

Quarterly Results

Q1+Q2+Q3

October - December 2000

Report  Junction.com



Nucleus Software Exports Ltd.



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**NUCLEUS SOFTWARE EXPORTS LTD.**

Letter to the Shareholders

Dear Shareholders:

We are delighted to report on another strong quarter. The total turnover of the group for the quarter, including wholly owned subsidiaries at Singapore and U.S.A., has crossed a double digit mark of Rs 10.14 crores for the first time. Like wise the profits have also crossed a mark of Rs 10 Earning Per Share (EPS) for the quarter for the first time. These benchmarks are indicative of the strong product led strategy, implemented meticulously that has started yielding results. Addition of 89 Nucleites, net of separations, during the quarter further indicates continuing vigorous growth in our business. The ratio of the export vs. domestic business has changed to 86:14 in comparison to the ratio of 70:30 for the corresponding previous quarter. Continuous trend of improved revenue mix has resulted in the increased profitability of the Company during the quarter.

Banks and Financial Institutions are known to be very conservative in terms of their decision making, more specifically when it comes to decision about the application software product on which their business would run. General Motors Acceptance Corporation (GMAC) being one of the biggest in the lending business, had very stringent criteria when they were selecting a product to be implemented in at least four countries. Apart from the core product features, they were looking for ongoing support, a Product Roadmap that will keep them abreast of the competition and above all long term survival of the company supplying the product. We are very happy to let you know that GMAC has chosen to implement our Flagship Product FINNESS in four countries to begin with, namely Taiwan, Thailand, Indonesia and India.

Our wholly owned subsidiary in U.S.A was able to achieve the growth required to cross the barrier of break even point during the quarter.

As a continuous effort to provide detailed information to the shareholders and to the outside world, your Board had decided to publish the results of the Company and of the Group in a report format on quarterly basis, last quarter onwards. This is the second such quarterly report.

In the direction of creating of world class infrastructure for development and client interaction, work has started on our Noida project. Foundation stone laying ceremony was held on 29th January 2001, which was presided over by Chief Executive Officer of Noida, Dr. D.N.Trivedi (I.A.S.). The first phase of the project to develop a facility for the 600 people should be over by September 2001.

Sincerely,

Vishnu R Dusad
Managing Director

Date: February 12, 2001



NUCLEUS SOFTWARE EXPORTS LTD.

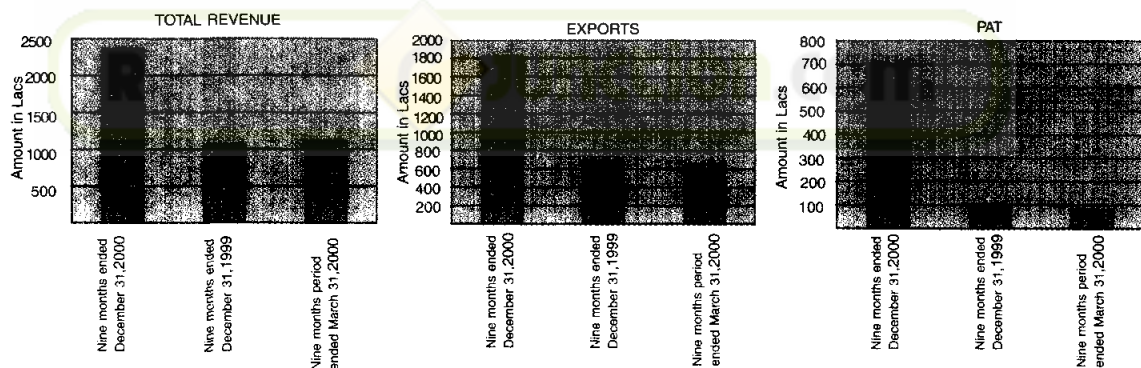
The Quarter at a Glance

Rs. in lacs, except per equity share data

CONSOLIDATED PERFORMANCE					
	Quarter Ended		Nine Months Ended		Nine Months Period Ended
	December 31, 2000	December 31, 1999	December 31, 2000	December 31, 1999	March 31, 2000
For the Quarter					
Total Revenue	1,014.91	354.09	2,350.89	1,061.42	1,110.08
Exports	870.02	185.63	1,816.92	685.00	653.83
Operating Profit-PBIDT	433.24	57.88	932.99	302.03	251.37
Profit After Tax (PAT)	344.42	4.07	698.58	103.30	77.67
PBIDT as percentage of Total Revenue	42.69%	16.35%	39.69%	28.46%	22.64%
PAT as % of Total Revenue	33.94%	1.15%	29.72%	9.73%	7.00%
Earning per share	10.13	0.12	20.54	3.04	2.28
At the end of the Quarter					
Total Assets	—	—	2,460.37	1,768.95	1,799.12
Working Capital	—	—	1,476.53	1,102.68	924.49
Total Debt	—	—	18.41	13.47	22.09
Net Worth	—	—	2,441.96	1,755.48	1,777.03
Equity	—	—	342.60	339.71	340.01
Market Capitalisation	—	—	2,625.88	9,666.78	5,238.16

Notes:

- 1) Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the Quarter.
- 2) While calculating the figures of group, intergroup transactions have been ignored
- 3) Conversion rates are taken as Rs.45/- for US\$ and Rs. 25/- for S\$
- 4) EPS figures have been calculated for the period and have not been annualised
- 5) The above figures are for information purpose only.





NUCLEUS SOFTWARE EXPORTS LTD.

Auditors' Report

To The Members,
Nucleus Software Exports Ltd.

We have audited the attached Balance Sheet of Nucleus Software Exports Limited as at December 31, 2000 and the Profit and Loss Account of the Company for the period from October 1, 2000 to December 31, 2000 annexed thereto, and report that:

1. As required by the manufacturing and other Companies (Auditor's Report) Order, 1998 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account:
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2000 and
 - (ii) In the case of the Profit and Loss Account, of the profit for the period from October 1, 2000 to December 31, 2000.
3. We have also examined the attached Cash Flow Statement of the Company for the period from October 1, 2000 to December 31, 2000. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreements entered into with the Stock Exchanges.

for **Abhay K Agarwal & Co.**
Chartered Accountants

Place : New Delhi
Date : January 12, 2001

Sd/-
Abhay K Agarwal
Proprietor



NUCLEUS SOFTWARE EXPORTS LTD.

Balance Sheet as at

				in Rs.
Particulars	Schedules	December 31, 2000	December 31, 1999	March 31, 2000
SOURCES OF FUNDS				
Shareholder's Fund				
Share Capital	1	34,259,871	33,971,000	34,000,500
Equity Share Warrants		21,340,000	21,000,000	21,000,000
Reserves & Surplus	2	186,195,348	118,462,523	121,606,745
		241,795,219	173,433,523	176,607,245
Loan Funds				
Secured Loans	3	1,841,334	1,346,594	2,208,848
Unsecured Loans		—	—	—
		1,841,334	1,346,594	2,208,848
TOTAL		243,636,553	174,780,117	178,816,093
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	4	119,102,527	87,777,164	101,137,932
Less: Depreciation		55,029,714	30,945,552	36,409,727
		64,072,813	56,831,612	64,728,205
Add: Advance for Plot of Land		17,885,000	—	—
Net Block		81,957,813	56,831,612	64,728,205
Investments	5	22,347,528	10,514,528	25,516,528
Current Assets, Loans & Advances				
Sundry Debtors	6	116,023,259	30,123,077	36,286,065
Cash & Bank balances	7	31,422,055	41,605,107	39,998,495
Loans & Advances	8	20,737,799	44,901,468	20,082,901
		168,183,113	116,629,652	96,367,461
Less: Current Liabilities	9	25,129,259	9,062,675	6,698,058
Provisions	10	4,713,804	1,347,634	2,256,808
		29,843,063	10,410,309	8,954,866
Net Current Assets		138,340,050	106,219,343	87,412,595
Miscellaneous Expenditure (To the extent not written off or adjusted)	11	991,162	1,214,634	1,158,765
TOTAL		243,636,553	174,780,117	178,816,093

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

This is the Balance Sheet referred to in our report of even date.

For Abhay K. Agarwal & Co.
Chartered Accountants

Abhay K. Agarwal
Proprietor
New Delhi
January 12, 2001

Poonam Bhasin
Company Secretary

For and on behalf of the Board of Directors

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

Vishnu R. Dusad
Managing Director


NUCLEUS SOFTWARE EXPORTS LTD.
Profit and Loss Account

				in Rs.
Particulars	Schedule	Quarter Ended		Nine Months
		December 31, 2000	December 31, 1999	Period Ended March 31, 2000
INCOME				
Software development services and products	12	76,642,882	20,172,298	76,445,170
Other Income	13	633,446	8,851,590	10,427,777
		77,276,328	29,023,888	86,872,947
EXPENDITURE				
Personnel Expenses	14	14,914,948	8,689,386	25,386,719
Administrative and Other Expenses	15	7,415,602	5,755,969	19,765,212
Operational Expenses	16	11,828,275	8,864,130	18,201,364
Operating Expenses		34,158,825	23,309,485	63,353,295
Operating Profit (PBIDT)		43,117,503	5,714,403	23,519,652
Finance Charges	17	301,158	140,546	372,212
Loss on sale of assets		92,183	—	21,361
Depreciation		6,966,624	4,940,022	15,399,049
		7,359,965	5,080,568	15,792,662
Profit before Tax (PBT)		35,757,538	633,835	7,727,030
Provision for Tax		2,000,000	300,000	700,000
Profit after Tax (PAT)		33,757,538	333,835	7,027,030
AMOUNT AVAILABLE FOR APPROPRIATION				
Current Quarter's Profit		33,757,538	333,835	7,027,030
Add: Balance brought forward		—	—	40,737,379
Total Amount available		74,577,374	44,457,253	47,764,409
Balance in the Profit and Loss Account		108,334,912	44,791,088	47,764,409

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 18

This is the Profit & Loss Account referred to in our report of even date.

For Abhay K. Agarwal & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Abhay K. Agarwal
Proprietor

Poonam Bhasin
Company Secretary

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

Vishnu R. Dusad
Managing Director

New Delhi
January 12, 2001

SCHEDULES TO ACCOUNTS

	Quarter Ended		Nine Months
	December 31,	December 31,	Period Ended
	2000	1999	March 31,
			2000
1 SHARE CAPITAL			
Authorised			
20,000,000 Equity shares of Rs. 10/- Each	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid Up Capital			
Issued and Subscribed			
5,494,734 Equity Shares of Rs.10/-each fully paid up (Out of these 2,000,000 Equity shares are issued as preferential allotment and 93,334 Equity Shares as Employee Stock Option Scheme in the form of Share Warrants) (Previous Corresponding Quarter-54,01,400 Equity Shares of Rs.10/- each)	<u>54,947,340</u>	<u>54,014,000</u>	<u>54,014,000</u>
Paid Up			
3,401,400 Equity Shares of Rs.10/-each	<u>34,014,000</u>	<u>34,014,000</u>	<u>34,014,000</u>
Less : Allotment money in Arrears	<u>13,000</u>	<u>43,000</u>	<u>13,500</u>
	<u>34,001,000</u>	<u>33,971,000</u>	<u>34,000,500</u>
Employees Stock Options Outstanding	<u>4,428,036</u>		
Less : Deferred Employees Compensation Expenses	<u>4,169,165</u>		
	<u>258,871</u>		
	<u>34,259,871</u>	<u>33,971,000</u>	<u>34,000,500</u>

		October 1, 2000	Additions	Deductions	December 31, 2000
2 RESERVES AND SURPLUS					
General Reserve		4,546,436	—	—	4,546,436
Add: Transferred from Profit & Loss		74,577,374	33,757,538	—	108,334,912
Appropriation Account			—	—	—
Share Premium	73,381,000		—	—	
Less : Calls in Arrear	67,000	73,314,000	—	—	73,314,000
		152,437,810	33,757,538	—	186,195,348


NUCLEUS SOFTWARE EXPORTS LTD.

	In Rs.		
	Quarter Ended		Nine Months
	December 31, 2000	December 31, 1999	Period Ended March 31, 2000
3 SECURED LOANS			
(Secured by hypothecation of vehicle)			
American Express Bank Ltd.	316,856	—	356,907
ANZ Grindlays Bank Ltd.	185,486	462,857	397,806
Bank of America	483,176	672,662	628,119
Ford Credit Kotac Mahindra	271,848	—	359,284
Gmac 20th Century Finance Corporation Ltd.	197,388	—	265,694
HDFC Bank Ltd.	218,324	—	—
The Associates	168,256	211,075	201,038
	1,841,334	1,346,594	2,208,848
5 INVESTMENTS			
Trade (Unquoted)- at cost			
Nucleus Software Solutions Pte. Ltd. Wholly owned Subsidiary incorporated in Singapore (Fully paid up shares of SGD 1 each)	6,150,200	2,170,700	2,170,700
Nucleus Software Inc., Wholly owned Subsidiary incorporated in USA (Fully paid up shares of USD 0.45 each)	4,320,250	1,968,750	1,968,750
Nucleus Software.Com Pvt. Ltd., Wholly owned Subsidiary incorporated in India (Fully paid up shares of Rs. 10 each)	2,000	—	2,000
Quoted:			
In Units-64	521,078	521,078	521,078
34,386 Units of Rs. 10/- each Unit Trust of India			
20th Century	128,000	128,000	128,000
9% IRFC Bonds	400,000	400,000	400,000
HDFC Income Fund	2,500,000	—	—
IL&FS Growth Value Fund	5,250,000	250,000	5,250,000
Prudential ICICI Income Plan	—	—	5,000,000
SBI MF MLIF collection A/c	3,000,000	5,000,000	10,000,000
Taurus Star Share	76,000	76,000	76,000
	22,347,528	10,514,528	25,516,528



NUCLEUS SOFTWARE EXPORTS LTD.

4. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on October 1, 2000	Additions October 1, 2000 to December 31, 2000	Returns/ Adjustment	As on December 31, 2000	Upto September 30, 2000	Claimed October 1, 2000 to December 31, 2000	Deduction During the quarter	Total Upto December 31, 2000	As on December 31, 2000	WDV As on December 31, 1999	As on March 31, 2000
Land and Building	3,397,441	—	—	3,397,441	685,606	28,602	—	714,208	2,683,233	2,796,708	2,768,728
Plant and Machinery	731,980	—	—	731,980	175,108	8,764	—	183,872	548,108	582,877	574,304
Computer	43,304,583	6,478,704	—	49,783,287	13,789,423	1,834,480	—	15,623,903	34,159,384	17,770,585	26,898,848
Vehicle	5,915,319	324,177	192,411	6,047,085	1,206,991	145,996	79,228	1,273,759	4,773,326	3,324,638	4,970,132
Office Equipment	1,097,223	998,543	—	2,095,766	102,860	18,240	—	121,100	1,974,666	784,465	831,448
Furniture & Fixture	2,236,520	14,321	—	2,250,841	588,617	37,243	—	625,860	1,624,981	1,116,661	1,318,015
Air Conditioner	1,518,476	675,104	—	2,193,580	333,371	23,309	—	356,680	1,836,900	1,143,615	1,126,748
Electrical Fitting	2,302,000	—	—	2,302,000	286,513	27,561	—	314,074	1,987,926	1,611,168	1,693,806
Software Package	47,756,725	114,376	—	47,871,101	30,973,829	4,014,447	—	34,988,276	12,882,825	27,700,895	24,546,176
Temporary Wooden Structure	—	2,429,446	—	2,429,446	—	827,982	—	827,982	1,601,464	—	—
Total	108,260,267	11,034,671	192,411	119,102,527	48,142,318	6,966,624	79,228	55,029,714	64,072,813	56,831,612	64,728,205