



August 11, 2023

<b>The Listing Department The National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex Bandra (E) Mumbai-400051. Fax Nos. 022-26598236/237/238</b>	<b>The Listing Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, 25<sup>th</sup> Floor, Dalal Street Mumbai-400001 Fax No. 022-22722061/41/39</b>
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Dear Sirs,

**Subject: Transcript of the Investor Earning Call of the Company**

In pursuant to above mentioned subject, we are hereby enclosing the Transcript of the Earning conference Call of the for the Quarter ended June 30, 2023 held on August 7, 2023.

This is for your information and records.

Thanking You.

Yours Sincerely

**FOR NUCLEUS SOFTWARE EXPORTS LIMITED**

**Poonam Bhasin  
Company Secretary**

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**Nucleus Software Exports Limited**  
**Nucleus Software Q1FY 2023 - 2024 Conference call.**

Event Date / Time : 07/08/2023, 15:00 Hrs.  
Event Duration : 46 mins 39 secs

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### **Moderator**

Good day, ladies, and Gentlemen. I'm Pelsia, the moderator of this call. Thank you for standing by, and welcome to Nucleus Software Quarterly Earnings Conference Call. For the duration of the presentation, all participants' lines will be in listen-only mode. We will have a question-and-answer session after the presentation. I would now like to hand over the conference to Swati Ahuja. Over to you, Swati.

### **Swati Ahuja**

Thanks, Pelsia. Good afternoon, everyone. This is Swati from the Investor Relations team at Nucleus Software. A very warm welcome to all of you for this Nucleus Software Earnings Conference Call for the quarter ended on June 30, 2023. For discussions we have here from the management team, Mr. Vishnu R. Dusad, our Managing Director, Mr. Parag Bhise, CEO and Executive Director, Mr. Anurag Mantri, CFO and Executive Director, Dr. Ritika Dusad, Executive Director and Chief innovative officer, Mr. Pradeep Pahal, Chief Human Resource officer, and Mr. Tapan Jayaswal, Financial Controller. As you all are aware, Nucleus Software does not provide any specific revenue earning guidance.

Anything which is said during this call, which may reflect our outlook for the future, or which may be considered as a forward-looking statement must be reviewed in conjunction with the Company, with the risk that company faces. An audio and transcript of this call will be shortly available on Investor section of our website, [www.nucleussoftware.com](http://www.nucleussoftware.com). With this, we are now ready to begin with the opening comments on the performance of the company and post that we would be available for question-and-answer session. With this, I now pass it over to Vishnu sir. Over to you, sir.

### **Vishnu R. Dusad**

Good afternoon and a warm welcome to all of you for this first quarter ending investor call. We, at Nucleus Software, continue to do a tough balancing between all our stakeholders, our customers, our Nuclei and our suppliers. The quarter that we are talking about has been a satisfying one and we continue to look forward to delivering on a sustained basis, more and more value to all our customers. With those words, I will now hand over to Parag.

### **Parag Bhise**

Thank you so much Vishnu sir. This is Parag here. Good afternoon, everyone, and I welcome you all to this investor call for quarter one of this financial year. As regards this quarter, it has gone as per our

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expectations, both in terms of financials as well as in terms of attrition that we have been watching very closely and also been reporting. I had mentioned in the last quarter that, in the last quarter financials there was a one-time impact on the revenue. So that's why this quarter, you would see that the revenue growth tends to be flat. Otherwise, we continue to work on various improvements that we've been talking about including improvements on the engineering side or the project management side, so that we are able to conclude more than more of our implementation in shorter times going forward. That's it from me. Thank you very much.

**Swati Ahuja**

Now I request Tapan sir, please put some light on financial number.

**Tapan Jayaswal**

Key highlights on financials are, as for revenue, our consolidated revenue for the quarter is at INR 206.8 crore against INR 206.2 crore QoQ and INR 128.8 crores YoY. Overall revenue in foreign currency including India rupees revenue is \$25.3 million against \$25.2 million QoQ, and \$17 million YoY. Product revenue for the quarter is at INR 182.6 crore against INR 179.6 crores QoQ and INR 108 crores YoY. Revenue from projects and services for the quarter is at INR 24.2 crores against INR 26.6 crores QoQ and INR 20.8 crores YoY. For expenses, cost of delivery including cost of product development for the quarter is 60.5% of revenue, 51.8% of revenue QoQ, 75.6% of revenue YoY. In absolute terms, this is INR 125.1 crore against INR 106.9 crore QoQ, INR 97.4 crores YoY.

As for marketing and sales expenses for the quarter, it is 3.4% of revenue and 2% of revenue QoQ, and 3.3% YoY. In absolute terms, this is INR 7 crore against INR 4.6 crore QoQ and INR 4.2 crore YoY. G&A expenses for the quarter is 6% of the revenue, 5.9% of revenue QoQ, 9.9% YoY. In absolute terms, this is INR 12.3 crore against INR 12.2 crore QoQ, INR 12.7 crore YoY. EBITDA for the quarter is at INR 62.3 crore against INR 82.5 crore QoQ, INR 14.5 crore YoY. Other income from investments and deposit is at INR 11.3 crore against INR 9.1 crore QoQ, and INR 3.9 crore YoY. Total other income for the quarter is INR 12.8 crore against INR 9.7 crore QoQ and Rs. 6.2 crore YoY. Total taxes are at INR 17.9 crore against INR 20.9 crore QoQ and INR 4.7 crore YoY. Profit is at INR 53.6 crore against INR 67.6 crore QoQ, and INR 10.8 crores YoY.

Other comprehensive income is at INR 3 crore against INR 2.8 crore QoQ and INR 0.18 crore YoY. Total comprehensive income which includes net profit and other comprehensive income is at INR 56.6 crore,

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against INR 70.4 crore QoQ and INR 10.9 crore YoY. EPS for the quarter is at INR 20 as against INR 25.27 in the quarter, and INR 4.02 in June 30, 2022, quarter. In terms of foreign currency hedges on June 30, 2023, we had \$3.25 million over contracts at an average rate of \$83.04. It is a mark-to-market gain of INR 0.21 crore to having reserve in the balance sheet. Revenue contribution from the top five clients of the quarter is 27.7%, 24% in the previous quarter. Order book position is INR 758.6 crores including Rs. 689.1 of product business and INR 69.4 crore of project and services business.

March 31, 2023, the order book position was INR 639.7 crore including INR 585.8 core of product business, INR 53.9 crore of projects and services business. Cash and cash equivalent as on year 2023 are INR 701.5 crores, **against** INR 595.3 crore as on March 31, 2023. **This** includes balances in current account of the INR 60 crore, various schemes of mutual funds INR 548.9 crore, fixed deposits of INR 26.4 crore, investments in tax free bonds INR 61.1 crore, INR 5.1 crores in preference shares. With regards to receivables, we are at INR 200 crores against INR 174.6 crore in the previous quarter. In the quarter there is a gross addition of six assets of INR 3.06 crore consisting primarily of INR 2.62 crores on computers and INR 0.26 crores on software. I hand it over to Swati.

### **Swati Ahuja**

Thank you, sir. With this we are now open for question-and-answer session. I will hand over to Pelsia. Over to you, Pelsia.

### **Q&A**

#### **Moderator**

Thank you, ma'am. If you wish to ask a question, please press \* and 1 on your telephone keypad and wait for your name to be announced. If you wish to cancel your request, please press \* and 1 again. I repeat, if you wish to ask a question please press \* and 1 on your telephone keypad and wait for your name to be announced. First question comes from Niteen S Dharmawat from Aurum Capital. Please go ahead.

#### **Niteen S Dharmawat**

Yes, thank you for the opportunity. Just a correction. My name is Niteen Dharmawat, not Jitin Dharmawat. Okay. So, thank you for the opportunity and before I ask a question, just one suggestion if you do not

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mind. Since we gave this numbers up to two decimal points, it will be fine instead of giving and reading all these numbers, if you give them as a press release and just highlight three, four points. Just a suggestion. It will be helpful for everyone and it will be more relevant. Okay. My first question is, we have around 200 customers, I would like to know the percentage revenue contribution from the top 10 customers.

**Management Speaker**

The top 10 number may not be available readily. But top five number we've shared with you and we will certainly share the top 10 number next time.

**Niteen S Dharmawat**

Thank you for the clarification. Now, my next question is since we have taken a price hike, is there any partial or complete loss of clients since then, if so, what is the impact and if you can highlight that?

**Management Speaker**

There is no loss of clients whatsoever. We continue to service all our customers as we have been servicing before the price hike.

**Niteen S Dharmawat**

Okay. My next question is, we have done buybacks in the past, but we still have significant amount of cash on the books. So, any plans to do more buyback, sir?

**Management Speaker**

Certainly, we will let the board know about this and they do take these decisions at an appropriate point of time.

**Niteen S Dharmawat**

Perfect, sir. Any plans to do M&A in this space, sir?

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**Management Speaker**

No, as far as that is concerned, we are clear, as of now we'll continue to focus on organic growth. The immediate feature, there is no plan to acquire any company.

**Niteen S Dharmawat**

Okay. And what are the top three challenges that we are facing currently, when we have changed our pricing strategy, including that, so any specific challenges that you see or top three challenges that you can highlight?

**Management Speaker**

Not really a big challenge, but we had talked in the past about the mass resignation, which had hit us. We had also talked about that we had hired multiple, two times candidates from the campus. Now, while these are already as part of our workforce, but as a product company, we do take a lot more time to train our people on the products and their contributions is in implementation. So that is something, I won't say the big challenge, but that's something which we are working on with focus. That's a focus area for us.

**Niteen S Dharmawat**

No, but mass resignation that you are talking about is now gone, right? It is just past. It is no more impacting us.

**Management Speaker**

Absolutely.

**Niteen S Dharmawat**

Okay.

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**Management Speaker**

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What I'm saying is that, since we are into this product business, which is far more complex than the services business. Here, we do take a lot more time to get our people back to the level where they were before the mass resignation.

**Niteen S Dharmawat**

Yes, absolutely. And who are our top three competitors in India, and how are we different from them?

**Management Speaker**

No, we do not like to mention about our competitors on our investor call. You will be able to find out that on the market. We are reasonably ahead of our competitors.

**Niteen S Dharmawat**

Perfect, sir. Thank you so much and best wishes to you.

**Moderator**

Thank you. Next question comes from Deepan Shankar from Trustline PMS. Please go ahead.

**Deepan Shankar**

Good afternoon, everyone, and thanks a lot for opportunity. So firstly, from my side, what is the status on the annual contract's renewal? And do we expect this renewal of customer's contracts continuing in this year also?

**Management Speaker**

Yes, I think we've been talking about it that we have a large customer base, right? So, the process continues. That's how I think a really short answer to it, the process continues.

**Deepan Shankar**

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Okay. So, can you throw some light on what proportion of these customers contract has already been renewed, and what proportion of customers are still under progress?

**Management Speaker**

As we've been saying, those numbers we would not want to share specifically. There is, of course, the reflection that you saw in the past quarters and I would limit my answer to that.

**Deepan Shankar**

Okay. So, does this Q1 also include new customer's renewal?

**Management Speaker**

Yes, as I said, the process continues. So, every quarter we would convert some of the customers, take them to the next level.

**Deepan Shankar**

Okay. So, does that mean that the retrospective amount is equivalent to the new customer renewals during this Q1 that's why QoQ our revenues were flat?

**Management Speaker**

I'm sorry, I've not really understood your question. Could you please repeat?

**Deepan Shankar**

See, during last calls you have told us that retrospective amount will not be repeated. So, QoQ our revenue numbers were flat. And you are saying already that new customer renewal contract has also happened during Q1. That means the retrospective amount is equivalent to the new customer renewal contracts happened during these Q1. Is it fair to assume that?

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So, those specific details will be difficult to share, but I would request my colleague, Anurag. Anurag if you want to share, throw some light on this.

**Anurag Mantri**

Thanks, Parag. So, just to answer to your question we have the last quarter revenues had taken into account of many of the AMC redesigning and increase and the same process continues. So, almost the revenue for the previous quarter had come from this and the trends continues like this. So, we will not be able to, as Parag mentioned, we will not be able to give you details about the exact or this particular trend, but for next many quarters this particular process will be on and we will be definitely taking those particular.

**Deepan Shankar**

Okay. So, what is the reason for sharp improvement in Australia revenue?

**Management Speaker**

One of our large engagement in Australia, there is a particular milestone which got achieved and related revenue was recognized for that particular engagement. That describes the increase in Australia revenue.

**Deepan Shankar**

Okay. So far these renewal contracts have been done only in India region, right, and not in other regions outside India?

**Management Speaker**

This is happening across all the geographies where we are serving our customers.

**Deepan Shankar**

Okay, and lastly from my side, what is the reason for sharp increase in employee cost and in this current

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run rate will continue in the coming quarters as well?

**Management Speaker**

Yes, go ahead Anurag.

**Anurag Mantri**

Our annual performance assessment exercises up to particular level and that particular reason has led to the increase in the personnel cost.

**Management Speaker**

I just wanted to further add. Yes, further wanted to add that, for us, as we are in the intellectual property business, for us, our teams are most important resource and to ensure that we have dedicated and satisfied workforce, we have taken a proactive measure of increasing the compensation.

**Deepan Shankar**

So, this run rate will continue, right, sir?

**Management Speaker**

Yes, it will continue. It will continue.

**Deepan Shankar**

Okay, thanks a lot and all the best.

**Management Speaker**

Thank you.

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**Moderator**

Thank you. Next question comes from Jiten Parmar from Aurum Capital. Please go ahead.

**Jiten Parmar**

Yes, good afternoon, the name is Jiten Parma and not Jitin Parmar. Anyway, see, my question is more on the trajectory of the margins since the last two quarters because of the price hike. We have moved to like 30-percent-plus. My question is, is this sustainable? I mean, we'll be able to maintain that?

**Management Speaker**

Yes, as we have mentioned in the past, we do not give any guidance, but our effort would always be to maintain the positive margins that we have maintained in last couple of quarters.

**Jiten Parmar**

Okay. And can you give a breakup of revenues of what is it from India and what is abroad? Is it possible for you to give that?

**Management Speaker**

In fact, our revenue, India revenue is 48% of our total revenue.

**Jiten Parmar**

Sorry, we missed here, I think the line. Can you please repeat?

**Management Speaker**

India revenue is total 48% of our total revenue.

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**Jiten Parmar**

Okay. And any plan to increase the revenue from international clients or this will, what is the plan for the company about the international market?

**Management Speaker**

Certainly, the plans from the international markets are for us to increase the revenue from international markets substantially. At some point of time, our domestic revenues used to be less than 25% and that's where we will go back to.

**Jiten Parmar**

Okay. Okay, and my final question is basically, if you can throw some light kind of what are the growth plans of the company, how, I mean, are we adding any new products or any new verticals?

**Management Speaker**

As far as that is concerned, we will continue to focus on our existing lines of businesses, which is lending and transaction banking. We see huge opportunities for both these lines of businesses, both in Indian market as well as globally. We will continue to focus on Australia, Europe and US in near future. These are the three-tag in geography that we have, we are working on.

**Jiten Parmar**

Good. Thank you so much and once again congratulations for a very good set of numbers. Thank you.

**Management Speaker**

Thank you.

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Thank you. Next question comes from Yogesh Bhatia from Sequent investments. Please go ahead.

**Yogesh Bhatia**

Sir, I missed out in the beginning commentary in which said what is the total order book, and also you mentioned that this INR 120 crore run rate of salary will continue. So, is it because we have taken only hikes or the employee base has also increased?

**Management Speaker**

No, it's a combination of increase in employee base as well as the hike.

**Yogesh Bhatia**

Okay. And what are the order books, sir, at the end of this quarter?

**Management Speaker**

Tapan, if you could repeat the number, please?

**Tapan Jayaswal**

The total order book position is INR 758.6 crore.

**Yogesh Bhatia**

And what was the last quarter sir?

**Tapan Jayaswal**

Last quarter was INR 39.7 crore.

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Sorry, INR 39.7 crores was the last quarter?

**Tapan Jayaswal**

INR 39.7 crores.

**Yogesh Bhatia**

Tapan's line is actually has a lot of disturbance. We can't hear.

**Tapan Jayaswal**

INR 39.7 crore.

**Yogesh Bhatia**

Okay. Thank you, sir. That is all.

**Moderator**

Thank you. Next question comes from Vaibhav Badjatya from Honesty and Integrity Investments. Please go ahead.

**Vaibhav Badjatya**

Yes, sir. Thanks for providing the opportunity. So, what is the number of employee at the end of June 23, number of employees?

**Management Speaker**

It is 1,832 employees.

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**Vaibhav Badjatya**

Okay, that's it for my side. Thank you.

**Moderator**

Thank you. If you wish to ask a question, please press \* and 1 and wait for your name to be announced. I repeat, if you wish to ask a question, please press \* and 1 on your telephone and wait for your name to be announced. Next question comes from Ankur Kumar from Alpha capital. Please go ahead.

**Ankur Kumar**

Congrats for a good set of numbers and thank you for taking my question. The question is on revenue breakup as in, you said in Australia there was some project completion. Was it similar case in Middle East? In Middle East also there is a big jump.

**Management Speaker**

That is also linked with some of the projects completed in the Middle East.

**Ankur Kumar**

So, in terms of Middle East and Australia, is that like a one off and some of this is weighted like, say Middle East there is an INR 8 crore jump and in Australia also there is around some INR 13-14 crore jump. So, is that like the one off?

**Management Speaker**

This Australia one is definitely one of the milestone which was pending for some time and such milestone is not expected in the immediate months. For Middle East we are driving the projects. They're the ongoing projects and we will be seeing similar type of project milestone being achieved there as well. From revenue perspective, we will not be able to share any insights about the actuals.

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**Ankur Kumar**

Got it. And, sir, on India side there is degrowth, what is the last quarter. So, is it like because the Q4 had extra, previous impacts? Is that the reason or there is something more to that?

**Management Speaker**

Related to AMC, there were many AMC's which got whose discussion got concluded in Q4 leading to the corresponding revenue coming in, and of course few of the AMC's have inflows in this quarter also, but in Q4 number of AMC's we got closed were much-much higher

**Ankur Kumar**

Got it, sir. And sir, on employee benefit, you said, is the hike, our hike is annual or is it like we do every three or six months?

**Management Speaker**

Annual.

**Ankur Kumar**

So, was it largely done in say, April month only or was it done later?

**Management Speaker**

Across multiple grades, up to a particular grade this has been done and for the remaining grades which are the higher grades, it will be done in the coming months.

**Ankur Kumar**

Sure, sir. Thank you and all the best.

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**Moderator**

Thank you. Next question comes from Anuj Sharma from M3 Investment Private Limited. Please go ahead.

**Anuj Sharma**

Yes, thank you and congratulations for continued good numbers. My question is an attempt to understand the current revenues. I would understand there'll be three parts to this revenue. One is, flow through of revenues through, of earlier renewals, newer renewals, and the regular business. So, can we say that the flow through of revenues from earlier renewals is largely done or that also has a significant component. And I understand your hesitancy to give detailed numbers but some sense as to which part is dominant it'll be helpful.

**Management Speaker**

As Parag mentioned that it's a continuous process and that remains the way. Beyond this we will not be able to share any further details on this.

**Anuj Sharma**

Alright. Thank you.

**Moderator**

Thank you. We have a follow up question from Vaibhav Badjatya from Honesty and Integrity Investments. Please go ahead.

**Vaibhav Badjatya**

Yes. Thanks for providing the opportunity again. So, for AMC contracts, would it be correct to say that most of our AMC contracts are annual? Is it like that or there are three-four-year AMC contracts as well?

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AMC contracts are always annual. They are signed for longer duration.

**Vaibhav Badjatya**

Okay. And so, in terms of order book, so, I just wanted to understand that, so, any particular quarter and the order book numbers provided will have the AMC revenue for the next one year, right? That is the correct understanding or you have in order book the components are something else?

**Management Speaker**

Typically, the order book has AMC for one year.

**Vaibhav Badjatya**

Okay. So, for all the clients, whatever is the AMC for next one year, it will be in the order book.

**Management Speaker**

That's right.

**Vaibhav Badjatya**

Okay. Got it. Understand, sir. That's it from my side. Thank you.

**Moderator**

Thank you. If you wish to ask a question, please press \* and 1 on your telephone and wait for your name to be announced. I repeat, if you wish to ask a question, please press \* and 1 on your telephone and wait for your name to be announced. Next question comes from Rahul Jain from Dolat Capital. Please go ahead.

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**Rahul Jain**

Yes, thanks for the opportunity. Just wanted to understand your traction on a new business front. We have stopped sharing data in terms of new deal wins. So, any color on that aspect would be of great help, and also, if you could please repeat the order book numbers?

**Management Speaker**

Yes, the order book number, as we mentioned, is INR 758 crores. And as far as the new orders are concerned, we are working with number of our customers, both domestic as well as prospective customers, both domestic as well as international, and we are very hopeful that we'll be able to announce a few of them in the coming quarter.

**Rahul Jain**

Okay. And during the quarter, we have seen a significant jump in the revenue from Australian region. Is it an outcome of this AMC revision in that market or this is led by new licensing?

**Management Speaker**

As explained by my colleague Anurag, this is on completion of a specific milestone of an existing customer, and that's how there is a significant jump in the Australia revenue.

**Rahul Jain**

Sure. And in terms of the cost increase in the quarter this is entirely attributed to hike and what was the range on it?

**Management Speaker**

Sorry. Could you repeat the question? You said, the hike is entirely attributed to?

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**Rahul Jain**

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To wage hike or there are more aspects to it, I mean, what led to the employee cost jump?

**Management Speaker**

Essentially wage hike.

**Rahul Jain**

And is it effective for the entire workforce and what was the range for the quarter?

**Management Speaker**

Yes, it is for the entire workforce.

**Rahul Jain**

And any range we could share in terms of domestic versus overseas headcount?

**Management Speaker**

No, we won't be able to share more details on that.

**Rahul Jain**

Right. And I understand there are many ways people have asked on this aspect but let me try one shot again. Just on the AMC renewal plan, based on your past comment, but just from a logic perspective, since all this initiative in your revenues were reflected more from Q3 of large fiscal, is it safe to assume all your customers who you are engaging with would be done with Q2 or could there be anything more beyond that as well?

**Management Speaker**

We are talking to all our customers to explain them the value that our intellectual property delivers to their business. Some of the customers take longer than others to appreciate that point of view, and they will have other compulsions. So, we would not be able to say that by Q2 this process would be over.

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**Rahul Jain**

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Right. So, and in such cases, they are continuing with the old way, and at some point of time they may agree or disagree accordingly things would shape up.

**Management Speaker**

Absolutely.

**Rahul Jain**

Yes. And what is the ratio where people have instead decided to forego or any attrition because of this aspect, which you might have witnessed so far?

**Management Speaker**

Very pleased to let you know that none of our customers have felt that way. They'll continue to see the value, and they'll continue to engage with us in these AMC's related discussions.

**Rahul Jain**

Excellent. And, sir, I would really appreciate if you could give me any thoughts on FinnAxia as a product. We usually talk less about this product. So, what is the current base of install base and have we been able to win new customers on it or is it existing one buying some more module? Any color on that would be of great help.

**Management Speaker**

Certainly, we have 18 customers who are using FinnAxia as a product, the previous version of it, and we would be announcing at least one win on that product in the near future, and we would be very happy to let you know that all our customers are very happy to continue using. Some of them are considering buying more modules of that product also.

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**Rahul Jain**

Okay, and would it be fair to understand that given that this AMC renewal value proposition which you're talking to your customer is taking a significant amount of your bandwidth as an organization, while new wins, of course, is an important aspect, but maybe this is the KRA for you as an organization at this point?

**Management Speaker**

Both. Both, I would say. We continue to focus on meeting new customers as well, while we are making sure that our existing customers are satisfied and they are able to see the value that, appreciate the value that is getting delivered to them.

**Rahul Jain**

Right. And sir, people who are, I mean, the salespeople or account manager who are able to get this value proposition pass on to customer whether they are agreeing and converting. Is there a differentiated incentivization for that?

**Management Speaker**

Okay. Now we're getting into too many details. So, here every Nuclei, we try and make sure that she or he gets compensated as per the efforts and there is a reasonable incentive plan to make sure that they're happy with that effort and the compensation.

**Rahul Jain**

Right. I'm sorry, sir, but you said INR 758 crore was the total order book. I would appreciate it if you could get the break of that.

**Management Speaker**

Tapan, could you please specify those numbers?

**Tapan Jayaswal**

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Yes, sir. The total order book position is INR 758.6 crore, Sir. Can I give the breakup also, sir?

**Management Speaker**

Yes.

**Tapan Jayaswal**

INR 689.1 crore is a product business, and INR 69.4 crore is the project and services business, and as for 31st March period ended, total order book position was INR 639.7 crore which includes INR 585.8 crore toward product business and INR 53.9 crore towards project and services business.

**Rahul Jain**

Perfect, sir. Thanks for that. Just last bit, Vishnu Ji, if you could tell, about this credit on UPI, which is a big force that we are seeing everywhere in India and all the regulators are talking about it. Do you think this kind of an initiative would change the NBFC landscape in the market and any successes that we are seeing on this path?

**Management Speaker**

Very, actually relevant question. I think this will certainly change the country's landscape, how it will pan out between banks and non-bank finance companies, it remains to be seen. Today we continue to talk about extremely high interest rates. Some of the micro enterprises they have to pay 35% and at times going up to as high as 3,650% interest rate in an informal sector. That is what will undergo change with this digital capture of small transactions that is happening, thanks to UPI. So, yes, we, over three to five years, we should look forward to changes in credit space, similar to changes that we have seen in macro payments space in last five years. It is very exciting development and milestone for India's economy, and I think a whole lot of countries would be able to benefit from what we have been able to achieve in last five years and what we are going to achieve in next five years.

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Right. But as you know, this data has a collateral opportunity that these people talk about with, now even some score of FLDG also approved for distributors. Do you think, because this, most of it would go away from banks to maybe smaller entities and fintechs. Your target market currently, which is you know, relatively sizable entities. Would you see that the participation for your business would become lesser in this or you think because eventually these companies would partner many-many distributors, they will require more of our services to enable that?

**Management Speaker**

The way we are looking at it is, for us the business is going to increase and increase substantially, because while we do make use of the transactions data to achieve borrowing capability of the entity, there is a process of lending also, which will continue and which will get further finetuned using products like FinnOne.

**Rahul Jain**

Got it. I will just get back into the queue. Thanks so much for the answers.

**Management Speaker**

Thank you.

**Moderator**

Thank you. We have a follow up question from Vaibhav Badjatya from Honesty and Integrity investments. Please go ahead.

**Vaibhav Badjatya**

Sir, just wanted to understand. So, we will have three, four revenue stream type which is like license revenue, implementation revenue, AMC revenue and some other revenue stream. So, when you give order book, which revenue stream is included in which? So, product order book is a specific number. So,

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let's say product order book is a specific number. So, out of these revenue streams, if you can help us understand which order, which type of revenue stream goes into which order book? That would be helpful.

### **Management Speaker**

Okay. We do have a strictly services line of business where we offer services which are not around our product and that is what is mentioned when we talk about services revenue, and the balance is all products revenue which includes licenses, which includes implementation, and which includes AMC also, and change of requests.

### **Vaibhav Badjatya**

Okay, got it. So, I guess you can give us an example of services which are not around your product, maybe one or two example that would help us understand better that why you are doing this services business.

### **Management Speaker**

Anurag, you want to take that?

### **Anurag Mantri**

This is Anurag. The services offerings in the space of digitalization, so, for example, data analytics type of services, robotic process automation related services, cloud 4G related things which we do for our, there's a whole gamut of services, but these are the typical services that we offer to our customers.

### **Vaibhav Badjatya**

Okay, got it. Okay, sir, that's it from my side. Thank you.

### **Management Speaker**

Thank you.

### **Management Speaker**

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Thank you.

**Moderator**

Thank you. That would be the last question for the day. Now, I like to hand over the floor to Swati Ahuja for closing comments.

**Swati Ahuja**

Thanks, Pelsia. Now, we would like to thank all our investors today for joining us today on this call. I will now pass it over to Vishnu sir for closing comments.

**Vishnu R. Dusad**

I would like to take this opportunity to thank all of you for your continued interest in Nucleus Software and I would like to reiterate our commitment to long-term value addition to all our stakeholders. Thank you.

**Moderator**

Thank you. That concludes our conference for today. Thank you for participating. You may all disconnect now.

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