Nucleus Software Exports Limited

Q3 FY16

Earnings Conference Call

January 21, 2016

Members of Nucleus Management

Mr. Vishnu R. Dusad	Managing Director and CEO
Mr. R P Singh	Director & Head, Global Product Management
Mr. Ashish Nanda	Chief Financial Officer
Mr. Avnish Datt	Executive Vice President, Global Head Strategy
Mr. Pankaj Bhatt	Executive Vice President, Professional Services
Ms. K. B. Prabha	Head, Human Resources
Mr. Ashutosh Pande	Head, Financial Inclusion

[Note: This transcript has been edited for improved readability]

Deepak:

Good afternoon and welcome to earnings conference call for the third quarter and nine months ended December 31st, 2015. This is Deepak Malik, Investors Relations team at Nucleus Software Exports Limited. Today we have with us from the management team Mr. Vishnu R. Dusad, CEO and Managing Director; Mr. R. P. Singh, Director and Head Product Management; Mr. Ashish Nanda, CFO; Mr. Avnish Datt, Executive Vice President, Global Head Strategy; Mr. Pankaj Bhatt, Executive Vice President, Professional Services; Ms. K. B. Prabha, Head Human Resources and Mr. Ashutosh Pande, Head Financial Inclusion.

An audio and transcript of this call would be shortly available on our website. With this, we are ready to begin with today's call. Please note that we do not provide any specific revenue earnings guidance.

I now pass it over to Vishnu.

Vishnu R. Dusad:

Thank you, Deepak, and good afternoon, ladies and gentlemen. I am pleased to connect with you at this earnings call for the third quarter and nine months ended December 31, 2015. Continuing our relentless focus on customer success, we launched a range of innovative solutions, and I am delighted to say that it is starting to bear fruit in the growth of our customer base with three new customers choosing our solutions in the quarter.

We launched our first offline digital cash solution, PaySe to empower the bottom of pyramid and to reduce the cost of cash. We made our award-winning solution, FinnOne Neo, available in the cloud. This increases customer choice as they can now deploy FinnOne Neo either on premise or in the cloud, whatever suits their business needs.

Our customer base continues to grow and we are consistently winning customers in non-bank financial institutions space and equally in the banking space as well.

As a part of the company's strategic growth initiatives, the Board approved a proposal for Nucleus to acquire a mobile technology solutions company subject to the fulfilment of terms and conditions.

For three decades we have been helping our customers succeed by providing a unique combination of comprehensive functionality, the latest technologies and unmatched domain expertise. We look forward to continuing to do this in the future.
Over to you, Ashish.

Ashish Nanda:

Good afternoon everybody. This is Ashish and I welcome you all to this conference call.
Key Highlights from Financials are:

REVENUE

- **Our Consolidated revenue** for the quarter is at Rs. 86.5 crore against Rs. 84.7 crore QoQ and Rs. 86 crore YoY. **For the Nine Months** it is Rs. 256 crore against Rs. 252.2 crore for the corresponding nine months of the previous year.

- **Overall Revenue in foreign currency including India Rupee revenue** is US$ 13.1 million for the quarter, against US$ 13.1 million QoQ and US$ 13.9 million YoY. **For the Nine Months** it is US$ 39.5 Million, against US$ 41.3 Million for the corresponding nine months of the previous year.

- **Product revenue for the quarter is** at Rs. 65.4 crore, against Rs. 62.8 crore QoQ and Rs. 61.9 crore YoY. **For the Nine Months** it is Rs. 191 crore, against Rs. 180.2 crore for the corresponding Nine Months of the previous year.

- **Revenue from projects and services** for the quarter is at Rs. 21.1 crore, against Rs. 21.9 crore QoQ, and Rs. 24.1 crore YoY. **For the Nine Months** it is Rs. 65 crore, against Rs. 72 crore for the corresponding Nine Months of the previous year.

EXPENSES

- **Cost of delivery including cost of product development for the quarter is** 65.1% of revenue, against 67.8% of revenue QoQ and 58.7% of revenue YoY. In absolute terms this is Rs. 56.3 crore against Rs. 57.4 crore QoQ and Rs. 50.5 crore YoY. For the **Nine Months**, it is Rs. 170.8 crore (66.7% of revenue) against Rs. 151.6 crore (60.1% of revenue) for the corresponding Nine Months of the previous year.

- **Marketing & sales expense** for the quarter is 16.9% of revenue, against 15.5% of revenue QoQ and 12.1% YoY. In absolute terms this is Rs. 14.6 crore against Rs. 13.2 crore QoQ and Rs. 10.4 crore YoY. For the **Nine Months**, they are at Rs. 42.5 crore (16.6% of revenue) against Rs. 32.6 crore (12.9% of revenue) for the corresponding Nine Months of the previous year.

- **G&A expense for the quarter** is 11.3% of revenue, against 14.7% of revenue QoQ and 11.7% YoY. In absolute terms this is Rs. 9.8 crore against Rs. 12.4 crore QoQ and Rs. 10 crore YoY. For the **Nine Months**, they are at Rs. 30.9 crore (12.1% of revenue) against Rs. 27.3 crore (10.8% of revenue) for the corresponding Nine Months of the previous year.

- **EBITDA for the quarter** is at Rs. 5.8 crore (6.7% of Revenue), against Rs. 1.7 crore (2% of Revenue), QoQ and Rs. 15 crore (17.5% of Revenue), YoY. For the **Nine Months**, **EBITDA** is at Rs. 11.8 crore, 4.6% of revenue, against Rs. 40.7 crore, 16.1% of revenue in the corresponding Nine Months of the previous year.

- **Other income from investments and deposits** is at Rs. 4.9 crore against Rs. 5.4 crore QoQ, and Rs. 9.1 crore YoY. **Total other Income for the quarter** is Rs. 5.7 crore against Rs. 7 crore QoQ and Rs. 12.3 crore YoY.
  For the Nine Months, **other income from investments** and deposits is at Rs. 16.4 crore against Rs. 19.6 crore for the corresponding period of the previous year. **Total other Income for the Nine Months** is Rs. 20.4 crore against Rs. 25.8 crore for the corresponding period of the previous year.

- **Total taxes** are at Rs. 1.4 crore, 16.9% of PBT, against Rs. 1.1 crore, 18.9% of PBT previous quarter, Rs. 4.6 crore, 19.2% of PBT in YoY. **For the Nine Months**, **Taxes** are Rs. 4.6 crore, 20.1% of PBT against Rs. 13.6 crore, 23.6% of PBT in the corresponding period of the previous year.

- **Net profit** is at Rs. 7.0 crore for the quarter, 8.1% of revenue, against Rs. 4.5 crore, 5.4% of revenue QoQ and Rs. 19.6 crore, 22.8% YoY. **For the Nine Months** it is at Rs. 18.3 crore, 7.2% of total revenue, against Rs. 44.1 crore, 17.5% of total revenue in the corresponding period of the previous year.

- **EPS** for the quarter is at Rs. 2.16 as against Rs. 1.40 in the previous quarter and Rs. 6.04 in Dec 14 quarter. **For the Nine Months** it is at Rs. 5.66 against Rs. 13.61 in the corresponding period of the previous year.

- In terms of **foreign currency hedges**, on December 31 we had USD 8.72 million dollars of forward contracts at an average rate of 68.61. There is a mark-to-market gain of Rs. 27.15 lakhs which is taken to hedging reserve in the balance sheet.

- **Revenue contribution from the top 5 clients for the quarter is** 43% against 47% previous quarter.

- **The order book position** is Rs. 342.7 crore including Rs. 301.7 crore of products business and Rs. 41 crore of projects and services business. **In September 30, 2015** the order book position was Rs. 348.2 crore including Rs. 285.1 crore of products business and Rs. 63.1 crore of projects and services business.

- **Total Cash and cash equivalents** as on December 31, 2015 are Rs. 372.1 crore against Rs. 342.6 crore as on September 30, 2015. This includes balances in current accounts of Rs. 26.4 crore, liquid fund schemes of mutual funds Rs. 120.6 crore, Rs. 32 crore in fixed maturity plans, fixed deposits with banks of Rs. 115.1 crore, investments in tax free bonds of Rs. 63.1 crore and Rs. 14.9 crore in Preference shares.

- With regard to **receivables,** we are at Rs. 99.4 crore against Rs. 83.8 crore previous quarter.

- During the quarter**, there is a gross addition of fixed assets** of Rs. 1.02 crore, consisting primarily of Rs. 0.50 crore computers equipment's and Rs. 0.33 crore on software licenses.

Over to you, R. P. Thank you.

R. P. Singh:

Thanks, Ashish, and good afternoon everyone.

We released an upgraded version of FinnAxia, release 3.0 towards the end of last quarter. With this we are NACH ready already. The release includes pay-out customers, cash flow forecasting, payments of taxes and duties among many other functionalities. Eyeing the global leaders, we technically upgraded the product to scale up to manage higher volumes. Improved Metadata and Migration Toolkit which were part of this release are aimed at improving customer's transition experience. The release is already on its way to 2 of our customers.

FinnOne NEO also rolled out is latest version, release 1.2.1. We now support origination of Credit Card through our NEO CAS. Additionally, we have added new capabilities to Mandate Management, Customer service and now support advanced transactions like back dated disbursal cancellation and Termination cancellation. This further empowers our customers to offer world class servicing to their customers.

Another mobility site went live in Philippines with mCAS.

I am happy to announce that we are ready with our upgraded Analytical Engine and are in the process of working with early adopters. The Analytics module supports smarter decision through the entire lifecycle of Lending. It helps identify good leads from the masses. It assists financers to develop effective Score Cards based on their data to take improved credit decisions. The Produce also enable development of models to pre-empt loans that are expected to go bad in the near future and strategies to make management of delinquent loans more effective and efficient.

I'm hoping to actually update you on the market's response to this offering by the end of the next quarter. That's all from my side. Over to Avnish.

Avnish Datt:

Thank you, RP and Good afternoon, gentlemen. Welcome to our quarterly earnings call. So as Vishnu shared and as probably evident from RP's narration, we continue to pursue our efforts to develop new markets as well as to continue to do business value selling in our existing markets. Some of the highlights from the go-to market side, one, we got another new logo in Japan, which is basically a validation of our approach in Japan where we are looking at lending institutions who want to partake in the growth for South East Asia. So this was, as some of you might remember, our second win in the same segment.

We also won a new logo in Europe, which is again a validation of our strategy. This one is a very interesting European organization which operates in around 14 central European and European markets. They are into collectively lending for well-defined segments. So we are starting with them in one country. But the one that I think is the most notable is our first cloud win. That is with an Indian company and that is something that really validates our future approach. We think cloud is here to stay and it also is a good validation of our preparedness for that business segment.

As I shared with you over the last few earnings calls, we keep adding to our business development team especially in overseas geography. So we had had new additions to the team in Japan, some in Africa and also in Australia. The Australia addition is of very senior person who has operated in multiple geographies and is now going to operate from Sydney for us.

It was very interesting that we got mentioned in the Forrester report for our mobile apps, and we are rated as a contender, but we are in contention with five dedicated mobile app providers. And so a great validation from a products standpoint for mobility app.

So that is all that I had to report. Thank you very much. Let me just get Deepak back on.

Deepak:
Thank you, Avnish. We are now open for Q&A session.

Anant Jain:

Hello, everybody. My question is mainly regarding PaySe, how does PaySe fit in strategically with what we are doing. What are the tie-ups that we have as far as PaySe is concerned, like are we tied up with local banks, who are we tying up with? The second question on PaySe again I have is what are the release timeframe for PaySe. Again third question on PaySe is like how much of our employees are working on this? Because it seems to be like totally something which is not related to what we are doing currently.

Vishnu R. Dusad:

Thank you very much for asking this very extremely meaningful question, especially the connection part of it. Let me clarify that we have been thinking of making day loans slightly affordable to the bottom of pyramid for more than a decade now. And as early as August 2005, economists had reported as saying that we want to make Rs. 100 loan profitable. So PaySe is very much in the direction of this particular vision where we would want to alleviate the excessive interest rates like the poorest of the poor have to bear with their minimum 365% per annum if not double or triple of that. And sometimes they could be 3000%, 50% also.

So in that direction, PaySe helps by making the cost of the cash, and in turn the cost of transactions come down by orders of magnitude, and also it helps get the bottom of pyramid into the mainstream banking by capturing the transactions electronically. Something which is not possible either when you're transacting using notes or currency, I mean notes or the coins. So through electronic pay we are making it possible that even a 10-rupee purchase or a 10-rupee sale by a vegetable vendor is recorded, or a rickshaw puller's lowly earnings are also getting recorded on daily basis, and based on that turnover of the day, he or she may be able to get loans for the next day, and these loans could be as low as Rs. 500 or Rs. 1000. The Banking community as it exists are unable to help them would then be able to help.

So that is the core theme behind this particular initiative that we have been working on for the last two years under Ashutosh Pande's leadership. And now I would invite him to share details of what are our initial pilots and what sort of partner ecosystem we are evolving.

Ashutosh Pande:

Thank you, Vishnu. Mr. Jain, I think one of the key aspects you are looking at was the maturity of the product as well as the engagement we are having in the market. With respect to the engagements, we have been having field trials in two different areas. Both are actually with micro finance institutions like banks. One of them is in the area of micro savings wherein the SAGs are saving small amount of money. In some cases the complete monthly saving of an SAG is Rs. 500 and the cost of collecting that Rs. 500 was more than the Rs. 500 itself, because somebody had to go physically to the village to collect this. It was that person's salary that had to be paid along with the travelling charges.

We have significantly brought that cost down. And this trial has been going on for the last three months. In another trial, we've been looking at collections from micro lending. This is where banks have lend funds through correspondence. And the loan payments are being collected on a by-weekly basis.

There also we have seen significant reduction in the cost of collection of funds. We have also looked at bringing efficiency in terms of the number of hours the field executive is now able to spend in the field.

And last but not the least, direct outcome of this technology is that people are no longer carrying physical currency with them. It is reduced propensity to being marked. This particular organization, their field executive have been stolen off over 10 lakh rupees just in the last one year. So safety of the personnel is the third factor that has come out as part of our trial results. We hope to continue these trials for another quarter before we go fully live with our customers.

Anant Jain:

So what you're saying is that the partner ecosystem consists of MFI?

Ashutosh Pande:

The various areas because if you look at PaySe by itself it is digital cash. So from a market standpoint, from a customer base standpoint, it all goes verticals which today use cash. We've identified a few verticals, the first vertical being micro finance companies and NBFCs, second vertical being payment banks, third being the small banks that are just recently coming up and fourth segment we are looking at e-commerce where as part of COD just in India alone there is more than 10 billion dollars worth of money that is moving around on an annual basis at cash-on-delivery.

Anant Jain:

Sir, how much, for example, like I had a look at the video that we have of the PaySe on YouTube, how much does the instrument itself costs? How do you provide that to the end user?

Ashutosh Pande:

Well, the pricing as what it costs versus what it will be to the end user really is driven by our partners. The base pricing is dependent on volumes that are partners would buy and how they then package it and in what form and shape they pack that cost on to their customer base is something that still will be worked around.

Anant Jain:

How many people are working on this as far as Nucleus is concerned? Because this is totally a different area from like FinnAxia or FinnOne. So what is the strength?

Ashutosh Pande:

This is a new group that is being sort of built within the organization. So it's an insignificant portion of the team.

Anant Jain:

Thanks for the PaySe related information. The next question I have is on the order book. We haven't seen order book growing and at the same time we have also not seen a traction in space coming up with this quarter. Further, the order book to sales translation itself doesn't look all that great as we have seen in the previous quarters.

Ashish Nanda:

So you are right when you say that order book to revenue translation is of a different magnitude as we have seen in the past quarters. If you have been tracking our conference calls in the similar manner, our new strategy is all about taking product orders of a different size and magnitude. Our implementation strategies are also changing around that and we are trying to enhance value for the customer. Therefore, in the initial period, we definitely see smaller or slower than earlier translation of revenue to the order book itself which we seem to as we progress and there is on the learning curve when we go about implementing our new product as and when we go forward. Maybe we'll see higher than that.

As Avnish mentioned, there are wins around the new logos which are there. That's it from my side, as far as your question is concerned.

Ritesh:

Thank you for the opportunity. Sir, considering your continuous interaction with the banking system, I had a slightly broader question encompassing the product line that you offer, much beyond that. On the banking IT spend side, if you can give some clue or some thoughts that you have on products spend side both on products and the platform.

And my second question within that is these cloud-based offerings on the products side, is there any case that it cannibalizes the existing offering, then actually shrinks the size of the industry? If you can give thoughts on these two questions, it would be really helpful.

Vishnu R. Dusad:

The first part of the question I'll take, which is how the banks are looking at the technology spend. I think banks are becoming even more aware that there is tremendous amount of disintermediation which is in the offering. So they are watching this space very, very closely and they are ready to spend money to ensure that they continue to remain relevant in the marketplace.

Avnish Datt:

Just to add to what Vishnu said, I think we have some of the visionaries in the banking community, started saying a few years back that banks are technology companies in disguise. I think we are getting to hear variants of that now more and more even from mid-size banks, and especially the challenger banks who are more agile than the others.

Addressing the second part of your question, there are two or three things that cloud does. In terms of market addressability, we believe it expands our addressable market, because cloud allows us to take our offering to those lenders who earlier couldn't perhaps afford an on premise option and hence were disqualified by us because they didn't have the size to do this. This cloud offering now allows us both to align the offering to their cash flows, and it also de risks their purchase of our technology. So they can start small and they can then grow big with us. So to answer your question, I think if at all, there may be very marginal cannibalisation from fringe candidates. But by and large it helps us address those segments that we couldn't earlier.

Ritesh:

Okay and lastly the Fin Tech emergence, is it an opportunity or is it a threat to the overall banking clients that we have, or for the industry in general?

Avnish Datt:

I think it is a reasonably widespread broad base question. Let me attempt answering it, of course, everybody would have opinions on this. So banks do consider Fin Tech companies as competition as well as potential partners, depending on which segment of banks you talk to, some of them are incubating Fin Techs, some of them are investing in Fin Tech so that they could use the technology to make sure that they are not left behind. Some of them are trying to learn technology lessons from Fin Techs and making sure that the technology that they are using today is contemporary and they don't lose out in this whole battle.

I don't think we have seen the last of this game yet. I don't think there's going to be one winner here. What we would probably see at the end of it is synthesis of all this. But suffice it to say so far that we are seeing a lot of activity from banks trying to come up the technology curve, A, to avoid this challenge from some of the very nimble, those small and agile players and, B, to also make sure that as the customer preferences are changing and the customers are becoming more knowledgeable through this new wave of Fin Techs, the banks have a good answer to customers' requests and demands.

Ritesh:

Thank you and all the best.

Avnish Datt:

Thank you.

Anant Jain:

I have one last question, and this is regarding the traction that we are seeing on the cloud. So last time I remember in the concall you said that we have one client who is a large micro finance institute. Had we had more client additions on the cloud side?

Avnish Datt:

We have a pipeline, Mr. Jain, but no new additions yet from there. We are hoping to see some additions fairly quickly but not yet.

Anant Jain:

Okay. Great. Thank you.

Vaibhav:

Hi, everybody. This is Vaibhav. I am an individual investor. I have one question regarding order book to revenue conversion. So from the earlier conversation, what I understand is that our implementation period has somewhat stretched, if I'm not wrong. And that's why the revenues have not been showing pickup. Am I right about my interpretation?

Ashish Nanda:

Yes, somewhat you're right.

Vaibhav:

So the way it will work is that as we move along and implement more products, our learning will go up and probably implementation period will come down. But that will happen only as we go along and book more and more orders. And if we move from order A to order B, probably order B will have shorter implementation period, right? Or within order A itself we might improve our implementation period over the learning term.

Ashish Nanda:

My understanding is that yes, both we will have efficiency within the order itself, the order takes some time because there are a lot of things like understanding about the customer business and getting into it. There'll be efficiency in the learning curve between the order itself, and you are right that we'll implement more orders, the learning curve itself on an overall basis will become more productive from that side and our understanding with the revenue cycle will be faster in the times to come.

Vaibhav:

So most of the margin contraction that we have witnessed in last nine months or so, is it because of the longer implementation schedule that we are seeing in our new order?

Ashish Nanda:

No, no. if you look at our results also from a perspective of purely expenses side of it, we have been saying, and we have been investing actually in our people side both on product as well as on our sales and marketing, primarily margin contraction is on account of our investment in people, in development side as well as marketing. That's the main reason which is there. Yet revenues are coming down because of slight slow of our overall implementation, but that is not the main reason for our contraction in the margins. It is primarily on the investment or the higher expenses on development, which we are doing consciously on quality development of people as well as sales and marking initiatives which the company is trying to take.

Vaibhav:

So if I'm looking at numbers, the sales and marketing as percentage of revenue has gone up around 1% over comparable period last year, while cost of delivery is up around 7%. So I'm assuming that cost of delivery will have only the cost associated with the revenue recognized during the period no other development costs.

Ashish Nanda:

No, what we share is cost of delivery including cost of product development for any period which is there. So it includes investment in terms of people as well as other relevant costs related to product development also.

As you may be aware that we follow a very conservative accounting principle to charge of and not to capitalize any expenditure or RD or capital.

Vaibhav:

Okay. I think now I understand the full impact. Thanks a lot for your time.

Ashish Nanda:

Thank you.

Digant:

I just wanted to know the order book number for this quarter and the previous quarter.

Ashish Nanda:

The order book number at this end stands at 342.7 crores with product orders of 301.7 crores in services and projects orders of 41 crores.

Digant:

The same number for September quarter would be?

Ashish Nanda:

Just give me a minute, I can come back to you on that.

Digant:

I just wanted to ask that this order book of 343 crores would include the three orders that we got this quarter?

Ashish Nanda:

Yes, you're right.

Digant:

Okay, and I wanted to check on this FinnOne Neo because I think we have had a successful implementation at a small bank in Mumbai. So has that implementation resulted in more orders coming from the Indian banks, especially the private sector banks like ICICI or Axis or anyone of these guys who are ready to upgrade from the old FinnOne to the new FinnOne?

Avnish Datt:

Yes, of course, Mr. Digant So we have had a win based on that actually this starting quarter two. We had a few wins in quarter three itself, and the cloud win that I talked about also is basically our promise is around the product and cloud is just an enablement technology for the customers to access it cheaply. So, yes, the reference customer has helped us bag more orders. And in fact, even though the wins that I talked about outside of India, this customer implementation has helped us get those ones too.

Ashish Nanda:

Just to add to what you asked earlier, the corresponding figures for the quarter ending September was at 348.2 crores of which product orders were 285.1 crores and services orders worth 63.1 crores.

Digant:

Alright. If you could just give me an idea on, just taking an example, nothing client-specific that I would like to know, that Axis bank already uses our FinnOne. And let's say that they decide to completely migrate to the FinnOne Neo version. So what sort of revenue can we look at when an existing customer migrates into the new products? So let's say the revenue per year from that customer is X, say 2X, 3X, what does it translate into if they decide to migrate?

Avnish Datt:

Typically it's no different from our new logo customer except for the fact that because of relationships, we might structure the deal a little bit differently, because typically when a customer is up for migration, we've had a longstanding relationship and we might just structure the deal a little bit differently. So an additional element that comes in as a part of the revenues is, of course, the migration of all the legacy data that they might have. But otherwise the components remain the same. It is license, implementation, maintenance and migration.

Digant:

Okay. Your employee cost, at least the last three quarters I can see they have stabilized around 58-59 crores per quarter. So do you see it stabilizing there or we could see that going up a little bit more?

Ashish Nanda:

See, we are consciously making efforts to make investments in development, sales and marketing. We will continue to do further more investments for some more time, as we understand.

Digant:

So there's a good likelihood that this employee cost count could actually go up in the coming quarters?

Ashish Nanda:

Yes, likely.

Digant:

Okay. I understand that our order implementation cycles have got long. But I think that is taking quite a bit of hit on our profitability. So when does that time come when despite increase in your employee cost your profit actually starts showing some traction or maybe the previous level if not.

Ashish Nanda:

Our understanding is that investments are going to pay off. We would definitely like to come back to the old numbers as anybody else would expect to that. It's difficult to predict looking at the strategy about the value selling which we are doing, which are trying to create both for ourselves and for customers. We are hoping to come back to that soon.

Digant:

Alright, that's it from my side. And all the best.

Ashish Nanda:

Thank you.

Rahul:

Sir, can you please share some revenue number from Finn Axia product for this quarter and maybe of nine months?

Ashish Nanda:

As we mentioned, we don't track it the product wise which are there. So no numbers specifically, and also on the guidance we are not giving. We don't give any guidance reference. So apologies for not being able to have that number for you.

Rahul:

Okay. That's fine, sir. Thank you. But just one more question on Finn Axia. Will this product also add some transaction revenue stream going forward?

Avnish Datt:

Rahul, some of our current customers or some of our interactions with the current opportunities on the table are structured whereby the customer might pay a startup fee by way of licence. But there is a transaction-based revenue model too.

Rahul:

Okay. So out of the revenues that we booked, what percentage would be from transaction?

Avnish Datt:

No, we don't have any current customer who is giving us transaction-based revenues. But in the future some of the opportunity conversations that are going on have that pricing model.

Rahul:

So those transactions revenues would come from products like Finn Axia and PaySe or any other product.

Avnish Datt:

Actually, all of our products. We have transaction-based pricing as well as the licensing model. So it could happen in all three. In fact, one of the deals we had this quarter is on a transaction-based pricing model on the lending side.

Rahul:

Okay. Thanks a lot, sir. That's it from my side.

Avnish Datt:

Thanks, Rahul. We can take one more question. But we have a customer meeting, so some of us will have to leave now.

Shankar:

Hello, sir. Thanks for the opportunity. Sir, my question is pertaining to PaySe. So where are you going to launch this product, in India or abroad, or both the markets?

Ashutosh Pande:

Yes. So PaySe we are initially going to launch in India. Actually we've launched it in India last month. As I mentioned earlier we already completed three months of field trials. We'll do another three months of field trials before we go fully live with the product. From a technology standpoint, from operational standpoint, it's designed for the global market. It's designed for those places where there is a high cost of cash. So we do see lots of the emerging markets which are still not in the plastic to adopt this solution. Clearly in India, there is a move by the government towards digital currency. So we do see that India should keep us quite busy.

Shankar:

Okay. Thank you, sir.

Ashish Nanda:

Just for the benefit of all, though we may not be able take more questions, but if there are more questions, please feel free to approach our investor relation website and we'll be more than happy to answer any queries.

Moderator:

Thank you so much, speakers. Thank you, participants, for joining the call. That does conclude our conference call for today. You may all disconnect your lines now. Thank you and have a pleasant evening.

Vishnu R. Dusad:

Thank you.