



PRESS RELEASE

## Nucleus Software Announces Q3 FY 11 Results

**New Delhi, January 24, 2011:** Nucleus Software Exports Limited (NSE: NUCLEUS, BSE: 531209), announced its Q3 results for financial year 2010-2011.

Nucleus Software's consolidated revenue for the quarter ending December 31, 2010, is at Rs. **68.61 crore** in comparison to Rs. **68.47 crore** in the corresponding quarter of the previous year. With total expenses at Rs. **58.50 crore** in comparison to Rs. **56.23 crore** in the corresponding quarter of the previous year, the consolidated EBITDA is at Rs. **10.10 crore** in comparison to Rs. **12.24 crore** in the previous year. Net profit after tax (PAT) is at Rs. **7.71 crore** in comparison to Rs. **9.20 crore** in the corresponding quarter of the previous year.

For the nine month period ending December 31, 2010, consolidated revenue is at Rs. **204.94 crore** in comparison to Rs. **219.76 crore** in the corresponding nine month period in the previous year. With total expenses at Rs. **178.41 crore** in comparison to Rs. **179.54 crore** in the corresponding nine month period in the previous year, the consolidated EBITDA is at Rs. **26.53 crore** in comparison to Rs. **40.22 crore** in the corresponding nine month period in the previous year. Net Profit after tax (PAT) is at Rs. **21.90 crore** in comparison to Rs. **29.21 crore** in the corresponding nine month period in the previous year.

### Highlights

#### Quarter Ended December 31, 2010

- **Consolidated revenue** at Rs. **68.61 crore** from software products and software development services in comparison to Rs. **68.47 crore** in the corresponding quarter of the previous year.
- **Product business revenue** for the quarter at Rs. **51.11 crore** in comparison to Rs. **39.69 crore** in the corresponding quarter of the previous year.
- **EBITDA** at Rs. **10.10 crore** in comparison to Rs. **12.24 crore** in the corresponding quarter of the previous year.
- **Net Profit after Tax (PAT)** at Rs. **7.71 crore** in comparison to Rs. **9.20 crore** in the corresponding quarter of the previous year.
- **Earning per Share** for the quarter at Rs. **2.38** in comparison to Rs. **2.84** in the corresponding quarter of the previous year.

## For Nine month Ended December 31, 2010

- **Consolidated revenue** at **Rs. 204.94 crore** from software products and software development services in comparison to **Rs. 219.76 crore** in the corresponding nine month period of the previous year.
- **Product business revenue** at **Rs. 144.65 crore** in comparison to **Rs. 126.07 crore** in the corresponding nine month period of the previous year.
- **EBITDA** at **Rs. 26.53 crore** in comparison to **Rs. 40.22 crore** in the corresponding nine month period of the previous year
- **Net Profit After Tax (PAT)** at **Rs. 21.90 crore** in comparison to **Rs. 29.21 crore** in the corresponding nine month period of the previous year.
- **Earning per Share** at **Rs 6.77** in comparison to **Rs. 9.02** in the corresponding nine month period of the previous year.

**Vishnu R Dusad, CEO and Managing Director, Nucleus Software said,** “We have been investing substantially into next generation Banking products with a vision to deliver higher value to our customers. With newer products and market expansion, we would be able to deliver higher brand value and returns to our stakeholders. We continue to focus on an IPR led growth and have taken major initiatives to offer best functionalities and technology to our customers. “

**Niraj Vedwa, COO, Nucleus Software said,** Our investments into newer markets and channel partners has delivered substantial wins with over 40 orders this financial year. Our pipeline continues to remain very strong and we are confident of substantial order wins in the future. Our focus into operational efficiency has created a scalable and robust model to deliver all these projects globally. We are making very good progress on new product launches and are confident of delivering higher value to our customers.

## Awards & Accolades

- Nucleus Software wins Gold shield for Excellence in Financial Reporting, 2010 by **Institute of Chartered Accountants of India (ICAI)** for the third consecutive year under the Category VIII – Service Sector (Other Than Banking & Insurance) (Turnover Less Than Rs. 500 crore)
- **South Asian Federation of Accountants (SAFA)** adjudged Nucleus’ Annual Report as the recipient of the joint first runner’s up position for the Best Presented Accounts Award for the year 2009 under the Communication and Information Technology Sector Category.

## Other Key Information

### For the Quarter Ended December 31, 2010

- **10** new order wins in the third quarter of the fiscal year
- **8** new customers added
- Won orders for **34** new product modules
- **35** product modules successfully implemented across the globe
- Global strength of employees as on December 31, 2010 is **1647**

**For the Nine Months Ended December 31, 2010**

- **40** new orders in the nine month period of the fiscal year
- **31** new customers added
- Won orders for **126** new product modules
- **46** product modules successfully implemented across the globe
- Global strength of employees as on December 31, 2010 is **1647**

**New Client Wins**

This quarter we added **8** new customers and bagged **10** new orders for implementing **34** product modules in the third quarter of FY 2010-11, from the leading financial institutions in Middle East, Africa, South East Asia and Latin America. The region has immense potential in terms of growth in the banking sector and institutions, both large and small, are increasingly realizing the importance of technology in enhancing businesses.

Consolidating for nine month ending December 31, 2010, Nucleus has won 31 new customers and 40 new product orders for implementing **46** modules of FinnOne™ and Cash Management suite.

**Successful Global Implementations:**

This quarter **35** product modules went live in various markets across the globe. Some of the implementations were completed in record time. This further gave increased visibility to Nucleus in the global markets, and reaffirmed its standing in the global lending and cash management space.

**About Nucleus Software Exports Limited**

Nucleus Software is a leading software powerhouse providing innovative and pioneering software solutions for Banks and Financial organizations globally. Nucleus Software offers a host of competitive IT solutions and consultancy services designed to support the whole spectrum of business offerings across retail banking, corporate banking, cards and cash management. With over 150 customers across the globe, the company is consistently innovating with cutting edge and industry driven products in the domain. Nucleus Software is listed on the National Stock Exchange and Bombay Stock Exchange in India. For more information, visit [www.nucleussoftware.com](http://www.nucleussoftware.com)

**Safe Harbor:**

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, our ability to successfully implement our strategy, our research and development efforts, changes in the value of the Rupee and other currency changes, intense competition in IT and consulting services including those factors which

may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Nucleus may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Board of India, stock exchange and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

**For further information, please contact**

**Poornima Vasdev**

Nucleus Software Exports Limited

Phone: +91 – 120 – 4031400

Mobile: +91 - 9717096735

Email: [poornima.vasdev@nucleussoftware.com](mailto:poornima.vasdev@nucleussoftware.com)

**Walini Dsouza**

The PRactice

Mobile: +91 - 9999689151

E-mail: [walini@the-practice.net](mailto:walini@the-practice.net)

**Nucleus Software Exports Ltd.**

**Consolidated Balance Sheet as at 31 December 2010**

₹ In lakhs

Particulars	As at	
	31 December 2010 Unaudited	31 March 2010 Audited
<b>Sources of Funds</b>		
<b>Shareholders' Funds</b>		
Share capital	3,238.40	3,237.15
Share application money pending allotment	23.45	34.52
Reserves and surplus	26,214.21	23,869.80
	<b>29,476.06</b>	<b>27,141.47</b>
Deferred Tax Liability	8.22	11.11
	<b>29,484.28</b>	<b>27,152.58</b>
<b>Application of Funds</b>		
<b>Fixed Assets</b>		
Gross block	11,149.33	11,264.15
Less: Accumulated depreciation	(6,258.22)	(5,840.97)
Net block	4,891.11	5,423.18
Add: Capital work in progress (including capital advances)	66.97	51.99
	<b>4,958.08</b>	<b>5,475.17</b>
<b>Investments</b>	<b>13,886.44</b>	<b>9,589.80</b>
<b>Deferred Tax Asset</b>	<b>453.29</b>	<b>312.42</b>
<b>Current Assets, Loans and Advances</b>		
Sundry debtors	3,787.27	5,768.30
Cash and bank balances	5,653.57	6,674.54
Loans and advances	3,330.54	2,934.67
Other current assets	3,299.17	3,095.12
	<b>16,070.55</b>	<b>18,472.63</b>
<b>Less: Current Liabilities and Provisions</b>		
Current liabilities	(4,610.47)	(4,659.89)
Provisions	(1,273.61)	(2,037.55)
	<b>(5,884.08)</b>	<b>(6,697.44)</b>
<b>Net Current Assets</b>	<b>10,186.47</b>	<b>11,775.19</b>
	<b>29,484.28</b>	<b>27,152.58</b>

**Nucleus Software Exports Ltd.**  
**Consolidated Profit and Loss Account for the Quarter & Nine Month Ended 31 December 2010**

₹ In lakhs

	For the Quarter ended		For the Nine Month Ended		For the Year Ended
Particulars	31 December 2010 Unaudited	31 December 2009 Unaudited	31 December 2010 Unaudited	31 December 2009 Unaudited	31 March 2010 Audited
Sales and services	6,860.57	6,846.75	20,493.67	21,975.65	29,178.27
Software development expenses	4,620.02	4,643.82	13,755.67	14,813.78	19,616.60
<b>Gross Profit</b>	<b>2,240.55</b>	<b>2,202.93</b>	<b>6,738.00</b>	<b>7,161.87</b>	<b>9,561.67</b>
Selling and marketing expenses	781.17	550.84	2,237.32	1,772.09	2,266.60
General and administration expenses	448.92	428.23	1,847.71	1,367.78	1,887.22
<b>Operating profit before finance charges, depreciation and withholding tax</b>	<b>1,010.46</b>	<b>1,223.86</b>	<b>2,652.97</b>	<b>4,022.00</b>	<b>5,407.85</b>
Depreciation	224.25	276.13	708.28	897.30	1,133.46
Withholding taxes charged off	107.02	-	147.94	8.70	42.56
<b>Operating Profit After Finance Charges, Depreciation and Withholding Tax</b>	<b>679.19</b>	<b>947.73</b>	<b>1,796.75</b>	<b>3,116.00</b>	<b>4,231.83</b>
Other income	209.32	227.66	632.03	758.75	962.03
Foreign Exchange Gain/ (Loss)	(1.56)	(165.51)	(19.38)	(559.85)	(802.60)
<b>Profit Before Taxation</b>	<b>886.95</b>	<b>1,009.88</b>	<b>2,409.40</b>	<b>3,314.90</b>	<b>4,391.26</b>
Provision for Taxation	116.35	89.81	219.26	393.65	551.18
<b>Profit After Taxation</b>	<b>770.60</b>	<b>920.07</b>	<b>2,190.14</b>	<b>2,921.25</b>	<b>3,840.08</b>
<b>Earnings Per Share (equity shares, par value Rs. 10 each)</b>					
Basic	2.38	2.84	6.77	9.02	11.86
Diluted	2.38	2.84	6.76	9.02	11.86

**Nucleus Software Exports Ltd.**  
**Consolidated Segment Information**

₹ In lakhs

REVENUE BY	Quarter Ended				Nine Month Ended				Year ended	
	31 Dec 2010 Unaudited	% of Revenue	31 Dec 2009 Unaudited	% of Revenue	31 Dec 2010 Unaudited	% of Revenue	31 Dec 2009 Unaudited	% of Revenue	31 March 2010 Audited	% of Revenue
<b><i>GEOGRAPHICAL SEGMENTS</i></b>										
INDIA	1,129.11	16.46	962.84	14.06	2,952.87	14.41	2,901.05	13.20	3,680.07	12.61
FAR EAST	2,311.74	33.70	2,950.87	43.10	7,627.57	37.22	8,761.46	39.87	12,439.40	42.63
SOUTH EAST ASIA	1,525.23	22.23	1,374.44	20.07	4,339.39	21.17	4,768.14	21.70	6,111.85	20.95
EUROPE /U.K.	902.53	13.16	510.62	7.46	2,242.36	10.94	1,307.20	5.95	1,690.67	5.79
USA & CANADA	37.35	0.54	2.78	0.04	84.14	0.41	86.16	0.39	106.03	0.36
MIDDLE EAST	675.58	9.85	772.20	11.28	2,221.78	10.84	3,146.87	14.32	3,791.04	12.99
AFRICA	104.28	1.52	97.37	1.42	480.94	2.35	494.84	2.25	681.90	2.34
REST OF THE WORLD	174.75	2.55	175.63	2.57	544.61	2.66	509.93	2.32	677.31	2.32
<b>TOTAL</b>	<b>6,860.57</b>	<b>100.00</b>	<b>6,846.75</b>	<b>100.00</b>	<b>20,493.66</b>	<b>100.00</b>	<b>21,975.65</b>	<b>100.00</b>	<b>29,178.27</b>	<b>100.00</b>
<b><i>BUSINESS SEGMENTS</i></b>										
<b>PRODUCTS</b>	<b>5,111.40</b>	<b>74.50</b>	<b>3,968.39</b>	<b>57.96</b>	<b>14,464.62</b>	<b>70.58</b>	<b>12,607.24</b>	<b>57.37</b>	<b>17,395.33</b>	<b>59.62</b>
Own	4,882.86	71.17	3,595.69	52.52	13,713.18	66.91	11,524.62	52.44	15,112.32	51.80
Traded	228.54	3.33	372.70	5.44	751.44	3.67	1,082.62	4.93	2,283.01	7.82
<b>PROJECTS &amp; PROFESSIONAL SERVICES</b>	<b>1,749.17</b>	<b>25.50</b>	<b>2,878.36</b>	<b>42.04</b>	<b>6,029.04</b>	<b>29.42</b>	<b>9,368.41</b>	<b>42.63</b>	<b>11,782.94</b>	<b>40.38</b>
<b>TOTAL</b>	<b>6,860.57</b>	<b>100.00</b>	<b>6,846.75</b>	<b>100.00</b>	<b>20,493.66</b>	<b>100.00</b>	<b>21,975.65</b>	<b>100.00</b>	<b>29,178.27</b>	<b>100.00</b>