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Date: 25th January 2026

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	**National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, G Block, Bandra- Kurla Complex Bandra (E), Mumbai – 400051
Ref.: Newgen Software Technologies Limited (NEWGEN/INE619B01017) Scrip Code – 540900	Ref.: Newgen Software Technologies Limited (NEWGEN/INE619B01017)

Sub.: Outcome Transcript – Conference Call – Q3 FY'26

Dear Sir/ Ma'am,

As intimated earlier through our letter dated 13th January 2026 regarding the Conference Call – Q3 FY'26 of the Company, which was held on Tuesday, 20th January 2026 at 4:00 P.M. (IST), please find enclosed herewith a copy of the transcript of the said call with the Investors/ Analysts.

The transcript of the said call shall be made available on the Company's website at https://newgensoft.com.

This is for your kind information and record.

Thanking you.

For Newgen Software Technologies Limited

Aman Mourya
Digitally signed by Aman Mourya
Date: 2026.01.25 10:31:46 +05'30'

Aman Mourya
Company Secretary & Head-Legal

Encl.: a/a

"Newgen Software Technologies Limited

Q3 FY '26 Earnings Conference Call"

January 20, 2026

MANAGEMENT: **MR. T.S. VARADARAJAN – CO-FOUNDER AND WHOLE-TIME DIRECTOR – NEWGEN SOFTWARE TECHNOLOGIES LIMITED**
MR. VIRENDER JEET – CHIEF EXECUTIVE OFFICER – NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MR. TARUN NANDWANI – CHIEF OPERATING OFFICER – NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MR. ARUN GUPTA – CHIEF FINANCIAL OFFICER – NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MS. DEEPTI MEHRA CHUGH – HEAD, INVESTOR RELATIONS – NEWGEN SOFTWARE TECHNOLOGIES LIMITED

MODERATOR: **MS. SEEMA NAYAK – ICICI SECURITIES LIMITED**

Please note that the transcript has been edited for accuracy purposes

Moderator: Ladies and gentlemen, good day, and welcome to Newgen Software Technologies Limited Q3 FY '26 Earnings Conference Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Seema Nayak from ICICI Securities Limited. Thank you, and over to you, ma'am.

Seema Nayak: Thank you, Rudra. Good evening, and welcome to the Q3 FY '26 Earnings Call of Newgen Software Technologies. It's my pleasure to introduce the senior management team of Newgen. We have with us today Mr. T. S. Varadarajan, Co-Founder and Whole-Time Director; Mr. Virender Jeet, Chief Executive Officer; Mr. Arun Gupta, Chief Financial Officer; Mr. Tarun Nandwani, Chief Operating Officer; and Ms. Deepti Mehra Chugh, Head of Investor Relations.

I now hand over the call to Ms. Deepti for further proceedings. Thank you, and over to you, Deepti.

Deepti Mehra Chugh: Thank you, Seema. Good afternoon, everyone, and welcome to the Q3 FY '26 results of the company. Before we move on to the discussion, let me highlight that this call may contain certain forward-looking statements concerning Newgen's future business prospects and profitability. These are subject to a number of risks and uncertainties, and the actual results could materially vary from the forward-looking statements.

Past performance may not be indicative of the future performance. The company does not undertake to make any announcements in case any of these forward-looking statements become materially incorrect in the future, or update any forward-looking statements made from time to time by or on behalf of the company.

For further details, you may please refer to the Investor Relations section of our website. I would now hand over to Mr. Varadarajan for presentation of the results, which will be followed by a Q&A by the management.

T. S. Varadarajan: Good afternoon, everyone, and thank you for joining us today for the Q3 FY '26 earnings call. As we reflect over the first 9 months of the year, it showcases our strong business momentum. We achieved a revenue of INR1,122 crores during the period, witnessing a 7% Y-o-Y growth in total income. Overall, in the 9-month period, we onboarded 34 new logos reinforcing the trust and preference of global enterprises placed on our platform.

Subscription-led growth remains robust with strong contributions from U.S., U.K. and Australia, validating our geographic expansion strategy.

Q3 was a quarter of balanced performance in a still selective market environment. During the quarter, we achieved revenues of INR400 crores, witnessing a growth of 5% Y-o-Y. Last year's Q3 and Q4 were among our highest license revenue quarters, creating a naturally high base and making year-on-year comparisons challenging under current market conditions.

However, we remain confident of a license recovery in the quarters to come, supported by active near closure deal pipeline. However, we acknowledge that the larger enterprise deals are facing elongated decision cycles and traditional people-based support engagements are more difficult to scale in today's tight market. Despite these macro factors, underlying demand remains healthy. Order bookings continue to scale sharply, particularly across deferred revenue streams, enhancing revenue visibility and long-term stickiness.

Our annuity revenues continue to grow steadily. Annuity revenues were at INR250 crores during the quarter, witnessing a 20% Y-o-Y growth. Within this, subscription revenue reached INR134 crores, witnessing a strong growth of 29% Y-o-Y. We witnessed a significant growth contribution from the U.S. geography during the quarter at 21% Y-o-Y revenue growth, while the APAC region witnessed a growth of 7% during the quarter. India and EMEA regions were weaker in terms of growth during the quarter.

During the quarter, we made 7 new customer logo additions. Our key wins in Q3 include:

An order from a public sector bank in Saudi Arabia for designing and developing a loan origination system with an order value of INR38.6 crores over the next 2 years.

Agreement with a leading financial institution in the U.S. for enterprise content platform with an aggregate value of $5.3 million over a 2-year period.

Providing contract management platform for a specialist insurance company in Europe, helping users across the enterprise to create and manage policy documents. The agreed order value is GBP 1.5 million.

Working with a leading bank in Malaysia to provide end-to-end project management services for enterprise content management system implementation with an order value of approximately INR14 crores.

An order from a large bank in India for supply, installation, customization and maintenance of digital lending platform with an order value of INR16.5 crores.

An order from a captive finance unit of a leading car manufacturer in India for a loan management system with an order value of INR14 crores.

Our leadership in insurance is deepening steadily with our policy administration system offering, helping us secure a strong foothold in this high-value vertical. Meanwhile, our AI-driven solutions are gaining global traction, most notably through impactful early deployment, establishing us a credible player in applied AI for mission-critical use cases.

We are also strengthening our offerings in our core vertical organically. Our global customer base remains extremely strong and sticky, and we are expanding our footprint, both within existing accounts and across new markets.

Looking ahead, we are particularly excited about next-generation AI-led products, which will significantly enhance customer productivity, design intelligence and automation. Examples include AI-powered document understanding, generative process design, intelligent communication automation, AI-first vertical solutions. And these innovations will not only strengthen our competitive differentiation, but also elevate customer value across industries.

AI is increasingly embedded in our deals, and we continue to work on creating viable use cases in AI through significant investments in AI-driven products and solutions. We have also launched our employee AI upskilling program to build and scale a cohort of AI skilled talent within the organization. During the quarter, the company was recognized as a niche player in Gartner Magic Quadrant for business orchestration and automation technologies. We have also been added as a representative vendor for Gartner and Forrester in various market guides.

Coming to costs and profit. While Q3 registered a muted 5% growth rate, we maintained margin strength through improved productivity initiatives. We are accelerating AI-led engineering, automation and operational efficiency across our delivery and product team. Our adjusted profit after tax for the quarter, without considering the impact of the new Indian labor code changes, was at INR90 crores and net margins were at 22.5%.

During the quarter, we have considered a onetime impact of new Indian labor code to the extent of INR35 crores. In the 9-month period, the profit after tax, before considering the impact of the labor code changes, was at INR222 crores. The profit after tax after considering the impact was at INR194 crores.

We continue to prudently invest in R&D and sales and marketing initiatives. In the 9-month period, we have invested 9% of our revenues on R&D initiatives. We are also investing around 23% of revenues on the various sales and marketing initiatives. On the balance sheet front, we witnessed robust cash flow generation with our net cash generated from operating activities at INR154 crores during the 9-month period. Our net trade receivables were at INR530 crores as of 31st December 2025, which resulted in net DSO of 125 days.

In summary, with strong deal momentum, expanding subscription revenues, a sticky global customer base, deepening vertical leadership and the transformative potential of our next-gen AI product, we remain confident in driving long-term sustainable and profitable growth. We anticipate a healthy recovery in the traditional markets and are all well-positioned to capitalize on emerging opportunities. Thank you very much. We are now open for Q&A.

Moderator: The first question is from the line of Ruchi Mukhija from ICICI Securities Limited.

Ruchi Mukhija: This quarter, growth in our core markets was soft. As you look into your pipeline, how do we see the health of business in the core markets of India and EMEA?

Virender Jeet: Ruchi, thank you for your question. And first of all, wishing everybody a happy New Year. You're absolutely right. I think while we had a strong deal momentum almost getting 34 new logos, which is typical to what we did also last year with a healthy growth, in markets like India and Middle East, the numbers did not add up, because though we won the deals, we did not get substantial large license deals in these 2 markets.

And I think if you look at globally, the pipeline is looking very strong, and I think we'll see some amount of -- what we are waiting for is the larger deals conversions. So I think we are seeing slightly more deferment in large deals, decision-making. So cases are there, but the conversion of cases which are typically slightly larger is much more slower at this moment of time.

So in the near term, I think for the next quarter, we may find some conversions out of the pipeline which have got slightly pushed out, but I think next year we think things should shape up much better. Some amount of recovery and confidence in the market is expected. Some amount of uncertainty around AI has to settle down. And this is a challenge we are seeing across all markets.

When we, at the beginning of year, realized this challenge, we had really pushed for deal acceleration and increasing the funnel velocity. We have been able to successfully do that, get our both new deals and existing logo deals. But the larger ones are a challenge. And I'm not very sure how soon that challenge will get resolved. We hope that some part should get addressed in Q4, and then next year, we should get into a better shape. Ruchi, does that answer your question?

Ruchi Mukhija: Yes. You did mention that, I mean, AI is kind of leading to some kind of uncertainty. But when we look at, let's say, India and EMEA versus U.S.A., we see different vectors of growth or different growth momentum. So are we trying to suggest that in domestic market, there is more reconsideration and maybe the catch-up, how enterprise clients think about AI, will need some maturity or some catch-up before we see similar momentum as we see in the U.S. or the developed market?

Virender Jeet: Yes. I think what is happening in -- at least this is what I feel what is happening in emerging markets, people are keen about venturing into AI-led solutions. But also on the traditional solutions front, they are looking at more AI-led services and solutions to solve their problem, which is creating a bit of more debate and more of deferment rather than anything else right now. I think as soon as -- it's also about business confidence and overall business activity.

Once the business confidence is there, the decision-making cycle starts becoming better. So Indian customers are also very keen and the Middle East also, they are very keen to go up with AI projects. But also, we see on the downside that any large initiative, there is a slowdown in decision-making.

So it is difficult to clearly estimate what is the cause and what is the effect. But this is what we have seen in at least 4, 5 of our large deals where people are just waiting and holding on to decisions, seeing what else is happening across the world and in their own enterprise.

Ruchi Mukhija: Are smaller ticket size AI deals easy in the domestic market and EMEA?

Virender Jeet: Yes, yes. I think smaller ticket size, they are typically tactical in nature. See, all deals have an AI component nowadays. I think that's given. So those things out here, we don't see the same amount of challenges. And that's also you will see that acceleration in our deals. I think we have not gone in terms of number of logo wins or number of mining orders. We continue to cite that. The only difference is the large license deals, which were there for at least Q3, Q4 last year, we are not getting the same number of large license deals.

Ruchi Mukhija: Okay. AMC revenue has caught up a healthy pace of growth. Do we see this pace of growth or momentum continue in the near-term quarters?

Virender Jeet: Yes. I think surely. This is also because AMC growth is led by the previous performance of years of your license revenues and completion of projects, which are going live. More and more projects are going live. So the AMC keeps on accumulating. So at least in near few quarters, we'll see that growth momentum continue.

Moderator: Next question comes from the line of Rahul Jain from Dolat Capital.

Rahul Jain: Basically, my question too is around Jeet, we have seen that our order announcement even in Q2 and Q3 were pretty strong, but that translating into growth has not been the case in terms of the actual revenue. So is it that there are some nature of deals where we are not able to recognize as much as we have been doing in the past because of the SaaS nature or any other factor?

And even from Q-o-Q perspective, I thought the implementation tailwind of Q2 strong deal win should have supported Q3 and there are further Q3 wins. But that part of the revenue stream has also fallen. So is there a challenge around companies ramping up on the decision that they have taken, or they are ramping on the schedule?

Virender Jeet: Thanks, Rahul. I think you're absolutely right. I think on the announcement front, there are 2 things. As the companies -- the materiality limit of announcements is also very low in terms of it's almost becoming equal to many of the orders which we win. So as the logo acquisition and the deal win rate is same, so the announcements will be there.

Having said that, you're absolutely right. A lot of orders of Q2, Q3, you would have seen, have come from regions like U.S., U.K., Australia, which are typically subscription-led sales, where the upfront realization is almost nothing or there's a ramp-up period before the revenue gets realized. So there's a lesser correlation directly with order booking and the revenue realized in immediate quarters. While traditionally, on our traditional markets, since licenses are realized, there's a more upfront realization of those revenues.

On the account of order wins which have happened in Q2 and the impact on the implementation revenues, I think you are right, in a way what is happening, the larger order deals, the ramp-up periods are slightly slower in terms of when the revenue will start coming in. Also on the subscription orders which we have got also, it takes a little more amount of time to ramp up for the implementation streams.

So eventually, they should ramp up, because as the order deals have a significant part of implementation, we should be able to service them. So I don't see it's a short-term challenge, but implementation will start reflecting the size of typically the number of deals we win, orders. Significantly, it should downstream impact, the implementation revenue.

Right now, it is not showing in numbers because we are almost, for 9 months, almost 7%, 8% of implementation growth or more flattish around that. But yes, I think in coming quarters, as the more and more orders start rolling out, we'll have higher implementation revenues.

Rahul Jain: Sure, sure. Just one clarification. You said the implementation is lower even in the SaaS or subscription deal. Can you elaborate why you say that?

Virender Jeet: So in subscription also, I think before the order -- post order, since the revenue realized in all orders is typically you have to ramp up, you have to set up the cloud infrastructure, you have to eventually start the engagement. And only after that, you can start realization. So it lags almost by a quarter to start realizing the implementation revenue.

And then also initially, you will start realizing very little implementation revenues, because it's going to be milestone led or some of those things. So between second to fourth quarter, that's where you will get the maximum implementation revenue for engagement.

Rahul Jain: Okay. Okay. So we charge implementation after going live?

Virender Jeet: No. It's typically milestone based, but revenue is realized in terms of your efforts, how you realize. But the starting date, the lag between the order and the start date of implementation, there is a lag, and that lag can be almost a quarter.

Rahul Jain: Got it. Got it. And one bit more on this large deal holding up in terms of getting signed and decisioning. So how you think this would shape up from a calendar '26 perspective? What are puts and takes that could add to the confidence in terms of how the year should pan out?

Virender Jeet: See, right now, the funnel does not show any weakness of large deals. The funnel has substantial amount of large deals. The only behavior in India and Middle East of not fructifying those deals is what we have seen. We are quite hopeful about Q4, and we will see early signs in Q4 in case we are able to create a significant amount of those deals. If that starts happening, we'll have a confidence that the next year can also continue to have the large deals.

But again, like we have to de-risk cover. So that's one strategy. The other is about increasing the overall deal velocity. That's what we are working on. We are working on getting the number of wins, both in mining and new logos, at much higher rate, which can compensate for that. And then there are also new solutions, both in AI or in PaaS or in insurance, what we are trying to do, which are higher ticket items.

And they should also add to larger deal accounts for us. So multiple efforts are being done on that. But right now, as of now, what we have seen the challenge in at least this part of the year is in India and Middle East, the large deals -- it's not that no large deals have happened, but the number of large deals we traditionally used to win vis-a-vis one lesser amount of deals. And also one thing we should look at when we look at numbers, it's clear just to -- if you look at last year Q3, Q4, we were the largest ever license sale quarters.

We almost reached, from our regular run rate of INR30 crores, INR40 crores of license, to INR90 crores. And so the bases are much higher. So this year also, I think we have maintained a INR70 crores run rate of license, and which we have to improve to like INR100 crores or INR120 crores. That's the target.

Rahul Jain: Yes. And just last bit, if I could. We have seen 2, 3 years of back-to-back pretty strong performance. And this is not a business where you -- I mean, this is a business where you have to replenish a lot of your revenue, because they are onetime in nature. So is it fair to expect this kind of a year once every 3, 4 years, because that is how it would steam out at some point of time?

And also, does this kind of a year also make you think from a 2-, 3-year perspective, a more realistic growth that we would say from a rolling basis should be more like 15% rather than 20% plus that we were conveying, let's say, beginning of the year?

Virender Jeet: See, I think mathematically, what you're saying does make sense because typically, since there's a lot of revenue which has to be repeated and has to be replenished. So typically, if you have high velocity growth, then you have to continue to maintain higher velocity growth. So that's one way of looking at it. But I think for us, the way we look at it, we also look at it compensating with our foray into mature markets and compensating more from the subscription growth, which will give a more strong base.

Right now, last 3 years, our U.S., Australia, U.K. have not grown at the same size as India and Middle East growth. The way I look at is that we will have license growth coming from our traditional territories, but higher subscription value and higher size of business coming from mature markets, which should even it out over a period of time. The second thing, the way we look at is overall, broadly, the addressable market for us is pretty wide. So it does not matter if we have grown by 20% or 30%.

The potential for the business to continue that growth is quite clear out there. But yes, you're absolutely right, if the license part of the business alone keeps on growing for a few years, then again, you have a risk every few years that, hey, you may have a slightly slower because the license does not repeat. But we think in the next phase of our growth for next 3, 4 years, our subscription mature market and cloud revenues will also grow at a thing, so that there is going to be lesser impact in terms of slightly drop on license.

Rahul Jain: Just one small suggestion. We could possibly start giving an RPO data or unexecuted book data, because now if the business keeps shifting towards SaaS, I think that would be one more data to monitor the traction, because recognized revenue could be not justifying the traction that the business might have because of the deferment.

Virender Jeet: Yes, that's a good idea. I think we'll just consider it and we can work with the team to bring it as part of the data point.

Moderator: Next question is from the line of Aditi Patil from ICICI Securities Limited.

Aditi Patil: Okay. My question was on margins. So our margins have held up. Like 9-month FY '25 EBITDA growth has been in line with revenue growth. So can you help us understand how we are managing this? Because earlier, we used to guide that our cost will -- at the start of the year, we budget for a 20% Y-o-Y increase in cost, and revenue growth above that directly flows to margins. So this year, have we recalibrated our sales and marketing expenses? And like how should we think about this going forward?

Virender Jeet: So Aditi, thank you for the question. I think you're right. So what happens on the margin front, there are 3, 4 things which have really helped on the margin front. One is about there is a great operating leverage coming out of using AIs in the general engineering and tooling. So the need for the number of resources typically for the same job has gone down.

And since we are still talking about our growth rates which are like not very significant, so we didn't have a lot of need of people. In terms of our number of people, it's almost flat, and has got even optimized by a bit now. So overall, the manpower cost has come down. The second amount of variabilization has also kicked in because we are typically running on very extremely high sales performance numbers.

So typically, there is a variabilization of salary buildup because of that. So that has optimized. And broadly beyond that, if you look at our investment in R&D and sales and marketing, it's held to the same 9% and 22%, 23%. That has not gone down. But overall, we have been able to manage the cost because of these 2 operating levers we have got in this.

The other things also, if you look at the high gross margin part of the revenue, the AMC, the license, subscriptions have grown, which are not direct cost related. So typically, the operating margin overall has improved for us. So though at the beginning of the year we had planned for much more higher cost investments, but we could variabilize them looking at the business performance.

We do feel that what is happening over next 2, 3 quarters also, there is an opportunity to also still have better operating margins and as you optimize and do more AI-based enabling of various functions. So we should be able to increase our acceleration of engineering, increase our velocity of product development as well as other functions. So there is some sort of margin, which is a good thing, which has been able to have -- we have been able to hold on to.

Aditi Patil: Okay. And this quarter, did we roll out wage hike?

Virender Jeet: Yes. I think I said that for roughly around 3,000 people or something like that, yes. More than 3,000. Out of 4,500 people, almost 3,500 people we had rolled out wage hikes in October. Yes.

Aditi Patil: Okay. So our sales and marketing investments as a percentage of revenue remain constant. But as the revenue has come down, the absolute amount has also come down. So do you think you may need to increase this to like mine for, or I mean, to go for newer areas of growth?

Virender Jeet: So Aditi, when we look at sales and marketing and product investments, they don't take very quarterly lenses or yearly lenses. They are more long term. They are depending on opportunity in the market, also where we are able to find right talent. So we'll keep on investing. It's not that we will not be investing.

So what happens is a cycle of -- we have been investing very aggressively for 3, 4 years. Then we have a cycle of optimization and look back. And again, I think in this quarter and next quarters, we'll keep on investing. So they are slightly more long-term views of things. They are not short-term views of things.

Aditi Patil: Okay. Got it. And the wage hikes were in line with the previous years? Or like what was the quantum of wage hikes?

Virender Jeet: Slightly less since we covered up to -- we have not covered all. So typically up to GM and above, we have not gone ahead with wage hike this year. So it is lesser in total value compared to last year.

Moderator: Next question is from the line of Mihir Manohar from Trust Mutual Fund.

Mihir Manohar: Sir, at the start, you made a comment that there is AI-led uncertainty, which is being an impediment for making a decision. Can you throw some more light over here, when we say AI-led uncertainty, is it the case that the customers want more better products, more better offerings across the AI-led space? Or is it just a deferment happening because of the uncertainty which is there?

Virender Jeet: Sure, Mihir. So let me explain what I feel like which is AI-led uncertainty. So one thing is, typically whether it's a business environment or internal landscape of IT, what we are seeing is the largest orders across geos, at least in India and Middle East, are taking more time. And some of these orders, what we have discovered, since there's a huge interest in enterprises around AI, generative AI, all other tools.

And technologies which are emerging around that, customers are also having a re-evaluation in terms of how is AI going to impact that area of the business. So while they may have worked on the RFPs, they may have built business cases, they are slightly unsure about taking large order bets for us. This is our impression of the business.

Now on the ground, I'm not sure whether that is the real -- exactly what's happening. But clearly, what we have seen, at least in a few of our projects, even at the late stage of decision-making, customers are slightly reluctant in terms of they are looking, are there alternate ways to doing it? Are we getting the right technology stack?

Should they wait for a few months and see what things are happening and how the AI settles down or the tooling settles down. So that is what I meant by in terms of AI uncertainty. The degree of interest on AI, AI-led use case in POC is high. So that's not the case. The issue is, but on all other traditional cases, AI is disrupting it in a way that customers are reevaluating whether that's the right way to proceed. Does that answer your question?

Mihir Manohar: Yes. Okay. Understood. Second question was on the Middle East side. I mean, Middle East, last 4 quarters, the Y-o-Y numbers are, I mean, on the muted side. The expectation earlier was that, as travel restrictions will get eased, we will see growth coming back on the Middle East. So is there a challenge on the demand side? Or I mean, is it a challenge pertaining to the supply of services?

Virender Jeet: Yes, so as I said, the challenge remains the same. I think we are winning deals, I think in the Middle East, but we have not significantly won large license deals in Middle East compared to -- our license revenue for first 9 months in Middle East has declined by at least 15% to 20%, if I'm not wrong, in spite of number of deal wins being the same as last year. So the larger deals of licenses we are not getting, so that is impacting our business.

So we do expect things to start improving and slightly shaping up more in terms of both our getting more number of deals on our table, but also some of the larger deals getting fructified, getting the orders, getting sorted out that. As I said also, because the uncertainty which the whole AI environment is creating is creating also after the orders have got initiated.

Sometimes the orders are put on hold in execution stage because of people want to reconsider or the Board is reconsidering things. So this is some amount of uncertainty we are clearly seeing in at least Middle East and India.

Moderator: The next question is from the line of Meet Virani from M&S Investments.

Meet Virani: All right. So my next question would be around growth visibility. Despite a strong order book and pipeline, we have seen revenue growth has remained muted over the last few quarters. But what specific changes should investors track that would signal a clear inflection of growth? I mean, in which part of FY '27 or part of FY '28, do you realistically expect these inflections to materialize?

Virender Jeet: Sorry, I got half of your question, but I'll try to answer. So I think, yes, one of the things is typically, since we have very lumpy revenues of licenses, so predicting in future about immediate growth in that quarter becomes difficult because it is based on -- at least the last year, the same quarter was completely high on license. So unless a large or significant license is recovered in the same, you will not be able to predict.

See, there are 3, 4 pillars of prediction. The growth in annuity models are quite predictable, because they don't go down or up so soon. They are more consistent. But the license jerkiness will be there. But if you're looking to predict it for 3, 4 quarters, I think new logo acquisition and growth in order book are 2 indicators of that.

The growth in order book can have this bias that whether they are subscription orders or license orders. So it's a combination of growth in order book, the new logo acquisition, and the jerkiness of license revenue needed to be realized in the same quarter. So these 3 factors are important to look at what's going to happen in the next 2 quarters or what's going to happen.

So in that, we may have some amount of prediction about based on the order book of previous quarters and the subscription growth, but on the license front, we'll have to rely on the performance of that quarter and closure of some deals in that quarter.

Moderator: Our next question comes from the line of Rithvik Reddy from RFI Investment.

Rithvik Reddy: Can you comment how U.S. and Australia are doing?

Virender Jeet: Yes, Rithvik, I think Australia is a nascent territory for us. What we have done is, in a few years, we have reached a stage that it's a self-sustaining territory and regular orders are flowing in. If not every quarter, but every alternate quarter, some orders are flowing in. We do expect a few closures on that.

So this territory right now, our initial target was to build it to $5 million to $10 million territory, so that the base reference ability of customers get established, which we are very close to that number. I think this year, we may cross more than $5 million or something like that. And the potential to cross $10 million next year is quite high.

U.S. is shaping well on account of a couple of things. I think we are finding some foothold in the insurance space, which we invested heavily on that, both in horizontal cases and journey cases. We got some great deals on the health insurance side. And then the ECM-led large banking cases are also showing some.

So U.S., because the revenue is slightly more smoothened out because of subscription sales, the performance of previous quarters is now reflecting in the numbers, and we hope to continue that going forward.

Rithvik Reddy: Okay. In general, how effective is the AI in our business segment? And within next 2, 3 years, how do you expect, like how much more effective is it going to be?

Virender Jeet: Sorry, could you repeat? Is it about how AI's effect on business?

Rithvik Reddy: Yes. How effective is AI in our current business segment? And in 2, 3 years, how much more effective it is going to be?

Virender Jeet: See, right now, AI is -- I think everybody is excited about AI. All technology areas are getting impacted and influenced. But there is a huge interest on the enterprise side to start deploying the technology for all use cases. So for us, I think what we are seeing, we are excited about our AI road map, our AI-led products which are coming into the market. First, we are lucky to get our initial orders of AI, both in India and Singapore, and some of those are live now.

We are excited about replication of those use cases. So I think in next 2, 3 years, you will see AI central to all use cases just sold across all verticals or across all solution areas. So for companies like us, which are product companies getting ready for that change and preparing products to compete in that is what we have been investing for the last 2, 3 years.

And so we're excited that as the customer patterns and buying behavior start getting settled and the business certainty starts coming back, we will see far more explanation of AI-led deals happening in the market.

Rithvik Reddy: Okay. So what I meant is, are companies looking more effective -- the uncertainty, is this because the companies are looking for much more effective, and that's why there is a defer?

Virender Jeet: No. I think companies are right now looking at setting up their road maps of AI in terms of what are they going to do? What tool set, what technology, which areas. So basically, we are right now in this whole great area of experimentation. From now, I think experimentation typically has to be converted into real benefits.

So that's where customers are trying to now make the final choices about their AI products, which projects to prioritize, how do you start leveraging, what benefits to get. So I think you will see more acceleration now in spending in the whole digital area, whether it's AI-led or around AI.

Moderator: Our next question comes from the line of Diya Brijwani from White Whale Partners.

Diya Brijwani Yes. So my question was more on the annuity part of the business. It's 50% plus of the revenues now. So any metric that we track like gross retention, net retention. The concern comes from that are we facing any pricing pressure from our legacy customers because of the AI thing? And like at least the core verticals that we've got like ECM and BPM, is there any threat -- like currently, is there any threat to the products for our pricing on the annuity part of the business per se?

Virender Jeet: So I think broadly, the answer is, at least, no, we have not realized any threat to the product pricing or in terms of product categories we have. So predominantly, products in product businesses, people end up consuming typically the products which are at the top of Magic Quadrant or Gartner Wave Report -- sorry, Forrester Wave Report and Gartner Magic Quadrant, you expect those products will be always ready with whatever has happened in the technology.

So it is given that our all products are AI ready or they are helping customers use those AI use cases. So we don't see that. The pressure on annuity side of the revenue is going to come on typically, which is where we have seen, which is typically people-led revenues, streams where you are deploying people for further enhancement and upgradation and rolling out more journeys with the product. In the current environment, very few enterprises are looking to augment people aggressively.

So we have seen some amount of challenges in those cases in terms of some optimizations happening here and there, but nothing very significant. But as we roll out more and more use cases, we'll have some amount of teams getting added at all places. So I would say this concerns a bit of concerns around support part of our revenue, but not our ATS subscriptions, which are more committed. And there's always a room to really increase the prices out there.

Moderator: Our next question is from Srinivasu K from TIA.

Srinivasu K: Yes. Again, my question is a follow-up to the previous 2 questions on the AI side. Basically, I just want to understand that there's a lot of discussion that AI is fundamentally disrupting the traditional workflows with agentic workflows, which is actually lowering the entry barriers. So from Newgen's perspective, does this disruption put pressure on our traditional BPM workflows? Or is it actually expanding your opportunity because of the new initiatives that you have taken?

Virender Jeet: Yes. I think, Srinivasu, a very important question. And I think, yes, you will see a lot of conversation happening around agentic workflows and in terms of ease of, as you rightly say, the barrier to enter into those spaces in terms of -- so there is a segment of market, which is typically what we call more ad hoc or departmental or user-centric workflows, which is typically more seasoned developer.

That is an area which is getting slightly more transformed. But again, in that transformation, the traditional BPM or low-code companies are the ones who are going to win that area. But what Newgen's predominant forte is, our 90% of market share is very intense, rule-driven, business-centric, integration-heavy systems, where agentics would augment to that workflow.

So we would still use our products to deliver more and more value to the customer in those complex workflows. But on the other hand, you're absolutely right, some amount of disruption you will see in typically the companies which are working on typically what you call seasons development or departmental workflows, because clearly, there are multiple ways to solve that same problem, through agentic workflows, through tools which are coming from Google.

But in serious enterprise workflows, like if you're trying to implement trade or you're doing claims or underwriting or retail loan or gold loan, these are much more structured processes, where AI is going to augment the process, it's going to augment human in the loop. It is going to take some amount of decision-making and make it intelligent. But the core process infrastructure will be used by products like what Newgen delivers.

Srinivasu K: Just a follow-up on that. So over the next couple of years, do you see AI for Newgen as basically a margin lever because AI reduces the implementation effort? Or do you see it as a pricing lever, because agentic workflows improves the STP and reduces the tax? Or do you see it's like staying competitive, because everyone is offering AI, so it's like protecting your moat?

Virender Jeet: So I think very good question again. I think the answer cannot be one. I think it's a combination, because 2 things. One is, more and more value will be delivered out of the product and platform, we'll say. So we'll have some pricing power out there to get slightly higher value for all that. Our downstream revenues, which are typically implementation support, may have reduced, what you call, the time to market, time to implement or overall effort.

But you will be charging higher premiums to deliver that. So cost for the customer will come down slightly, but also you will get substantial benefits in the speed and velocity of go-to-market. And as our instances grow, so there may be a time period where you will see that larger, higher basically margin revenue streams may grow faster than the other revenue streams.

Moderator: Our next question is from the line of Vinay Nadkarni from Hathway Investment Private Limited.

Vinay Nadkarni: Just wanted -- this new H-1B visa rule of $100,000, is it going to impact our U.S. revenue streams or your ability to service your customers there?

Virender Jeet: No, Vinay, we are not in the business of sending people or having manpower-based assignments. We don't need any people movement between countries. We sell products and products don't need -- so most of the staff, we can hire locally. And in fact, even most of the staff in our sales, marketing and other service areas are locally hired.

So we can continue maintaining expansion of our business. We don't do any H-1Bs anyway. There are very few. Most of the companies will be intercompany transfers if and when they are needed. So for product-based businesses, H-1B is not a criteria.

Vinay Nadkarni: Right. Secondly, if I see the India revenue for the last 9 months, I mean, 9 months FY '26 to 9 months FY '25 is absolutely flat. Is there no opportunity for SaaS-based revenue or subscription-based revenue in India? Or is it not something that Indians prefer?

Virender Jeet: No, it's not either/or. I think traditionally, what has happened, Indian-based companies are more license-based companies. And that's why I think last 3, 4 years, they have grown significantly on those license sales. A lot of deals have come in. There are also subscription deals and cloud deals in India, but they are a smaller part of the business, because it's a very large territory. We have been here for 20 years.

So they are not a significant part of our revenue. So I think over the next few years, you will see more and more things coming on subscription even in India. But for many more quarters, we will still be dependent on license-based businesses.

Moderator: This is the last question. I now hand the conference over to Ms. Deepti Mehra Chugh for closing comments.

Deepti Mehra Chugh: Thank you so much, everyone, for joining in on the call. For any remaining questions, you can connect with me, or you can go to our website for details. Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.