



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

November 15, 2023

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	The Listing Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street Mumbai-400001 Fax No. 022-22722061/41/39
---	---

Dear Sirs,

SUB: 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 Company for the Quarter and Half Year ended September 30, 2023 held on November 10, 2023.

This is for your information and records.

Thanking You

Yours Sincerely

FOR NUCLEUS SOFTWARE EXPORTS LIMITED

**(Poonam Bhasin)
Company Secretary**

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Nucleus Software
Q2 FY24 Earnings Conference Call

Event Date / Time: 10/11/2023, 14:30 Hrs.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +9.11.2462.7552 F.: +91.11.2462.0872

**NUCLEUS SOFTWARE EXPORTS LTD.**

CIN : L74899DL1989PLC034594

Corporate OfficeA-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.**T:** +91 . 120 . 4031 . 400**F:** +91 . 120 . 4031 . 672**E:** nsl@nucleussoftware.com**W:** www.nucleussoftware.com**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 presentation, all participant lines will be in the listen-only mode. We will have a question-and-answer session after the presentation. I would like to now hand over the conference to Swati Ahuja. Over to you, Swati.

Swati Ahuja

Thanks, Pelsia. Good afternoon, everyone. This is Swati from Investor Relations team at Nucleus Software. A very warm welcome to all of you for this Nucleus Software earnings conference call for the quarter and half-year ended on September 30, 2023. For discussion, we have here from the management team, Mr. Vishnu R. Dusad, our Managing Director; Mr. Parag Bhise, CEO and Executive Director; Mr. Anurag Mantri, COO, CFO, and Executive Director; Dr. Ritika Dusad, Executive Director and Chief Innovative Officer; and Mr. Tapan Jayaswal, Financial Controller.

As you all are aware that 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 construed as a forward-looking statement, must be received in conjunction with the risks that the company faces. An audio and transcript of this call would be shortly available on the Investors section of our website, www.nuclearsoftware.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. Now, I hand over to Vishnu sir. Over to you, sir.

Vishnu R. Dusad

Thanks, Swati. And a very warm welcome to all of you for this conference call. As always, we've had a very meaningful quarter that we finished on 30th of September and we look forward to your continued support. With these words, I will hand over to Parag.

Parag Bhise

Thank you very much, Vishnu sir. Good afternoon, everyone. I'm Parag and I welcome you all to this investor call for the Q2 of this financial year. As mentioned by Vishnu sir, this quarter has gone as per our

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

expectations in terms of financials. On the other hand, we continue to work continuously on the improvement that we have been talking about and working on various fronts, including on processes, engineering and project management side, so that we can focus more and more on delivering value to our customers at a much faster pace, banking on the exhaustive and robust IP that we have created over the past decades. Thank you so much and welcome you all once more.

Swati Ahuja

Tapan sir, please put some light on financial number. Over to you Tapan sir.

Tapan Jayaswal

Hello. Good afternoon, everyone. Key highlights from financials are. Hello? Am I audible?

Swati Ahuja

Yes, you're audible. Please go ahead.

Tapan Jayaswal

Consolidated revenue for the quarter is at INR 205.3 crores, against INR 206.8 crore QoQ and INR 130.1 crores YoY. Overall revenue in foreign currency including Indian rupees revenue is US\$24.9 million for the quarter, against US\$25.3 million QoQ and US\$16.6 million YoY. Product revenue for the quarter is at INR 174.0 crore against INR 182.6 crores QoQ, and INR 106.2 crore YoY. Revenue from project and services for the quarter is at INR 31.2 crore, against INR 24.2 crores QoQ, and INR 23.9 crores YoY. As for expenses, cost of delivery, including cost of product development for the quarter is at 61.6% of revenue, against 60.5% of revenue QoQ, and 76.5% of revenue YoY. In absolute terms, this is INR 126.3 crore against INR 125.1 crore QoQ and INR 99.5 crores YoY.

Marketing and sales expenses for the quarter 5% of revenue, against 3.4% of revenue QoQ and 4.3% YoY. In absolute terms, this is INR 10.4 crores against INR 7 crores QoQ, and Rs. 5.7 crore YoY. G&A expenses for the quarter is at 8.2% of revenue, against 6% of revenue QoQ, and 10.6% YoY. In Absolute terms, this is INR 16.9 crore against INR 12.3 crores QoQ, and INR 13.7 crores YoY. EBITDA for the quarter is at INR 51.68 crores, against INR 62.3 crores QoQ, and INR 11.16 crore YoY. Other income from investment and deposit is at INR 11.1 crore, against INR 11.2 crores QoQ, and INR 6.9 crore YoY.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872

**NUCLEUS SOFTWARE EXPORTS LTD.**

CIN : L74899DL1989PLC034594

Corporate OfficeA-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.**T:** +91 . 120 . 4031 . 400**F:** +91 . 120 . 4031 . 672**E:** nsl@nucleussoftware.com**W:** www.nucleussoftware.com

Total other income for the quarter is at INR 11.9 crore against INR 12.8 crores QoQ and INR 8.8 crore YoY. Total taxes are at INR 15.34 crores, against INR 17.97 crores QoQ, and INR 3.9 crores YoY. Net Profit is at INR 44.6 crores for the quarter, against INR 53.6 crores QoQ, and INR 11 crores YoY. Other comprehensive income is at INR 3.4 crore for the quarter, against INR 3 crore QoQ, and INR 1.6 crores YoY. Total comprehensive income, which includes net profit and other comprehensive income is at INR 48 crores for the quarter, against INR 56.6 crores QoQ and INR 12.6 crores YoY. EPS for the quarter is at INR 16.65 as against INR 20 QoQ and INR 4.12 YoY.

In terms of foreign currency hedges on September 30, 2023, we had \$3.75 million of forward contracts, at an average rate of 83.10. There is a mark to market loss of INR 0.14 crore, which is taken to hedging reserve in the balance sheet. Revenue contribution from the top 5 clients for the quarter is 28.8% against 27.7% in the previous quarter. The Order book position is at INR 705.1 crore including INR 648.2 crore of products business and INR 56.9 crore of projects and services business. On June 30, 2023 the order book position was INR 758.6 crores including INR 689.1 crore of product business and INR 69.5 crore of project and services business.

Total cash and cash equivalent as on September 30th, 2023 are INR 718.1 crore against INR 701.5 crores as on June 30, 2023. This includes Balances in current accounts of INR 65 crores, various schemes of mutual funds INR 558.7 crore, fixed deposit of INR 27.2 crores, investment in tax free bonds of INR 62 crores, and INR 5.2 crores in preference shares. With regard to receivables, we are at INR 161.7 crore, against INR 200 crores in the previous quarter. During the quarter, there is a gross addition of fixed assets of INR 0.83 crores, consisting primarily of INR 0.70 crore on computer and INR 0.13 crores on software. And hand it over to Swati.

Swati Ahuja

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

Q&A**Registered Office**

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

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 and wait for your name to be announced. First question comes from Jiten Parmar from Aurum Capital. Please go ahead.

Jiten Parmar

Good afternoon. Congratulations on a good set of numbers. My question is, why are the margins lower QoQ and the employee cost higher. Can you throw some light on that?

Vishnu R. Dusad

Yes, thanks for the question. We continue to invest on increasing our capacity and in terms of top line, I think we were expecting slightly higher top line and that's how we were hoping to maintain the margins, but without bothering about the quarter-to-quarter numbers we'll continue to focus on building a long term value proposition for our customers.

Jiten Parmar

Okay. So last time you mentioned 30% of the contracts are moved to the newer prices. What is the percentage now at the end of this quarter?

Vishnu R. Dusad

Okay. Again, we will not be able to give you precise numbers, but most of our domestic contracts have moved to the revised AMC. And our overseas contacts are in the process of moving into new pricing.

Jiten Parmar

Okay. And we have a cash of around INR 700-crore-plus, what is the plan for that? Because those, eventually, this much cash will bring our ratios down. So, what is the plan for that?

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vishnu R. Dusad

Yes. Thanks for asking this question. We will not be investing in any acquisitions in any near future. And as far as, whether paying it back to investors via dividend or buyback, etc., that is something that the board would decide.

Jiten Parmar

Okay. And what is the general business environment? Are you seeing any slowdown in the markets we operate in or things we're looking up? That's my final question.

Vishnu R. Dusad

Okay. As of now, we are not experiencing any slowdown. We continue to get queries for our offering. And we are quite optimistic about the future and it's lot of time.

Jiten Parmar

Great. Thanks. That's all for now. If I have any further questions, I'll come back in queue. Thank you.

Vishnu R. Dusad

Certainly.

Moderator

Thank you. Next question comes from Ankush Agarwal from DPR. Please go ahead.

Ankush Agarwal

Hi, sir. Thanks for taking my question. So, Vishnu sir, last year when we started with the repricing, we made this statement that, at the start of the year, we were target for 10 number of clients and for them we didn't renewed AMC because we wanted to take it on higher pricing. So, for this year, have we done similar kind of exercise wherein for certain clients we have not both AMC initially, and once they close, then that retrospective impact might come in the later half of the year?

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vishnu R. Dusad

No. We have not done that this year.

Ankush Agarwal

Okay. Secondly, you stated that, most of the domestic context would move to new pricing and now you're focusing on the overseas market. So, my question over here is, in the domestic market Nucleus has a very good market share and for some a very strong market standing as far as I think we were able to get this repricing. But how easy or how difficult would it be for us to do the same for the overseas customers? If you can share some thought on that.

Vishnu R. Dusad

The product offerings that we have are so strong and our prices here in the overseas market have been equally on the lower side, so we are quite optimistic about overseas market as well.

Ankush Agarwal

Okay. So, do you still believe by FY25, I think, you had stated that, it will take you about two years max to do the entire repricing. So, do you still stick by that timeline?

Vishnu R. Dusad

Yes. By and large, yes, few customers may spill over to by a couple of more quarters, that's all. But otherwise, yes, by and large we should be able to. We will be able to be done with the repricing with all our customers.

Ankush Agarwal

Right. And lastly, sir, on the cost base, so I think last two quarters, the cost base has continued to increase. You have said that you have created a bench strength. So wanted to understand, the thought process over here. Is this increase in bench size, an outcome of the new kind of revenue base that we have seen, and then so you feel that now you have that extra margin that you can use to invest more, or is it a response

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

to the underlying traction that you might be seeing? And how should we look at the cost base for that remaining part of the year? If you can highlight.

Vishnu R. Dusad

Thanks for this specific question, and using industry terminology of bench strength, which incidentally, we do not need that, our business model does not need any bench strength as such, because anyone who joins after the initial few weeks or few months of training, is essentially working on a live project or is contributing to development of a product. Now that being the case, there is no bench as such. Now talking about increasing the compensation, we are absolutely confident about and optimistic about our future quarters and months. So, we'll continue to build strength from this number. We are talking about increasing the strength by 300 people at least, over the year. And that should be the perspective.

Ankush Agarwal

Got it. That's very helpful. Thank you.

Moderator

Thank you. Next question comes from Gaurav Khanna from Cap Group Capital. Please go ahead.

Swati Ahuja

Gaurav, please be loud. You are not audible.

Gaurav Khanna

Am I audible?

Vishnu R. Dusad

Yes, you can try again.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Gaurav Khanna

Am I audible?

Vishnu R. Dusad

Yes.

Gaurav Khanna

What would be the margin? This margin would be sustainable going forward or there would be a decrease in margins. What is your take on that?

Vishnu R. Dusad

Okay. As a policy, we do not give any guidance. Now, as far as whether it will be going down or upwards. Our hope is that we'll be able to take it upwards.

Gaurav Khanna

Okay, sir. And is there any seasonability in this business?

Vishnu R. Dusad

No, not really.

Gaurav Khanna

Okay.

Vishnu R. Dusad

It certainly is a lumpy business, but there's no seasonality as such.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872

**NUCLEUS SOFTWARE EXPORTS LTD.**

CIN : L74899DL1989PLC034594

Corporate OfficeA-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.**T:** +91 . 120 . 4031 . 400**F:** +91 . 120 . 4031 . 672**E:** nsl@nucleussoftware.com**W:** www.nucleussoftware.com**Gaurav Khanna**

Okay. Thank you, sir.

Vishnu R. Dusad

Thank you.

Moderator

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

Vaibhav Badjatya

Yes. Hi, sir. Thanks for providing the opportunity. So, there was some disturbance initially maybe from my line. So, I think in terms of expenses, that is sequentially, so if you see sequentially, operating and other expenses they've increased by nearly INR 8 crores. So, can you help us understand the specific line item which has grown, which has resulted in this increase?

Vishnu R. Dusad

Yes, essentially, it is marketing. We have done outstanding work for decades. And we have not talked about it as much as we ought to have. So, that is why we are also spending some of our attention and money to make sure that people are aware about what we do.

Vaibhav Badjatya

Okay. So, out of INR 8 crore increase, you'll say most of it is due to increase in marketing expenses that's what you mean to say, or there are other things also that has led to? Because I think initially, selling and marketing expenses was given as a percentage, but I missed that because there were some disturbances in the line.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vishnu R. Dusad

Tapan, you want to take this?

Vaibhav Badjatya

Yes, that would be helpful.

Anurag Mantri

Vaibhav, this is Anurag. It's actually a combination of marketing and marketing related travel costs. We are basically investing a lot in enhancing our connects with our executive customers. And, in that particular direction also significant travel is happening. It's a combination of both.

Vaibhav Badjatya

Got it. Understand. And this push is more towards international business or more to do with the domestic business?

Anurag Mantri

Combination of.

Vaibhav Badjatya

Okay. Got it. Understood. And, sir, in terms of revenues, if you see the revenue breakup, India revenue have sequentially, again, I'm talking about sequentially as compared to the last quarter, June 2023. India business revenue has gone up nearly by INR 20 crore. So, I don't want to know a specific number, but if most of the revenue increases due to AMC revenue increase or is it non-AMC revenue increase? I don't want to know again a specific number, but I just want to understand the majority of the growth drivers.

Vishnu R. Dusad

Yes, it is AMC pricing related.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307. India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vaibhav Badjatya

Okay. Got it. And lastly, sir, in terms of the number of employees for the current quarter, September quarter. What was the total number of employees?

Anurag Mantri

So, as of 30th September, our strength was 1,908. And then, previous quarter we stood at 1,832.

Vaibhav Badjatya

Yes, got it. Understand. That's it from side, sir. Thank you.

Moderator

Thank you. Once again, if you wish to ask a question, 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 Ashwini Desai from Oaklane Capital. Please go ahead.

Ashwini Desai

Good afternoon, sir.

Vishnu R. Dusad

Good afternoon.

Ashwini Desai

Thank you for giving an opportunity. I had a couple of questions. First one on, because of this price hike, have you seen any loss in customers? Have you seen any churn?

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vishnu R. Dusad

Okay. Let me give you a slightly longer answer to this simple question. We have been adding value to our customers' businesses in such an immense manner and at such highly discounted prices that because of both reasons. Despite the increase in prices, none of our customers have moved out of our intellectual property. And not just that, some of them are very, very keen to move to our new releases. And we are very hopeful about being able to move them to the new releases soon and then add even greater value to their business. Does that answer your question?

Ashwini Desai

Sir, that partly answered my question. So, when you're saying you're very discounted. Discounted to whom? Who's your closest competitor in this space?

Vishnu R. Dusad

No. Again, a very good question. I'm talking about the global prices, as compared to global prices for this kind of intellectual property we were very deeply discounted.

Ashwini Desai

Okay. Fair enough. So, I mean, you don't expect any kind of churn in the future?

Vishnu R. Dusad

We do not visualize that because not just that we have delivered value in the past, not just that we are delivering value currently. Our new releases, our customers are confident that they will deliver even more value. So, we do not visualize any churn.

Ashwini Desai

Okay. Neither in India, nor globally?

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vishnu R. Dusad

Yes. Correct.

Ashwini Desai

Okay. Great. Sir, again, stressing on that. Sir, who's your closest competitor? Somebody with a similar offering, if you can give some names in India or globally?

Vishnu R. Dusad

We do not talk about our competitors, Ashwini.

Ashwini Desai

Okay. Fair enough. And I think one another question I had. So, it has been partly answered though, but I'm repeating it. So, when you mentioned in your initial comments that you're looking to increase capacity as such, right? So, this capacity increase that you're talking of is to do with headcount increase that you mentioned in marketing or anything else that we are spending on?

Vishnu R. Dusad

Okay. Good question. It is across the board. It's capacity increases on the project management side, on account management side, on marketing side as well as engineering side.

Ashwini Desai

Okay. Sir, possible to quantify how much we might have spent in the first-half?

Vishnu R. Dusad

Sorry, how much would we have spent first-half on what?

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Ashwini Desai

On this capacity increase that you're talking across the board that you mentioned.

Vishnu R. Dusad

Yes, we're not be able to share that level of details.

Ashwini Desai

Okay. Thank you for more questions.

Vishnu R. Dusad

Thank you for your interest.

Moderator

Thank you. Next question comes from Narayan Singh from Navanand Securities Limited. Please go ahead.

Narayan Singh

Hi, thank you for the opportunity. Congratulations, Mr. Dusad for adding value to the company, taking up this price increase and so on. Sir, I just have one question related to this employee increase. So, you are saying, like, you plan to increase the employee count by 300. So, is this on top of existing 1,908 or it's already?

Vishnu R. Dusad

Yes. No, no, you got it exactly right. This is on top of the 1,908 now.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Narayan Singh

Okay, sir. In this quarter, maybe again, I'm going back to this price increase topic which you for whatever reasons do not want to disclose more details. So, did we have any price increases in this quarter also, sir? Any customer in the contract onboarded?

Vishnu R. Dusad

Certainly.

Narayan Singh

Okay. I have next question, which is related to the growth in other areas. So, I just was looking into the financials in the past years. So, we are able to grow, looks like, very well in India, domestically. But for some reason I don't see any much growth outside India. So, any special reason, sir, why we are not able to penetrate overseas?

Vishnu R. Dusad

No. Absolutely, you're absolutely right in making that observation. We're providing a sharp focus to our customers in India. And in some manner, that sharp focus has helped both the customers as well as the company. Now we are ready to provide focus to all our customers, all over the world. And we are looking forward to growth coming back in our numbers for various geographies soon.

Narayan Singh

Okay, sir. Thank you very much for the opportunity and good luck for the future. Thank you.

Vishnu R. Dusad

Thank you.

Moderator

Thank you. Next question comes from Rahul Jain from Dolat Capital. Please go ahead.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Rahul Jain

Hello.

Vishnu R. Dusad

Hello.

Rahul Jain

Yes, hi. Thanks for the opportunity. I just have a couple of questions. I heard somewhere your remark were you possibly said that all the Indian clients have moved to the new pricing and overseas is still there. Is that understanding right?

Vishnu R. Dusad

No. It is partially right. All the Indian customers have moved to the new pricing and some of the overseas customers have also moved to the new pricing. Not all overseas customers have moved to new pricing.

Rahul Jain

And you also said somewhere that, there is a certain timeline by which you expect this to be completely done. What was the timeline? Sorry, I missed that.

Vishnu R. Dusad

Yes. I think this financial year and maybe couple of more quarters in the next financial year.

Rahul Jain

Okay. So basically, let's say four to five quarter from now, it will be done with?

Vishnu R. Dusad

Yes, that's right.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Rahul Jain

Okay. And any thoughts on the new deal momentum? We have seen the order book for our business coming off during this quarter. So, any thoughts on those?

Vishnu R. Dusad

Yes. We are getting a good interest and there would be announcement about some orders as well in the near future.

Rahul Jain

I think last quarter, you were mentioning about a very large deal in for the FinnAxia offering. Is that still in the pipeline or it's not been won or something?

Vishnu R. Dusad

No, it's very much in the pipeline.

Rahul Jain

Right. And this large jump in the marketing cost that you said related to marketing. Is it more related to, like, attending event, like, Sibos or fintech events, those kind of things or this is a client specific travel to meet and do business development and your business as usual kind of a travel?

Vishnu R. Dusad

I would say both. We've been participating in the events also. We've been traveling to meet our customers also. Understand them better and understand their challenges better and so on.

Rahul Jain

So, I mean, the key reason of asking this question was to understand whether this is the new normal on the spend or this is slightly accentuated because of more events in this quarter and possibly come off in the coming quarter, that is what I'm trying to understand.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vishnu R. Dusad

Yes. So, it's going to be new normal.

Parag Bhise

New normal because, as I mentioned earlier, we have not talked about our value addition, that we have done, the immense value addition that we have been doing to our customers. And that's what we want to do now. We want to talk about it and let people understand that there is a robust institution, which they can rely upon for long-term value addition.

Rahul Jain

Right. And this would be also expanding newer market or mostly of the four-five key market that we are currently present?

Vishnu R. Dusad

To be with the existing market, and of course, at an appropriate point of time new geographies also.

Rahul Jain

So, you said, you were initially trying to map it with the revenue momentum, but then nevertheless you went with the flow with respect to the traction, which caused the margins to come off in this quarter. So, since you would persist on the spend and revenue growth can be slightly lumpy by the nature of it. So, is there a base margin that you would like to have on an annualized or quarterly basis, or it would continue to be volatile function of growth?

Vishnu R. Dusad

I would like to say the second, volatile function of growth.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Rahul Jain

Sorry. I could not understand that.

Vishnu R. Dusad

Yes. So, I don't think, our team, I mean, we would be able to give any guidance either in terms of revenue growth or in terms of margins and so on. What we are sharply focused on is ensuring that our customers get value and all our other stakeholders get value quarter-to-quarter, year-to-year. I don't think we are in a position to give you any indicators.

Rahul Jain

Right. And the 300-odd people addition that you have kind of indicated. This roughly implies 15% growth, on the current base. So, most of these would be going into the implementation kind of strengthening or this would be across function and not limited to servicing side.

Vishnu R. Dusad

Yes. Absolutely. As I had answered earlier also. It will be across functions, right from marketing, through account management, through implementations, project management, and engineering.

Rahul Jain

Right. Understood. And, on the new win side, can you give us how many new client logos or renewals are disbursed quarter or anything in the last couple of quarters, how has that been shaping up for us?

Vishnu R. Dusad

No, I don't think we'll be able to talk about that, Rahul.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Rahul Jain

So earlier, you used to give one data that how many clients went live and how many deliverances we have won during the quarter. So, you think this would be discontinued or this is a temporary thing that we are not publishing them?

Vishnu R. Dusad

I think, we have to continue striking balance between as much transparency as we can bring to our shareholders versus the market scenario. And as that balance keeps shifting, we'll also, we have no choice but to keep doing that balancing.

Rahul Jain

Sure. Thank you. That's it from my side.

Vishnu R. Dusad

Thank you. Thank you for your continued interest.

Moderator

Thank you. Next question comes from Aditya Nahar from Alpana Enterprises. Please go ahead.

Aditya Nahar

Hi sir. Thank you for taking the time for my question. Could you please give me a texture of your addressable whether how much market share are we targeting in this?

Vishnu R. Dusad

Sorry. I couldn't get your question.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Aditya Nahar

Sir, could you give us the total addressable market that Nucleus is targeting, sir?

Vishnu R. Dusad

That is a very sizable market, very, very sizable market.

Aditya Nahar

So, do you mean \$10 billion and above, \$20 billion and above, sir?

Vishnu R. Dusad

Yes, good guestimate. It is in the vicinity of let's say \$20 billion to \$30 billion. The cost of software for lending business is typically anywhere between 0.5% to 1% of the AUM.

Aditya Nahar

Okay.

Vishnu R. Dusad

Okay. So, you can make a guess from there how big that market would be.

Aditya Nahar

Absolutely, sir. And then, is it fair to say, sir, we can be 3%, 4%, 5% of this market, sir, with the capability of our product offering?

Vishnu R. Dusad

Certainly.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Aditya Nahar

And for that sir, would you need the cash on the balance sheet, or do you think that it's more now about a sales and a marketing function?

Vishnu R. Dusad

Yes. Now, these are balancing decisions that the board will take. How much do we want to pay to the shareholders, at what point of time, and how much should go into the building the brand and making sure that people come to know about the outstanding product that exist.

Aditya Nahar

Right, sir. Sir, one, just a suggestion, sir, if you don't mind. Please don't take it the wrong way. I believe you, when you say that you have an outstanding product, et cetera. But if you could just start giving us certain level of customer churn, customer data, et cetera. We don't want any forward-looking guidance. But if you could just tell us what's happened, good or bad. I mean, I'm sure given your level of technical competence and understanding, you would be okay to share churn level data, because since you're a product company, one important metric is tracking the churn. Only if you're okay with it and if your internal team approves it, of course, if you could share that level of data, sir. We don't need customer names, we don't need, maybe you can say international churn, domestic churn. So, it'll just help us better understand your company, frankly, that's the only reason.

Vishnu R. Dusad

Sure. Thanks for raising this question. And I'm very glad to let you know that voluntary churn of our customers would be less than 5%. Not even that. The philosophy has been that if a customer has taken a decision to go on our product, then after once a customer has signed up and has gone live, it is an all-out effort to make sure that the value continues to get delivered. So, that's all I can say. It's a pretty small number, extremely small number.

Aditya Nahar

Right. Thank you for that answers. And just one last question and you can choose however you want to answer it. Sir, I'm sure that if I'm a vendor or some client of Nucleus and my prices go up maybe 5x or 6x

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

for a contract for which I've been given, normally the inflation increases. There must be some pushback definitely. How are you handling the situation, sir?

Vishnu R. Dusad

Again, excellent question. Only thing that we talk about is the value that we have been delivering.

Aditya Nahar

Correct.

Vishnu R. Dusad

I'm very delighted to let you know that when we start talking about it, we have already mentioned it. All of them have agreed that, yes, this is required to be done. And, yes that's what.

Aditya Nahar

So, what you're saying is they are viewing Nucleus more as a partnership more than a vendor relationship. Is that a fair understanding, sir?

Vishnu R. Dusad

Absolutely, fair understanding.

Aditya Nahar

Great Sir, I just hope you give out a little more details regarding the product churn, maybe the average per customer. Again, sir, broad level data, we're not asking any specific data, if it is okay with you. Just for our better understanding of your company. Thank you so much, sir. Thank you so much.

Vishnu R. Dusad

Thank you. Thank you for your continued interest. And since we service very small customers and the biggest customers in the country. Obviously, averages, et cetera, do not make sense.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Aditya Nahar

Right. No, absolutely, sir. Like I said, it's just for our understanding. There's a barbell, obviously, some customers will be very large, some will be very small. But just for our better understanding, no other reason, sir.

Vishnu R. Dusad

Sure. Thank you. Thank you for your interest.

Moderator

Thank you. Next question comes from Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma

Yes. Thank you. And congratulations Vishnu Ji and team for a good quarter. Few questions, sir. One, we spoke about lower than expected revenues in Q2. What was the reason for the spillover?

Parag Bhise

We were expecting certain orders and they didn't come through. They got delayed.

Anuj Sharma

Okay. So, there will be a spillover. It's not a lost revenue. It's a spillover.

Vishnu R. Dusad

Yes, that's it.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Anuj Sharma

Okay. The second thing is, sir, we will be focusing on overseas customers for the value-added price adjustment. But, the reason for delays, lack of focus initially we plan to focus on domestic and then international or it's been difficult to convince international customers or the value proposition?

Vishnu R. Dusad

No. The first one. We wanted to focus first on domestic customers, and then go international. And that's what we are doing.

Anuj Sharma

Okay. Sir, the 31 price adjustment. Now, once the price adjustment based on value proposition is done. Incrementally, how does it work? Does it work on some outcome basis? Or then it will be a flat pricing? Just a one-time adjustment and then it will be flat, or there will be some flexibility in terms of either inflation or outcome based or transaction based?

Vishnu R. Dusad

All the facilities are there in the picture. So, that it is a ongoing win-win for our customers and us

Anuj Sharma

Okay. So, even after the readjustment has done, let's suppose, the outcome, the transaction volumes increased by 10%. Is it fair to say that Nucleus will also be maybe next year may increase transaction output, going forward?

Vishnu R. Dusad

Yes.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Anuj Sharma

Okay. And sir, one more question is, we have a significant market share in domestic. And, good, it's a happy development that we are focusing on sales and development. But will it be predominantly global now? Because there wouldn't be many gaps in the Indian market for you. And is it fair to say that our next level of growth after the repricing of international customers will be new international customers?

Vishnu R. Dusad

That is right. That is absolutely right.

Anuj Sharma

Okay. Okay, sir, thank you so much and wish you all the best.

Vishnu R. Dusad

Thank you.

Parag Bhise

Thank you.

Moderator

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

Swati Ahuja

Thank you, Pelsia. Now we would like to thank all our investors for joining us today. And a very Happy and Prosperous Diwali to all of you. I would now pass it over to Vishnu sir, for his closing comments. Over to you, sir.

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +91.11.2462.7552 F.: +91.11.2462.0872



NUCLEUS SOFTWARE EXPORTS LTD.

CIN : L74899DL1989PLC034594

Corporate Office

A-39, Sector-62, Noida,
Uttar Pradesh, 201307, India.

T: +91 . 120 . 4031 . 400

F: +91 . 120 . 4031 . 672

E: nsl@nucleussoftware.com

W: www.nucleussoftware.com

Vishnu R. Dusad

I would also like to wish all of you a very Happy Diwali on my personal behalf and on behalf of team Nucleus. And we continue to be committed to adding value to the society for decades to come. And we want to thank you for your continued interest in us. Thank you.

Moderator

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

Registered Office

33-35 Thyagraj Nagar Mkt, New Delhi - 110003

Tel.: +9.11.2462.7552 F.: +91.11.2462.0872