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Nucleus Software

Earnings Conference Call

Event Date / Time: 19/05/2025, 15:00 Hrs.

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33-35 Thyagraj Nagar Mkt, New Delhi - 110003

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**Moderator**

Good afternoon, everyone. A very warm welcome to all of you for this Nucleus Software Earnings Conference Call for the quarter and year ended on March 31, 2025.

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 and Executive Director; Mr. Surya Prakash Kanodia, Chief Financial Officer; Mr. Ashwani Arora, Senior Vice-President; Mr. Ashish Khanna, Chief of Staff and Marketing Officer; Mr. Mukesh Bangia, Vice President; Mr. Abhishek Pallav, Vice President; Mr. Pradeep Malik, Vice President; Ms. Swati Patwardhan, Chief Human Resource Officer; and Mr. Tapan Jayaswal, Financial Controller.

As you all are aware, Nucleus Software does not provide any specific revenue earnings guidance. Anything which is said during this call, which maybe reflect our outlook for the future of which may be construed as a forward-looking statement must be reviewed 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 the website, 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 the Q&A session. With this, I now pass it over to Mr. Vishnu. Thank you and over to you, sir.

Vishnu R. Dusad

Thank you. A warm welcome to the investor's call for the quarter and year ending March 31, 2025. We are thankful to you for your interest in Nucleus Software. It has been a year of building strength and delivering sustained value to our customers. We have been making steady progress in aligning our resources for customer success and are confident of increasing the value that we deliver. With those words, I'm handing over to Parag.

Parag Bhise

Thank you, sir, and welcome, everyone, to this quarter's call. A warm welcome to you. This quarter, as Mr. Vishnu mentioned, has been good for us. We managed to add three new logos in this quarter and also got some incremental support from our customers, existing customers. And we were able to complete some significant milestones, and that's what is reflected in our numbers, we continue our focus on our investments in technology as well as our people. That is going to be the continuing focus for the entire year. Our lean journey, what we have been talking about, remains our focus, and we plan to take it to the next levels to derive maximum benefit. I'll close with these remarks. Thank you very much. And over to Tapan for giving the financial update.

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**Tapan Jayaswal**

Thanks, sir. And good afternoon, everyone. Highlights from financials are consolidated revenue for the quarter is at Rs. 228.9 crore against Rs. 205.7 crore QoQ and Rs. 210.3 crore YoY. For the year, it is Rs. 832.3 crore against Rs. 826.5 crore for the previous year. Overall revenue in foreign currency, including Indian Rupees revenue for the quarter is USD 26.5 million against USD 24.4 million QoQ, and USD 25.3 million YoY. For the year, it is USD 98.5 million against USD 100.6 million for the previous year.

Product revenue for the quarter is at Rs. 199.6 crore against Rs. 174.8 crore QoQ and Rs. 179.4 crore YoY. For the year, it is Rs. 713.8 crore against Rs. 711.4 crore for the previous year. Revenue from projects and services for the quarter is at Rs. 29.4 crore against Rs. 30.9 crore QoQ and Rs. 30.9 crore YoY. For the year, it is Rs. 118.5 crore against Rs. 115.1 crore for the previous year. For expenses, cost of delivery, including cost of product development for the quarter is 57.3% of revenue, 70.7% of revenue QoQ and 63.5% of revenue YoY. In absolute terms this is Rs. 131.3 crore against Rs. 145.5 crore QoQ and Rs. 133.5 crore YoY. For the year, it is Rs. 568.7 crore against Rs. 511 crores for the previous year.

For marketing and sales expenses for the quarter is 4.9% of revenue, against 5.6% of revenue QoQ and 3.3% YoY. In absolute terms this is rupees Rs. 11.2 crore against Rs. 11.6 crore QoQ and Rs. 6.9 crore YoY. For the year, it is at Rs. 36.1 crore, against Rs. 36.6 crore in the previous year. G&A expenses for the quarter is 5.3% of revenue, against 7.6% of revenue QoQ and 5.7% YoY. In absolute terms, this is Rs. 12.1 crore against Rs. 15.6 crore QoQ and Rs. 11.9 crore YoY. For the year, it is at Rs. 59.8 crore against Rs. 59.4 crore for the previous year.

EBITDA for the quarter is at Rs. 74.3 crore against Rs. 33.0 crore QoQ, Rs. 58.0 crore YoY. For the year, EBITDA is at INR 167.6 crore against Rs. 219.5 crore in the previous year. Other income from investment and deposit is at Rs. 16.7 crore against Rs. 14.8 crore QoQ and Rs. 14 crore YoY.

Total other income for the quarter is at Rs. 16.6 crore against Rs. 15.6 crore QoQ and Rs. 14.2 crore YoY. For the year, the income from investments and deposit is at Rs. 64.8 crore against Rs. 48.1 crore for the previous year. Total Other income for the year is Rs. 66.3 crore against Rs. 50.9 crore for the previous year.

Total taxes are at Rs. 22.8 crore against Rs. 10 crore QoQ and Rs. 16.3 crore YoY. For the year, taxes are at Rs. 56.1 crore against Rs. 64.2 crore in the previous year. Net profit is at Rs. 64.8 crore for the quarter against Rs. 35 crore for the quarter and Rs. 52.1 crore YoY. For the year, it is at Rs. 163 crores, against Rs. 191.6 crore in the previous year.

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Other comprehensive income is at Rs. (0.2) crore for the quarter against Rs. (1.7) crore QoQ, and Rs. (6.0) crore YoY. For the year, it is at Rs. (3.6) crore against Rs. 1.9 crore in the previous year. Total Comprehensive income, which includes net profit and other comprehensive income, is at Rs. 64.6 crore for the quarter against Rs. 33.3 crore QoQ and Rs. 46.1 crore YoY. For the year, it is at Rs. 159.4 crore against Rs. 193.6 crore in the previous year. EPS for the quarter, it is at Rs. 24.6 as against Rs. 13.3 QoQ and Rs. 19.5 YoY. For the year, it is at Rs. 61.4 against Rs. 71.6 in the previous year.

In terms of foreign currency hedges, on 31 March 2025, we had USD 3.25 million of forward contracts at an average rate of 86.24, there is a mark to market gain of Rs. 0.06 crore, which is taken to the hedging reserve in the balance sheet. Revenue contribution from the top five clients for the quarter is 27.8% against 28.1% in the previous quarter.

Total cash and cash equivalent as of 31st March 2025 are Rs. 877.3 crore against Rs. 877.9 crore as on December 31, 2024. This includes balance in current accounts of Rs. 50.5 crore various schemes of mutual fund Rs. 597.4 crore, fixed deposits of Rs. 196.1 crore, investments in tax free bonds of Rs. 33.3 crore. With regards to receivables, we are at Rs. 137.4 crore against INR 109.6 crore previous quarter.

During the quarter, there is a gross addition of fixed assets of Rs. 8.50 crore, consisting primarily of Rs. 6.93 crore on Computer & Servers, Rs. 1.01 crore on Building and Plant & Machinery, 0.29 crore Furniture & Fixtures, Rs. 0.19 crore on Software and Rs. 0.08 crore on Office Equipment's.

Question & Answers

Moderator

Yes, sir. Thank you, sir. With this, we are now open for the question-and-answer session. 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. If you wish to ask a question, please press * and 1 on your telephone keypad and wait for your name to be announced.

We have the first question from Rushabh Shah from Buglerock PMS.

Rushabh Shah

So one of the questions why I have that in one of the few things in your company, the employee, what has been the attrition rate over the years? And what kind of incentives do you provide so that they stick with us for a long period of time?

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**Swati Patwardhan**

So, our attrition, for last couple of years is our average is less than the industry average, substantially less than the industry average. Our voluntary plus involuntary attrition would be at around 11% and lesser. That's on attrition and in terms of measures that we are taking to retain, we have two focus areas. One is continuous engagement with our people so that our engagement pillars, when it comes to career growth and development, are very robust, and there is a lot of focus on continuous improvement and development, another part is on the experience, the voice of customer is something that, we keep channeling our energies and insights into, arresting any early discontent and tackling it before it reaches the resignation stage, that's something that we do proactively for attention, then from an incentive perspective, our compensation structure has a component of variable bonus, which is linked to not just the individual performance but also linked to organization performance, which is paid out at the end of the year, thus, we encourage everybody to stay back so that they can have their fair share of earnings as well.

Rushabh Shah

And my second question is, in general terms, when a customer is in our pipeline, how long does it take to convert that customer into sales? And what would be the possible reasons from the customer's end to delay the process?

Ashish Khanna

Hi. Thanks for the question. This is Ashish Khanna. So the typical sales cycle in the enterprise software's is a little longer now. So it's typically varied from 8 months to 18 months. It really depends upon the complexity and nature of the line of business they want to enable. What typically we are seeing now is that the real reason for delay is that technology has become so important that it become a point of discussion at a board level, it's not just limited to the CTO or CIO. Now the technology conversation and discussion is going up to the board level, there are a lot of iterations and conversation at that level also. This is positive also.

That's how we look at it because it became a very strategic subject, how to enable and have that technology empowerment at all level so that the organization, the financial institution will grow steadily and serve the masses to answer your question, typically the segments are longer now, and the real reason is primarily because the conversation goes up to the board level now.

Rushabh Shah

My last question is, in one of the calls you mentioned that you have very strong basis for selecting the customer. So could you let us know what are those bases and why those bases are so important for you?

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**Ashish Khanna**

For any customer, for any organization to select a customer, right, and vice-versa, there are certain guidelines, parameters, governance framework which are built up at an organization level. I'll give you a very vague example. Anybody is doing a business in financial space, and if we are not very clear about the business model, we don't want to give our software for that particular institution or for that particular business, so clarity has to be there. There is a robust framework for us to evaluate a specific prospect, right, including the governance, including the kind of a business they are doing, what's the regulatory view on that business, keeping all these lenses enabled, we take our decision whether to continue with that particular prospect or not. It is a robust framework at all levels which we use to evaluate a particular prospect while considering that while investing our time and energy to onboard the customer.

Moderator

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

Rahul Jain

So, firstly, we're going to begin with some bookkeeping question actually I missed. And as usual, the voice was really low when this number was shared, Tapan. So it will be great if you could get the order book data. I could not hear that at all, and the top five customers contribution which was mentioned.

Surya Prakash Kanodia

So, yes, so Rahul, thanks for the question. So the order book, which is pending as on today at the end of the quarter, I would say, is INR 600 plus crores. So that is the order book on which we are sitting. In terms of the revenue from the top five customer, it is around 27.8%.

Rahul Jain

So the INR 600 crores was only for the product or this is the overall usage?

Surya Prakash Kanodia

This is overall. This includes product and services.

Rahul Jain

And this number, if I'm right, was INR 700 crores in the previous quarter?

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**Surya Prakash Kanodia**

Yes. I mean, the way it happens is clear the order book and then as the quarter goes, so you would have seen that we have exhausted almost like INR 248 crores in this quarter. So, yeah, I mean, that is how it has happened.

Rahul Jain

Right. And what will be the services part of these 600 crores?

Surya Prakash Kanodia

So I would not be having the exact number, but roughly around 14% to 15% of our revenue comes from services. So this is an indicative, but, yeah, you can take a clue from there.

Rahul Jain

Now, you know, there are few observations in the current result. I think one important one was, the mention of the three key incentives for FY 26 around platform expansion, AI product, innovation and global customer insight. So if you could double click on that Mr. Parag or Mr. Vishnu, if you could serve us to do that. Thank you.

Vishnu R. Dusad

Yes. If you could repeat the question.

Rahul Jain

Yes. So I'm just referring to press release where we have said that our effort going for the FY 26, we would be, you know, unlocking, our potentials which are key imperatives, which were platform expansion, we have powered product generation, global customer impact.

So if you could show more light on this.

Parag Bhise

We have our engineering head also, but I first give, some preliminary inputs. And if required, he can talk more about it. Essentially, you all know it is a time of AI enabled now, we took our time to decide our AI strategy, but we are now clear in our both our products, whether it is retail lending, transaction banking. We now have a list of use cases, a long list of use cases, which we, want to build. In fact, we started building them with every release. Some use cases are getting rolled out, and that's what was meant by that portion of the release that's going to be the focus this year in addition to building our functionality and focus on robustness, AI and environment is going to be the focus in a nutshell.

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**Rahul Jain**

Sure, sure. And just to understand your geographical dimensions or growth, what we saw is that India saw a good growth on a Q-o-Q basis. And you mentioned that there were three new logo wins. So did some of these come in India geography and in the milestone, and what part of the revenue are led by milestone hit, or is it largely led by a new logo win that has shown the growth in India?

Surya Prakash Kanodia

So, yeah, this is Surya here, New logo that we got, this combination we got in India, we got outside India as well. It is a combination. Another, the total revenue, the revenue, which is related to milestone or, let's say, product and implementation would be in the range of 12% to 14% in this quarter. The rest is related to our services and the usual AMCs that we do.

Rahul Jain

Understood. And another geography that has been seeing some consistent improvement in Australia and we should talk about the last potential year couple of years back. So any color you could share in terms of how this region is shaping up? Is it coming from AMC repricing on the existing customer? Or is there are more split expansion or new logos in that part in this region?

Ashish Khanna

This is Ashish. So definitely, we talked about Australia, we talked about North America. So all these geographies are very strategic and important for us. So Australia primarily getting strengthened from multiple lenses. We are working closely with some of the strong players there from one from more than decade and one from almost 5 years now and some others who are being we are in touch with to innovate in that geography. So a lot of traction is coming from that geography. And similarly for North America, the last 1.5 years, we were building we are doing a lot of you must have seen our LinkedIn and all, we were doing a lot of industry events. We are connected with a lot of stakeholders there. We are again getting good traction because we see that a kind of an IP we have built, it has a strong potential to disrupt and to bring right value to the end customer in that geography. So both geographies look potentially important and strategic for us.

Rahul Jain

Right. So, Ashish, I got you right. You're saying the current growth in the Australian account will have come from our record old relationships. But, yes, there is a large potential pipeline. And if you could clarify that part. And secondly, on the North America, we are participating more. Is there a strategy because it's a very, very large market in terms of number of unique customers, lot of community banks, mid-sized banks. So is there an area that you have identified as our sweet spot in terms of the asset size or book size or any other that we are filtering that out?

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**Ashish Khanna**

Yes. So, Rahul, the first point on Australia, your understanding is right that we have obviously two very happy customers and then we have a strong pipeline in Australia as a region. On the North America side, we do have a strong strategy, a very focused strategy on a very specific line of business with a clear focus on and a specific focus on the lending platform. So yes, I mean, that's what I can share at least at this stage, we have a very specific focus approach for a line of business in North America as a region.

Rahul Jain

I think I was more focused in trying to understand what's within North America because its, geographically large market. There are a lot of, 2,000, banks, which could be a potential customer fee, for our product offering. So, is it cut by, you know, by geography or size of the bank? Or it's all over the place right now?

Ashish Khanna

So, Rahul, we'll as I mentioned, we have a very strong strategy about a very specific line of business and specific industry in that geography, right? I won't be able to share that specific right now, but we'll make a beginning you know wherever there is a strong possibility and opportunity, and we are seeing that traction already while we are engaging with some of the prospective customers. But you are right, it's a very, very vast and wide market, right?

It's a very complex also from every aspect during regulatory, we are very clear where we want to go as an organization with all our strength, which matches with that opportunity, which we foresee right now, we do have a very strong strategy in place. But yes, time will tell because the government dynamic, the geopolitical dynamics are such that it will be difficult for us to comment on anything beyond this.

Rahul Jain

Yes. I appreciate that color. And just one more element which Vishnu ji could add on it because as we said, it's been around for fairly long period of time we have seen all these Indian vendors also trying big time now, including names like Collateral, which are now a U.S. company. But we have seen very limited success, by most of your competition, big and small, alike. So is this right now at a marketing stage for us and it's like we are building for a long-term potential here? Or do you think it will be monetized on a, you know, one-to-three-year basis as well? Any color on that will be great. Thanks.

Ashish Khanna

So, Rahul, maybe I'll address it on behalf of the entire organization. So the experience really you know the world we are into is very dynamic, right, as Parag also talked about the way AI is changing things, the way things are unfolding, not just on technology front but also on the geopolitical front. So a lot of things are changing very dynamically and very fast nowadays, right? So past experience definitely helped, right? But I think how do we see and prioritize our things as we go along and very fast in that

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process. I think that is going to set the game for us. So that's what we can say at this stage. We are definitely leveraging our past experience, but at the same time, we are bringing a lot of change internally to be more agile, more focused and stronger as an organization with all our strength in place. So that's what we can share at this stage.

Abhishek Pallav

I just want to add two more things. So just to add to it, as an organization, our entire focus remains on the customer centricity and value that we can create for the prospect during this journey, of course, as you rightly mentioned, this is the world of VUCA and we have to be extremely cautious at the same time, we know our strength, we also know during our journey to the prospect that how we can create value. We go step by step with the right fundamentals in place and hopefully expect this to get into the results.

Rahul Jain

Thanks for so much color on that. And just lastly from my side, is on the employee cost. This has seen some down. If you get some time, the reason for reversal that have happened or any other aspect that you could talk about in closing headcount or any senior basis versus volume wise to be a third country?

Surya Prakash Kanodia

You are talking about the employee count as well as the employee cost reduction that I'm seeing? in terms of employees, we have added employees in the last quarter. We are seeing opportunities. We are seeing space for investment in our technology and that is the reason we are adding employees.

Further, in terms of the reduced cost that you see, this is on account of the true up or true down of our various costs and provisions that we do towards the end of the year, primarily being on the employee side because for employee what we have done at the beginning of the year, we have linked a part of the employee's compensation available pay, as Swati was also mentioning, to the organizational performance, towards the end of the year, on the basis of the actual performance that we have seen. That is the reduction that you see as part of the employee cost.

Rahul Jain

Right. And I think this is a comment which some other people also suggested in the past.

Given that the kind of a start moment that you observe in this cost trend, it will be better if we could, you know, give a clarity on this as in the, you know, in the ensuing quarters so that, we would know that this could, otherwise, if you look at the Q4 performance, it is starkly different than, the previous quarter in terms of cost as well as, the growth I can understand you can't find it, but, cost because we know there is a good probability that it would get unutilized on the provision side, Some clarity on that aspect could be a great help going forward. Thank you.

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Surya Prakash Kanodia

Good recommendation. We have taken a note of it. We will look at how we can handle this.

Rahul Jain

Generally, we have not observed this kind of big delta, maybe it depends upon the size of that provision versus the total cost. But with this kind of calculation, we don't see any other kind of. Thank you.

Moderator

Thank you, sir. Next question comes from Mr. Mihir Manohar from Carnelian Asset Management.

Mihir Manohar

Hi and thanks for giving the opportunity and Congratulations for the good numbers. Sir, I wanted to understand the operating profit, one of the INR 33 crores to INR 74 crores in the last quarter. So I mean this increase which has happened, I mean, how much portion is coming from the reversal and how much portion is coming from license, a large license fee, if you can quantify that, that will be really helpful?

Ashish Khanna

Sorry, I think you have to repeat the initial part of the question because I think we do some connection in between. So sorry for that.

Mihir Manohar

Sure, sure. Am I audible?

Ashish Khanna

Yes, you are audible now. Go ahead.

Mihir Manohar

Yes, sure. So basically, the operating profit has gone up from INR 33 crores to INR 74 crores quarter-on-quarter basis. How much of it is coming from the provision reversal which you just talked about? And second thing, I mean how much is coming from the license part of the piece? Generally, what happens is that license directly flows at the bottom line. So I wanted to understand these two things.

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**Surya Prakash Kanodia**

Yes on account of provision reversal, the benefit is of INR 8.5 crores. See, most of the growth in the operating profit that you see is because of the growth in revenue that has happened, we being a product company, we don't see a proportionate rise in cost when we get our revenue up. So that is the reason you would have seen that most of the revenue increase that we have experienced in this quarter is sitting as part of the profitability. In terms of as I said, in terms of cost, INR 8.5 crores is on account of what I said. The remaining is the efficiency that we have been able to bring into the organization.

Mihir Manohar

Understood. Sure, sir. So for INR 4.29 crores of revenue which is there, how much of the license in this INR 229 crores and last quarter INR 200.6 crores, how much was license over there?

Surya Prakash Kanodia

The license revenue, including implementation we counted together, contributes around 10% to 12% of our total revenue. So you can count around 10% to 12% is contributed by license. The remaining is on account of other factors.

Mihir Manohar

Sure. Understood. Sir, if you could just break up the INR 830 crores, I mean how much would be license, implementation, how much would be AMC that would be really helpful, sir?

Surya Prakash Kanodia

That kind of detail I fear we don't share. I mean I have given you a rough breakup, but beyond that, it will be not possible for me to provide that breakup to you.

Mihir Manohar

Okay. Sure, sir. Understood. The second thing I wanted to understand in Europe and Middle East. So basically, Europe and Middle East, what are our top customers in that particular geography? I mean, is it Tier-1 how do I understand that?

Ashish Khanna

We have if I talk on Middle East, we have 7 out of top 10 customers, 10 banks with us. Both Tier-1, Tier-2, they work with us, deliver their enterprise software solutions to run their assets out of the business.

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Mihir Manohar

Sure. Understood. And Europe?

Ashish Khanna

Europe, we have a limited presence as of now. So we have a specific set of customers who are using it. They are again Tier-1, but not we don't have too many customers there as of now.

Mihir Manohar

Understood. Sure. My last question was on the AI investment, sir. If you can quantify what is the, I mean, what amount how much are you spending on a per year basis? And what kind of products or what kind of solutions are we developing over here? Some used cases, if you can provide clarity, that would be really helpful, sir.

Abhishek Pallav

As AI initiative is part of our product R&D. And as mentioned in the start of the call, we are it comes as a strategic part of the initiative and being taken care like that. So it is not like a specific quota or sort of budget is there, but a large part of R&D that is there. Good part, we are investing into AI and our strategy is to bring as many as used cases into implementations in next couple of months and quarters, the year after. As mentioned by Parag sir that we have already created a backlog. We have started burning it. Some of capabilities are already rolled out. Some are in the pipeline and going to come in the next quarter. So it is like that. So in nutshell, there is a sharp, very sharp focus on that and so is the investment.

Ashish Khanna

So additionally, just to kind of add one more point. So it's cutting across all the product lines. So it's like embedded in the day-to-day work of all the engineers. So it's not something we are building out of box and then bringing it across. So AI is now everything is getting reskill to AI and we are enabling AI across all the product lines horizontally.

Mihir Manohar

Sure. Understood. I mean, what comes to the total R&D expense for us, INR 60 crores?

Ashish Khanna

Total R&D expense, so I mean, we don't define as such Surya, maybe you want to take this.

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Mihir Manohar

I'm sorry, I think there was some disturbance there.

Surya Prakash Kanodia

No. So see, R&D cost of the total cost that we incur, R&D cost would be approximately 5% to 6% of the total cost at the incurred in a quarter.

Mihir Manohar

Ok that's all from my side. Thank You.

Moderator

Thank you. Next question comes from Mahak Singhvi an Individual Investor. Please go ahead, get back to him, sir.

Mahak Singhvi

Thanks for the opportunity.

My question is, are we using transaction-based pricing for our products? Or is it user based?

Ashish Khanna

We are using both. I mean, we are using transaction-based pricing as well as user-based pricing. our pricing model consists of both transactions based as well as user-based pricing. And there are other variants of this model. So yes, it is a mix of some two, three models which are prevalent in the industry.

Mahak Singhvi

Okay. And with AI adoption, you don't think that we will go fully based on transaction-based model?

Ashish Khanna

So again, as I mentioned, our AI capability is going to cut across all the product lines. So it's going to add another layer of value to our customers, end customers and customers, right? So I mean, we don't see that we are going to work on a very specific kind of commercial model for AI. It is going to cut across and then it could be again a variant of mix. It could be a transaction. It could be some license-based pricing. It could be mix and since AI part of the AI used cases is expected to enhance product

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capability for a given domain, so in that case, AI assisted capability will, of course, add the pricing tier pricing portion of it. So in a way, what you would expect, the answer is yes.

Mahak Singhvi

Ok thank you. And I have another question. Price revision is being negotiated with how many clients? I need a number.

Ashish Khanna

So we don't generally, as a practice, we don't give very specific numbers. But as we mentioned in our last quarterly investor call, we have done pricing, rebased learning for most of our customers. So I think that exercise is already done by now. anything further if you want, I can support you with.

Moderator

Thank you. The next question comes from Prathap Maliwal from Mount Infra finance. Please go ahead and take your question, sir.

Prathap Maliwal

I just wanted a clarification. You said that Q4, we got some milestone-based revenues. I think you pointed out the quantum of the milestone-based revenues as well, 12 to 14% of our revenues this quarter. Is that correct?

Surya Prakash Kanodia

That's 14%, yes.

Prathap Maliwal

Okay. So X of the milestone revenue, so our revenue would have been somewhere around INR 200 crores?

Surya Prakash Kanodia

Yes, approximately that number, correct.

Prathap Maliwal

Okay. And milestone-based revenue, this is a onetime thing or this is kind of something that happens every Q4 every year? Is it of that nature?

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**Surya Prakash Kanodia**

This is a continuous flow. If it's a continuous flow, we get long term projects. Milestone is basically on the percentage of the project which has been completed in the year or in a quarter and therefore what is the revenue related to that. So it is not one time in nature, it is something which is a continuous flow.

Prathap Maliwal

Okay. So it can happen on a quarterly basis going forward as well any quarter?

Surya Prakash Kanodia

Yes.

Prathap Maliwal

Okay. And just on your employee cost, as you said that we had some provision pull downs regarding the variable pay, so can you just help me understand what would be our normalized kind of employee cost level going forward?

Surya Prakash Kanodia

So, I mean see, the reversal that you see in our number is to the tune of around INR 8.5 crores. So expect whatever number that you see is the BAU number for us.

Prathap Maliwal

Okay. So then it comes about INR 130 crores. That's still, I think, an INR 7 crores reduction from the previous quarter. And you said that you're adding employees. So just wanted a clarification on that part.

Surya Prakash Kanodia

Yes. I think there were some other provisions also which were like additional provisions. I would say the provisions were made in excess of what this would have been actually incurred. And that is one tool that we did towards the end of the quarter as well, the deduction that you see, the one related to the variable pay is something which obviously is one time, but the remaining is something which is kind of bringing the cost in line with reality.

Prathap Maliwal

Ok. Understood. Thanks for taking up my question.

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Moderator

Thank you. The next question comes from Mr. Rahul Singh from Aide Search Business Solutions LLP. Please go ahead with your question.

Rahul Singh

Hi, Question about this cash and cash equivalent balance sheet. So we can see the buyback or expect to be in the near future. What are planned with the cash surplus in the balance sheet? So we can see any buybacks or special dividends in near future?

Surya Prakash Kanodia

So buyback is something which we are not thinking now. I mean, we are not thinking for both buyback and the special dividend at least in this quarter. I mean, we had our Board meeting. So we haven't discussed any of these two at least in this meeting. I mean, in future what we will do is something we should decide later.

Rahul Singh

Yes, sir. So I have already one question. Did we lose any customer this quarter?

Ashish Khanna

Yes. I mean, as we talked about the dynamic nature of things which are changing and the way things are unwrapping. So at least so in the last quarter or maybe 5, 6 months, we have lost two customers. Yes, we have lost two customers.

Moderator

Thank you. We have a question from Vinay Nadkarani from Hathway Investments Pvt Ltd. Please go ahead with your question.

Vinay Nadkarani

Yes. this quarter has a really amazing quarter. I just wanted a clarification on the efficiency that have come in. You have said that your employee cost of around 8 odd crores has been reduced, but the reduction is almost INR 15 odd crores from last quarter to this quarter. So I assume that the balance is on account of efficiencies. Now what kind of efficiency could you attribute them to reduce your employee cost?

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**Surya Prakash Kanodia**

Okay. So in my response to the previous question, I actually mentioned that what had happened is like we were making provisions related to some kind of employee distribution that we do. That is something which we do kind of towards the end of the quarter or at the end of the year. So it is not like I mean obviously there are efficiencies that we are driving in this form that we are able to extract almost like 11% more revenue without kind of increasing our headcount much. So in that respect we are driving efficiency.

However, when you see rupee to rupee drop in the cost, it is primarily on account of true up or true down of the revenue, the main being one that you spoke about related to the employee cost and then there are some others also where we were getting carrying some provision which we have kind of proved to the actual cost that we see we have been incurring.

Vinay Nadkarani

So, would it be right to say that going forward, say around INR 122 crores or would be a rough-cut quarterly employee cost?

Surya Prakash Kanodia

Okay. I mean, obviously, I don't want to get into position of being predicting or talking about a number which is related to quarter one number. But having said that, please remember, we spoke that we are investing in our people as well as our employees. So therefore, on the factor of that, they could change. So I mean, I'm giving you probably a vague answer, but yes, these are sectors I cannot give you the exact numbers that is the issue.

Vinay Nadkarani

Thank you. I appreciate it. The only other last question is when I look at your revenues, they were consistently around INR 205 crores and suddenly this quarter it has gone up to INR 229 crores and that is primarily because of new business acquisition that you would have got. Anything that you can share with us on what made this jump come from INR 206 to INR 229 quarter-to-quarter?

Surya Prakash Kanodia

Yes. So see, it is a combination of many factors which has come into play and that makes us happy for the whole quarter because the revenue has been spread across different customers as well as across different line of businesses that we operate. Okay? So the addition in revenue, obviously, as you spoke, has come from addition of new business from new customer, but even more importantly, the trust that has been shown by our existing customers and they have given additional business, which we have kind of delivered and therefore converted to revenue in this quarter and then the last one is the efficiency that we were able to bring in, in the sense that in the last quarter, the entire organization joined their hands together, delivered their project to the customers in the most

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efficient manner because of which we were able to deliver the right quality in the right time which helped us to bring in more revenue as well. So it's a combination of all these factors which played their role to bring the revenue up.

Vinay Nadkarani

Yes. And lastly, there is one question can I ask?

Surya Prakash Kanodia

Yes, please.

Vinay Nadkarani

You said you lost two customers in the last six months. How many new logos have we added in the last quarter and last half year maybe?

Surya Prakash Kanodia

Yes, so in the last two quarters we have added four logos.

Vinay Nadkarani

Ok thanks a lot wish you all the best.

Moderator

Thank you. There are no further questions. I would pass it over to Mr. Vishnu for his closing comments.

Vishnu R. Dusad

Hello. I take this opportunity to thank you all for your sustained interest in Nucleus Software. And I would like to reiterate on behalf of all my colleagues, our commitment to continue delivering value to all our stakeholders.

Thank you very much.

Moderator

Thank you, sir. That concludes our conference for today. Thank you for your participation. You may all disconnect now.

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