees is:

**A. Distribution of the Employees:**

	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013
Technical Employee's	1,296	1,278	1,225	1,202
Non-Technical Employee's including Business Development Group	326	284	278	284
<b>TOTAL</b>	<b>1,622</b>	<b>1,562</b>	<b>1,503</b>	<b>1,486</b>
	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013
Male	1,262	1,219	1,173	1,162
Female	360	343	330	324
<b>Total</b>	<b>1,622</b>	<b>1,562</b>	<b>1,503</b>	<b>1,486</b>

**B. The Age Profile Of The Employees Is:**

	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013
Between 20 and 25 years	354	356	318	292
Between 26 and 30 years	498	468	441	432
Between 31 and 40 years	667	638	642	660
Between 41 and 50 years	87	83	85	87
51 years and above	16	17	17	15
<b>Total</b>	<b>1,622</b>	<b>1,562</b>	<b>1,503</b>	<b>1,486</b>

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

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

**Vishnu R Dusad - CEO & Managing Director**

Tel: +91 (120) 4031500

E Mail: [vishnu@nucleussoftware.com](mailto:vishnu@nucleussoftware.com)

**Pramod K Sanghi - President - Finance & CFO**

Tel: +91 (120) 4031800

E Mail: [pksanghi@nucleussoftware.com](mailto:pksanghi@nucleussoftware.com)

**Poonam Bhasin - Company Secretary**

Tel: +91 (120) 4031400

E Mail: [poonam@nucleussoftware.com](mailto:poonam@nucleussoftware.com)

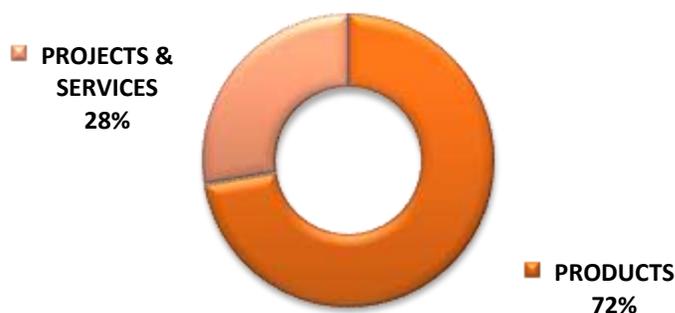
## CONSOLIDATED SEGMENT INFORMATION

REVENUE BY	Quarter Ended				Year ended			
	Jun-13	% of Revenue	Mar-13	% of Revenue	Jun-12	% of Revenue	Mar-13	% of Revenue
<b>GEOGRAPHICAL SEGMENTS</b>								
INDIA	2,183.67	25.30	1,361.80	18.54	1,504.39	20.34	5,333.25	18.16
FAR EAST	1,831.08	21.21	1,927.26	26.24	2,076.98	28.09	8,204.39	27.93
SOUTH EAST ASIA	1,713.67	19.85	1,651.75	22.49	1,452.79	19.65	6,273.23	21.36
EUROPE /U.K.	387.34	4.49	404.98	5.51	505.04	6.83	1,900.33	6.47
AMERICAS	512.31	5.93	452.38	6.16	477.42	6.46	1,972.54	6.71
MIDDLE EAST	1,504.33	17.43	1,234.12	16.81	972.61	13.15	4,224.32	14.38
AFRICA	333.82	3.87	171.68	2.34	292.82	3.96	996.26	3.39
REST OF THE WORLD	166.09	1.92	139.53	1.90	112.51	1.52	471.53	1.61
<b>TOTAL</b>	<b>8632.31</b>	<b>100.00</b>	<b>7343.50</b>	<b>100.00</b>	<b>7394.56</b>	<b>100.00</b>	<b>29375.85</b>	<b>100.00</b>
<b>CURRENCY SEGMENTS</b>								
INR	2183.67	25.30	1361.80	18.54	1504.39	20.34	5333.25	18.16
JPY	733.19	8.49	795.94	10.84	698.99	9.45	3317.70	11.29
SGD	880.61	10.20	783.09	10.66	699.37	9.46	2991.27	10.18
GBP	32.17	0.37	28.73	0.39	33.07	0.45	121.40	0.41
US \$	4269.92	49.46	3966.45	54.01	4164.67	56.32	16245.72	55.30
MYR	160.48	1.86	224.25	3.05	99.42	1.34	630.70	2.15
EURO	207.17	2.40	111.66	1.52	114.45	1.55	435.91	1.48
KRW	65.45	0.76	67.53	0.92	72.43	0.98	274.08	0.93
CHF	4.54	0.05	4.06	0.06	4.66	0.06	17.13	0.06
ZAR	95.11	1.10	0.00	-	0.00	-	0.00	-
SEK	0.00	-	0.00	-	3.10	0.04	8.69	0.03
<b>TOTAL</b>	<b>8632.31</b>	<b>100.00</b>	<b>7343.50</b>	<b>100.00</b>	<b>7394.56</b>	<b>100.00</b>	<b>29375.85</b>	<b>100.00</b>

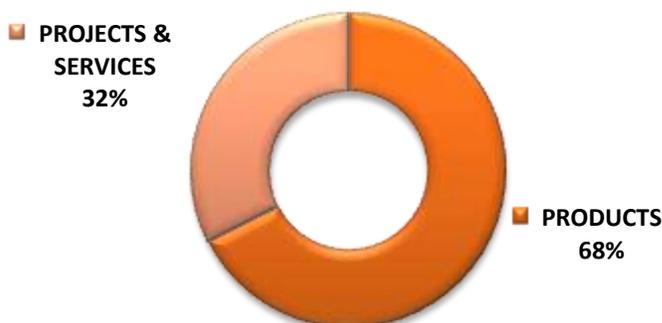
**BUSINESS SEGMENTS**

<b>PRODUCTS</b>	<b>6,247.22</b>	<b>72.37</b>	<b>4,961.17</b>	<b>67.56</b>	<b>5,057.99</b>	<b>68.40</b>	<b>19,768.39</b>	<b>67.29</b>
Own	5,347.96	61.95	4,891.17	66.61	4,722.66	63.87	19,188.73	65.32
Traded	899.26	10.42	70.00	0.95	335.33	4.53	579.66	1.97
<b>PROJECTS &amp; SERVICES</b>	<b>2,385.09</b>	<b>27.63</b>	<b>2,382.33</b>	<b>32.44</b>	<b>2,336.57</b>	<b>31.60</b>	<b>9,607.46</b>	<b>32.71</b>
<b>TOTAL</b>	<b>8,632.31</b>	<b>100.00</b>	<b>7,343.50</b>	<b>100.00</b>	<b>7,394.56</b>	<b>100.00</b>	<b>29,375.85</b>	<b>100.00</b>

**Quarter Ended June 30, 2013**



**Quarter Ended June 30, 2012**



## RATIO ANALYSIS

Consolidated Performance			
Particulars	Quarter Ended		Year Ended
	Jun-13	Jun-12	Mar-13
<b>Ratios- Financial Performance</b>			
Export Revenue/ Revenue (%)	74.70%	79.66%	81.84%
Domestic Revenue/ Revenue (%)	25.30%	20.34%	18.16%
Total Operating Expenses/ Revenue (%)	83.53%	87.61%	84.38%
Operating Profit/ Revenue (%)	16.47%	12.39%	15.62%
Depreciation/ Revenue (%)	1.81%	2.15%	2.07%
Other Income/ Revenue (%)	3.95%	5.06%	5.88%
Tax/ Revenue (%)	7.91%	5.11%	5.07%
Effective Tax Rate - Tax/ PBT (%)	37.93%	23.52%	24.79%
PAT from Ordinary Activities/ Revenue (%)	8.98%	11.56%	9.49%
PAT from Ordinary Activities/Net Worth (%) (LTM)	7.51%	7.77%	7.97%
<b>Ratios- Return</b>			
ROCE(PBIT/ Average Capital Employed) (%) (LTM)	17.43%	18.02%	18.09%
ROANW (PAT/Average Net Worth) (%) (LTM)	12.39%	13.33%	13.60%
<b>Ratios - Balance Sheet</b>			
Debt-Equity Ratio	-	-	-
Debtors Turnover (Days)	76	43	87
Asset Turnover Ratio (LTM)	0.65	0.70	0.64
Current Ratio	4.16	4.25	3.94
Cash and Equivalents/Total Assets (%)	60.64%	53.43%	58.12%
Cash and Equivalents/ Revenue (%) (LTM)	92.79%	76.32%	90.80%
Depreciation/Average Gross Block (%) (LTM)	4.88%	5.85%	5.02%
Technology Investment/ Revenue (%)	0.41%	1.38%	2.36%
<b>Ratios - Growth (YoY)</b>			
Growth in Export Revenue (%)	9.48%	11.14%	4.03%
Growth in Total Revenue (%)	16.74%	15.05%	4.08%
Operating Expenses Growth (%)	11.30%	10.18%	0.47%
Operating Profit Growth (%)	55.16%	67.20%	29.11%
PAT Growth (%)	-9.19%	144.31%	27.81%
EPS Growth (%)	-9.19%	144.31%	27.83%
<b>Per- Share Data (Period End)</b>			
Earning Per Share from Ordinary Activities (Rs.)	2.39	2.64	8.61
Earning Per Share (Including Other Income) (Rs.)	3.45	3.80	13.95
Cash Earning Per Share from Ordinary Activities (Rs.)	2.88	3.13	10.49
Cash Earning Per Share (Including Other Income)(Rs.)	3.93	4.29	15.83
Book Value Per Share (Rs.)	111.43	100.35	108.08
Price/Earning (Annualized)	4.95	4.10	5.20
Price/ Cash Earning (Annualized)	4.34	3.63	4.58
Price/Book Value	0.61	0.62	0.67