



Newgen Software Technologies Limited

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Date: 29th October 2026

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Sub.: Outcome Transcript – Conference Call – Q2 FY'27

Dear Sir/ Ma'am,

As intimated earlier through our letter dated 19th October 2026 regarding the Conference Call of the Company, which was held on Friday, 23rd October 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

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Company Secretary & Head-Legal

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“Newgen Software Technologies Limited
Q2 FY27 Earnings Conference Call”

October 23, 2026



MANAGEMENT: **MR. T.S. VARADARAJAN – COFOUNDER AND
EXECUTIVE VICE CHAIRMAN – NEWGEN SOFTWARE
TECHNOLOGIES LIMITED
MR. TARUN NANDWANI – CHIEF EXECUTIVE OFFICER
– NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MR. ARUN KUMAR GUPTA – CHIEF FINANCIAL
OFFICER – NEWGEN SOFTWARE TECHNOLOGIES
LIMITED
MR. PRAMOD KUMAR – CHIEF GROWTH OFFICER –
NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MS. DEEPTI MEHRA CHUGH – HEAD, INVESTOR
RELATIONS – NEWGEN SOFTWARE TECHNOLOGIES
LIMITED**

MODERATOR: **MS. RUCHI MUKHIJA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Newgen Software Technologies Limited Q2 FY27 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 the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Ruchi from ICICI Securities Limited. Thank you, and over to you, ma'am.

Ruchi Mukhija: Thank you, Aman. Good evening, ladies and gentlemen. Thank you for joining us today on Q2 FY27 Earnings Call of Newgen Software Technologies. It is my pleasure to introduce the senior management team of Newgen. Today, we have with us Mr. Varadarajan, Co-Founder and Executive Vice Chairman; Mr. Tarun Nandwani, Chief Executive Officer; Mr. Arun Kumar Gupta, Chief Financial Officer; Mr. Pramod Kumar, Chief Growth Officer; and Ms. Deepti Mehra Chugh, Head, Investor Relations. I will turn it over to Deepti to take the proceedings forward. Thank you, and over to you, Deepti.

Deepti Mehra Chugh: Thank you, Ruchi. Good afternoon, everyone. 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, which 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 future performance. The company does not undertake to make any announcement in case any of these forward-looking statements become materially incorrect in 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 Tarun and Arun. Thank you.

T. S. Varadarajan: Thank you. Good afternoon, everyone and season's greetings. Thank you for joining us for the Q2 FY27 Results discussion. During the quarter, we continued our earnings growth momentum while strengthening the quality of our revenue base. In Q2, revenues grew by 5.4% to reach INR422 crores.

For the first half of the year, we achieved a growth rate of 8.8% to reach at INR779 crores. Growth during the quarter was led by our international markets. EMEA region recovered and recorded a growth of 19.4% with normalisation of travel in the region and supported by demand for enterprise automation and our industry-focused offerings.

US region continued its growth momentum on the back of improvement in its subscription sales and market penetration. It witnessed a growth of 17.1%. India region continued to be subdued and declined by 12.6% and APAC region declined by about 6.4%, reflecting timing and

execution variability in these markets. We expect the market -- the closures to pick up during the course of the year in these regions.

Overall, Newgen made nine new logo additions during the quarter. Our recurring revenue streams continue to progress well. SaaS revenue grew by 36.4%, support by 10.3% and ATS by 7.9%. Overall, our annuity revenues grew at a healthy rate of 15%, reflecting continued customer engagement.

During the quarter, the subscription revenue surpassed the license revenue, enhancing the predictability of our business. License revenue declined by 19.2% per year-on-year against a strong Q2 FY26 base. Implementation revenues have recovered sequentially. The key wins during the quarter include agreement with a health insurance company in US for NewgenONE Complaints, Appeals and Grievances solution with a value of USD5.5 million over 3 years.

Working with a government body in Qatar for Newgen platform licenses, implementation, maintenance and support for international regulatory reporting and compliance platform USD1.8 million. Project for upgradation of commercial loan and retail loan origination system for a leading bank in EMEA with a booking value of INR11.4 crores, providing loan management solution to a leading life insurance company in India.

Let me now share how the customer environment is evolving over the past few months because it shapes our customer conversations and business. Customers are increasingly moving from AI experimentation to production, and they are asking for explainability, traceability, and control.

That is where the governed orchestration platform fits. Newgen, with 34 years of accumulated industry trust, a governed AI platform, vertical solutions, and measurable customer value, fits in perfectly with the customer's requirement. The NewgenONE platform continues to unify content, processes, and communication in an orchestration layer where intelligence is embedded into how enterprises operate, with the trust, governance, and control built.

This is particularly relevant for regulated industries that require audit tracking, explainability, compliance controls, and human oversight. At its core, Newgen brings Newgen brings together AI agents, enterprise applications, human decisioning into a single execution layer. During the quarter, we released our AI component, NewgenONE AI Studio of Agent Studio 1.0 and Agent Flow 2.0.2.

From a use-case perspective, the platform can support industry-trained models for government, banking, insurance, and healthcare. Newgen has built vertical solutions. For example, in banking, persona-specific AI solutions have been delivered across lending, onboarding, and transaction banking. In insurance, AI solutions have been created for every insurance persona across life, health, motor, and general with Agentic Workspaces.

Operational efficiencies have also been built in for the customers through these solutions. During the quarter, Newgen received recognition for excellence in low-code and AI-led enterprise innovations at the ET Business Excellence and Leadership Summit 2026. For the first time, for

the first half of the year, we had 10 AI-based deal bookings across banking and financial services and government.

On the profit and margin front, the business has successfully maintained margins with operational efficiencies and cost controls. EBITDA increased by 6.5% to INR109 crores, and profit after tax grew by 6.3% to INR87 crores for the quarter. Importantly, profitability remained resilient. EBITDA margin improved to 25.8%, while PAT margin was 20.6%.

This demonstrates our continued focus on operating discipline, even as we continue to invest in our platform, market reach, and AI-led innovations. Net receivable at the end of the September quarter was INR642 crores, and net DSO was 144 days. To summarise, Q2 FY27 was a quarter of balanced earnings growth, resilient margins and stronger recurring revenue mix.

We are continuing to invest in NewgenONE and its AI-led orchestration capabilities to help enterprises move from fragmented automation to governed and intelligent execution. As we enter the second half of FY27, our priorities are clear. First, sustain the momentum in EMEA and the US. Second, improve deal conversion and execution in India and APAC.

Third, continue scaling SaaS and annuity revenues to strengthen predictability. Fourth, maintain cost discipline while investing selectively in sales capacity, product innovation, and AI. Finally, improve collections and working capital efficiency. We remain encouraged by the long-term opportunity for intelligent enterprise orchestration.

At the same time, quarterly performance can be influenced by the timing of large license transactions, implementation milestones, regional conversion cycles, currency movements, and collections. We will continue to manage these variables with a focus on profitability and sustainable growth. We remain focused on disciplined execution, customer outcome, and product innovation. Thank you very much for your time. We are now open for questions and answers.

Moderator: The first question is from the line of Rahul from Dolat Capital. Please go ahead.

Rahul: Hello.

Tarun Nandwani: Hi, Rahul.

Rahul: Hey, yes, hi. Just a couple of questions from my side. Firstly, if I look at the sale of product in the quarter, this looks, weak, even if I compare to the data in the previous fiscal beyond even in FY25. So, is there a trend that we are seeing that we are seeing more incremental demand on the SaaS and cloud side, and that's why the pure license signing data looks weaker? That is question number one?

Question number two is on the implementation side. What we are seeing is that Q-o-Q, there was a massive jump, almost doubling of the revenue. Is it led by some milestone events that would have led to this increase or there was a short-term execution deals that led to this kind of a jump? Thank you.

- Tarun Nandwani:** Thank you, Rahul. See, a license revenue grew from quarter one to quarter two, but year-on-year, it was a decline. You are right. This is not because of the weaker demand. This is mostly because of the closure cycle or that happens in the quarter. And India and EMEA and some part of APAC are strong growth drivers on the license for Newgen.
- EMEA performed well. There was some closure delays which happened in India, which we are expecting in coming quarters, which led to this decline. And the base of license last year was higher. But I think the demand has not weakened, what we are seeing in the pipeline. In the implementation, there was a special focus quarter-on-quarter on closure of the milestones for the revenue recognition and billing, which has led to the improvement from quarter one to quarter two. Also, there was some milestone slippages in Q1 which we could complete in Q2, which has led to this good growth in Q2.
- Rahul:** Got it. Just one follow-up on the remark you made. One aspect of it is what you probably missed answering, which I was saying. So are you saying that there are enough on-premise deals, it's just that the closure did not happen, or and the separate question is that it is this a trend that we are seeing more SaaS, or you think, no, there are a good number of deals both on the on-prem side as well as on the subscription side?
- Tarun Nandwani:** So Rahul, the pipeline is strong both on the subscription side in mature market and on the license side in India and EMEA and APAC. It is related to the closure which has led to lesser number Y-o-Y. But the license pipeline is healthy.
- Rahul:** Got it. Thanks for that color. One more question on the employee cost side. We are seeing that this cost has been pretty stable. I understand we have seen relatively weaker performance in the last couple of quarters. So, is it like currently we are well invested into this, or do you think with now growth prospects improving, we are we might invest into the resources from this point?
- Tarun Nandwani:** From the cost point of view, we have sufficient staff strength, and with AI engineering, operational efficiencies getting added on to the whole engineering process, we feel that we can deliver growth with similar kind of manpower.
- Rahul:** Interesting.
- Tarun Nandwani:** We are not seeing a demand for increased manpower growth.
- Rahul:** Right. And just last one from my side. If you could see, last year the H2 was not that a great, a period for us. So the base has kind of normalized after very strong FY25, '26. So do you think we might see acceleration in the second half? Are there enough signs both in terms of pipeline and our progress into those pipelines where we can think that the Y-o-Y performance in H2 could be sharper than what we have delivered in H1?
- Tarun Nandwani:** Rahul, I think we are targeting our double-digit growth that we have projected for this year. The better part of the business is that the SaaS large deals that we have closed in H1 will give us confidence in the subscription revenues going forward into Q3 and Q2. And the pipeline closures for the license and other lines of business will help us accelerate Q3 and Q4 total revenue.

Rahul: Sure. So basically, you are saying the macros are relatively better versus what we were witnessing in the past and you are more confident for second half?

Tarun Nandwani: Yes, we are confident of meeting our double-digit growth.

Rahul: Great. Thanks for those inputs. Those were my questions.

Moderator: Thank you. The next question is from the line of Ms. Ruchi from ICICI Securities Limited. Please go ahead.

Ruchi: Thank you. A few questions. First, on AI the deals that we have announced can be -- in H1, there is a skew. We are converting more AI deals outside India. Could you help us understand, do you see this as a client behavior that India clients are more conservative, taking more time for AI deals, while the acceptance to work on AI projects is much higher outside India?

Tarun Nandwani: So Ruchi, outside India, we are coming out with RFPs which have more RFPs with AI embedded in all four sectors, the government, we are seeing in banking, we are seeing in insurance. In India also, we have closed few deals. Annapurna is one deal. We have one or two more deals which are coming.

So, AI offerings embedded as part of the journey built on NewgenONE AI-governed platform is the pitch which is getting resonated with the customers as a complete offering. So the new RFPs and demand which is coming is from both the refresh cycle as well as from the existing customers like, for example, our trade implementations in India, what the Aura AI which we sold in Middle East market, the pipeline has cases in India market also. So it's a matter of closure and timing, but the interest is there.

Management: RBI was also there.

Tarun Nandwani: RBI was a last year deal which was onboarding and AI.

Ruchi: Okay, noted. And with AI deals, do we see some economics around the deals being different than what we used to traditionally or in the non-AI deals, be it on the size execution and revenue flow-through in P&L? Will there be any difference compared to non-AI deals?

Tarun Nandwani: The deal size has grown by 20% to 40% on the AI which have AI components in it. And the deal -- the program implementation cycles are part of the operational efficiency, where we from -- your time to live, we are we are targeting efficiencies for our customers.

Ruchi: Okay. So, AI deal sizes are progressively increasing, if I paraphrase what you said. Is that correct?

Tarun Nandwani: Yes.

Ruchi: I was asking is there any noticeable difference between an AI deal and a non-AI deal when it comes to the size and execution timeline?

- Tarun Nandwani:** The sizes will grow. See, for us, the AI offerings are again available as perpetual licenses or subscription licenses. The token costs and other costs are directly on customer. So, we are not bundling that operational cost into our deal sizes. So, we will sell our products and solutions both in subscription and perpetual license models. That is why I said the deal sizes will grow depending on the AI components in the offering from 20%, 40% and that that kind of upsides. And on the time, as we said, the time will get optimized by 15% to 20%.
- Deepti Mehra Chugh:** Ruchi, we are adding on components on the AI side into the deal. So definitely the deal size would increase. That's what Tarun was referring to.
- Ruchi:** Okay, got it. Moving on, on margin side, we see remarkable cost management. Our employee cost has been fairly resilient. Now, going forward, as we as you have to make choices between investment, especially on the R&D and infusing AI in the product, versus efficiencies that you would derive from using AI for execution. So how should we think about the margin trajectory as you balance between the two? Should we think that we have upside to the margin profile, or you would want to deploy the efficiency back in the business with a higher, I guess, sales intensity or increased spend on technology?
- Tarun Nandwani:** So Ruchi, Newgen has been spending on product innovation consistently through the years. And we have redeployed our capital, our people, upskilled our people on AI both for platform as well as vertical offerings. So around 15%, 20% of the total revenue goes into the product development as you will be knowing.
- Arun Kumar Gupta:** Around 10%, 10%-11% goes into product and development and around 22% goes into sales and marketing.
- Tarun Nandwani:** Sales and marketing.
- Arun Kumar Gupta:** But yes, I think just to extend that point, I think actually there's something we are -- one is optimization of the cost through the AI initiatives and other things. And I think we are slightly also careful about the discretionary cost, where we are surely doing investments wherever required, but at the same time, we are slightly more careful with the current things we are. So, I think we if you see, I think our expenses are basically costs are stabilized for last four to six quarters.
- Even with the single-digit or double-digit slightly that kind of growth also, we have kind of managed the costs in a very efficient way. It is both efficiency as well as the slightly more careful about the investments where to make because that is very important. And that's where I think we believe that even in coming quarters also, we will surely maintain the margin and possibly expand the margin also.
- Tarun Nandwani:** So, Ruchi, to your answer, we see we are investing in developing our vertical AI offerings for our four key verticals, which is banking, insurance, healthcare, and the government.

- Ruchi:** Fine. We're largely aiming for steady margin, balancing our investments as well as redeploying savings from AI to keep steady margin kind of outlook. Is that paraphrasing or is that understanding, correct?
- Tarun Nandwani:** Yes, see, the guideline for 20%-22% net margin remains for the year. And efficiencies, we bring in innovation.
- Arun Kumar Gupta:** So, if you see, I think even in this kind of growth also, we are still maintaining or improving only our margin percentage, whether it is the EBITDA as well as the PAT. And we will continue doing that with the kind of optimization and efficiency we are working on. If you see our even manpower numbers also, we have kind of reduced and we are still holding with the growth also.
- We are holding that kind of number only at. So, I think we believe that with the kind of manpower we have and the scaling we have done, we will be able to manage with this kind of manpower, with not much of substantial growth on the manpower. We will be still able to maintain the growth in coming quarters.
- Ruchi:** Got it. Now, reconfirming, you mentioned we are confident of meeting our double-digit growth target for full fiscal. For first half, we've done close to 8% Y-o-Y kind of a growth. So that implies that the second half, our growth will accelerate for full year growth to be double-digit. Is that a correct understanding?
- Arun Kumar Gupta:** So, I think if you see it this way that as you see I think last year, second quarter was the base was very high. We had achieved around 11% growth, and we had a very bumper license growth also of around INR70-plus-odd crores on the license revenue. So, as Tarun has rightly said, that we have still maintained the license win rate if you see from the previous quarter.
- But obviously, I think with that kind of growth, we are -- what we are talking about here is basically, if you see currently, we are at around 7.7%, 7.8% growth on H1. But I think because the Q2 was a bigger quarter as a base, so the way we see it, in coming quarters we will again recover as far as the growth rate is concerned. In coming quarters, it should be far better. And that is how we will maintain that double-digit growth of the full year.
- Deepti Mehra Chugh:** So Q3 base, especially the license, was weak, so we are expecting definitely improvements upon that.
- Arun Kumar Gupta:** So one is, no doubt, having strong funnel, pipeline, and deal velocity, but most importantly, yes, as Deepti said, that because Q3 and Q4 were slightly lesser on the growth rate, even with the reasonable momentum also, we will be able to excel as far as the growth is concerned in coming quarters.
- Ruchi:** Got it. Thank you for patiently answering my question. All the best.
- Tarun Nandwani:** Thank you.
- Arun Kumar Gupta:** Thank you.

Moderator: Thank you. The next question is from the line of Vinay Menon from Monarch. Please go ahead.

Vinay Menon: Hi. Hi, thank you for the opportunity. A couple of questions on the segmental geographic revenue which you have given. India revenue has declined. Any reason? And this is been the trend for a couple of quarters. Are we seeing any RFPs being delayed in in the home country and any color on that?

Tarun Nandwani: Yes, Vinay, you are right. I think we have seen three or four large RFPs coming out again in Q2, which were running earlier.

Vinay Menon: Okay, and the size of these deals also look like they are a little smaller versus they used to be. Any update on that, I mean, any sign of recovery seen here?

Tarun Nandwani: As I said, the RFPs are again out, and these are large license deal size RFPs. And the other deals of NBFCs also are under closure, which got skipped from Q2, which we are expecting in Q3 anytime now. So that is why, I think, India has seen this impact.

Vinay Menon: Okay. And in in US last two, three quarters we've done quite well. Any reasons, like what is helping us grow there, and is it the AI proposition which is kind of helping us to win deals over other competitors?

Tarun Nandwani: Yes, the healthcare line of business and product lines, provider lifecycle, contract management, complaints and grievances have seen good traction in the US market. And as it is a subscription-based, cloud-based offering, SaaS offering market, the growth and the closure and the deal sizes are bigger both in US and Europe.

Vinay Menon: Okay.

Tarun Nandwani: And we are seeing good attraction in the insurance and healthcare market, other than the banking, which is growing at its speed.

Vinay Menon: Okay. And this like last few weeks the kind of cyber security incidents which are happening, how do we see that change from our perspective? Do you see banks will shore up like kind of upgrade to better products, which give them a like overall better cover? Is there an opportunity for us in within all this? How do you see that playing in our favor?

Tarun Nandwani: See, Newgen products are CERT-In compliant and we are offering perpetual licenses to most of the clients in India. And the deployments happen in their infrastructure. We are part of their BP VAPT security cycles. So, I think we our enterprise solutions are built for security and reliability as as we have shared earlier also. So, I think in the whole ecosystem, when we -- when the journey runs on Newgen platform, there are multiple components orchestrated on Newgen.

And Newgen platform per se and Newgen delivery process per se are secure and reliable. So from that point of view, I think we see good traction because most of the customers ask for certain compliant products and we ensure that all our release products get through the certain compliance for India market.

- Vinay Menon:** Okay. And one last question on the book-keeping part. Like receivables have shot up. So, any reason or is it that collections are expected to improve in the second half?
- Arun Kumar Gupta:** So, I think one reason which is obviously making an impact is basically Middle East, where we have delay as far as the collections are concerned, and there are certain set of customers where I think we are witnessing delay as far as So I think we are hopeful that in coming quarter it should improve, and we are taking several other steps also to create that access to the customer, at least in the Middle East region.
- But that is one reason where I think our DSOs are very high currently. And we are taking steps. So, I think we are hopeful that in coming quarters it will come down as far as Middle East is concerned because of the geopolitical things also should improve hopefully. And as well as whatever initiatives we can take from the customer access, we are doing that also.
- Vinay Menon:** Okay. Thank you for answering all my questions. Thank you. All the best.
- Arun Kumar Gupta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jalaj Manocha from Prescient. Please go ahead.
- Jalaj Manocha:** Hi. Hope I'm audible.
- Tarun Nandwani:** Yes.
- Jalaj Manocha:** Yes. Thanks for the opportunity. So, my first question was around the AI deals itself. So, have you observed that because of AI product-ready or the readiness of the product we have, have we been able to open a new certain set of customers or let's assume those were higher of the value chain in terms of technology or advancement? Have we seen some shift in terms of the customer categories both by size or the technological acceptance goes up?
- Tarun Nandwani:** Yes. The enterprise content market has moved from ECM platform to knowledge management solution being asked in RFPs now, which means that the content can be the content should be classified, identified, indexed, separated, stored for easy search, natural language search. And this is -- here we see natural growth for our ECM market. And we are seeing good growth in the horizontal platform play with AI becoming a key deliverable for ECM to become a knowledge management use case.
- Jalaj Manocha:** Okay. So, by that logic, it means that a new set of customers is slowly opening up for us, so just to conclude through it?
- Tarun Nandwani:** Yes, we are seeing lot of lot of new customers doing refresh of the old ECM platforms with the new knowledge management platforms.
- Jalaj Manocha:** Okay. So, and just closing that loop, if I were to say what percentage of revenue would be from the AI-enabled product right now we have?

- Deepti Mehra Chugh:** So, I think it's too early. We internally are working on the AI revenues being identified within the organization and being incorporated. But until then, what we're looking at is the overall deal sizes. So, we do have deals which are AI-led deals that we are separately highlighting within the organization and marking that across. Within due course, we will start sharing across and working on the revenue numbers as well.
- Jalaj Manocha:** Fair enough. That closes up that question. And my second question was specifically on the banking. So, it'll be almost the second year where the vertical is growing slower or has been in a single digit or even lesser than that. What exactly is the pain point here? Is it specifically the AI inhibition of the banks to implement it yet, or there's something more to it?
- Tarun Nandwani:** See, we are getting refresh deals from banking, but on a general way, I think large see, banks are large enterprises, and they adopt technology. They do POCs with the technology. So, I think most of the banks are looking for what they can do with AI, with AI actually being rolled out only in the call center and the service request platform, because that is where the regulatory compliances for the banks are not too harsh.
- But on all core business side, be it CASA, be it lending, be it trade finance, be it payments, the regulatory compliances are harsh, and people are going on in a BAU mode, doing POCs with AI, what they can do with AI. So, some of the decision-making of incorporating AI into existing journeys or rewriting those journeys have started to come out.
- One of our large customers has recently said that for new business, they want to totally rewrite the onboarding journey to an AI-led onboarding journey. So, these are all -- lot of POCs have gone in, so I think things will mature fast into conversions. And that is why maybe some of the deal closures are taking time.
- Jalaj Manocha:** Okay. So, so you mean to say there is enough interest in the market, but still, it is yet to convert to a proper revenue or a deal flow right now?
- Tarun Nandwani:** Yes. So, AI-led refresh is POC to closure. But refresh RFPs in banking are on available, are there in the market. Few got delayed from Q4, Q1 to Q2, and because they came out again with the RFP and stuff. So that is why, I think, some of the banking overall pick up, we are expecting in Q3 and Q4.
- Jalaj Manocha:** Got it. Thanks a lot, and best of luck.
- Tarun Nandwani:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mahesh, an Individual Investor. Please go ahead.
- Mahesh:** Hi, am I audible?
- Tarun Nandwani:** Yes, please.

- Moderator:** Yes, sir, you're audible.
- Mahesh:** Good evening, and very good congratulations on the steady growth. My question sir, regarding the growth. So, do a company have an internal plan when you see a 5x increase in revenue or what is the company's trajectory? This is specifically targeted to Mr. Pramod, sir, for the question. And that is the first question from me. And second question on returning on the value for the shareholders. The company has good amount of cash in the books. Instead of ramping up the dividends, so will it be prudent to do an open market buyback? And those are my questions? Thank you.
- Arun Kumar Gupta:** So as far as growth trajectory is concerned, one is, yes, I think one is, we are targeting about this year growth of double-digit. Secondly, whenever we have spoken, I think we have potential to we have, I think if you see, I think in last five, seven years, we have...
- Mahesh:** I am listening, yes.
- Deepti Mehra Chugh:** I think there's some background noise.
- Mahesh:** Ah, sorry. Am I not clear?
- Arun Kumar Gupta:** Yes, you are clear. So, I think if you see, I think in last seven, eight years, we have achieved 20% CAGR in the revenue growth, and we believe very strongly that in coming years we will again come back to that 20% growth. And that is where the management team and the complete company is aligned to. But that is a mid-term and long-term goal as far as growth parameters are concerned. But as far as this year is concerned, as we have talked about, that we are surely targeting double-digit growth, and that is where the work is going on. Coming to your next question on.
- Deepti Mehra Chugh:** Buyback versus dividend?
- Arun Kumar Gupta:** Dividend. So, I think one is as far as dividend is concerned, we have consistently improved. If you see in last five years, you will see every year we are improving our dividend distribution at least by 15%, 20% compared to earlier years. So, we will continue to maintain that, and we will slightly improve only as far as dividend distribution is concerned in coming years also.
- And on buyback, yes, I think we have time to time we have worked on it and we have given those inputs to the Board also. And Board is considering that, and I think any consideration happens, obviously, we will come back on that. Thank you.
- Mahesh:** For answering that. I was just of the opinion that buybacks are quite tax-efficient in the hands of an individual investor. So that was my kind suggestion and thank you for the opportunity.
- Arun Kumar Gupta:** Thank you.
- Moderator:** The next question is from the line of Akshit Shetty, a Private Investor. Please go ahead.

Akshit Shetty: Hello, am I audible?

Moderator: Yes, sir.

Tarun Nandwani: Yes.

Akshit Shetty: Yes. Good evening, sir, and congratulations on the performance this quarter. And also thank you for the opportunity to ask questions. My first question is about the long-term impact of AI agent on the Newgen's business model. So basically, I see that in FY26 around INR780 crores of revenue came from implementation and support services, which involved a significant employee effort.

Also, the software licenses are often priced by the number of users, if I am right. And as AI automates more tasks, customer may need fewer individual licenses, and implementing software may require fewer employee hours. So how is Newgen adapting its business model and pricing strategy to ensure that the AI adoption creates a sustainable revenue opportunity rather than putting pressure on revenue per customer?

And also, I see in the latest presentation, you it mentioned that 10 AI-led deals in the first half. Could you share how these deals are structured commercially, and whether they represent additional revenue opportunity or any primary upgrades to the existing customer contracts? That was my first question.

Tarun Nandwani: Okay. So, see, Newgen AI offerings are deep domain offerings. So, consider a product or AI which is sold to a bank in Middle East. Now, this product takes trade documents of bank guarantee, import-export LCs, and it will look at the docket. It will classify the documents. It will extract data from the document. It will check against the India trade compliances. It will check against the limits of the customer. It will do various validations, which is called trade intelligence. And then it will give the output to the human to process the transaction.

See, Newgen and most of the customers of Newgen are regulated industries. They are not consumer industries. So, in regulated industries, whether you are running an agent or whether you are running human in the loop, it has to be an auditable process where who has done what, and taken decision based on what data and what logic should be auditable. So, when we our products are, as you know, about orchestrating journeys and offerings. So, when you orchestrate a journey, it will it is a 10, 20, 50-step process orchestrating as many as 10, 20, 30 systems together to complete that journey.

Now, this is the business that you are in, and the AI offering brings operational efficiency to our customers, which is the ROI for them for investing into the technology. Now, the license model for an agent or AI offering is available both in subscription and perpetual licensing model, which is true for our ECM and orchestrating products also. I hope I could answer your question.

Akshit Shetty: Yes. A follow-up question. So how will the implementation and support service segment of the revenue will get impacted because it's a significantly employee's efforts involved in this line of

business. So, do you see that because of AI, the revenue from these two segments will come down? And I think these two are the recurring revenue of the business.

Tarun Nandwani:

See, as you know, we are requiring around 40 to 50 new customers. Every quarter, the implementation of large number of customers goes into production, and our support revenue and our support headcount is distributed across 600 customers. So, we do not have large number of support people in any one or two clients.

And they work on -- see, these are called business-as-usual support teams, which help users in training, in resolving their queries, in doing changes that they want to do on the system, whether they are regulatory changes or functional changes or technology changes. So, we don't see much impact of AI in the revenue side of the support. It is all for efficiencies for us and our customers, for time to value.

Deepthi Mehra Chugh:

One point is that at the end of the day, we are a product company. The support and the implementation are what helps us in terms of delivering that product to the client. We believe that with AI and our offerings on the content management and on the orchestration side, there are ample opportunities that would arise out of it. So, I think at the end of the day, we also would like that the product revenues increase. The implementation and the support are what we are you know, it's part of the deal. It's part of delivering that product. So, I think you should see it from that perspective.

Akshit Shetty:

Okay. Got it. So, okay, fine. Thank you for my answering my first question. My second question is related to customer growth and partner channel. I see the big active customer base has remained around 500 for several years, and the annual new customer addition has fallen from around 120 in FY18 to 47 in FY26?

And in this quarter, you added like nine new customers compared to 15 in the same quarter of the last year. And on the partner front, you mentioned that last year the system integrator channel has taken longer to build than expected, but that deals were starting to come through in mature market?

So, what is the partner-led share on revenue today, and what concrete changes are being made to improve the channel contribution? And more broadly, what needs to change for Newgen to acquire new customer at scale, particularly in the US and the European markets? And how should the investor measure progress in the customer acquisition over the next coming years?

Tarun Nandwani:

So, we focus with large GSI and Big Four as partners on one side for our growth in mature markets and across the globe. And we have a channel partner process and teams focusing on small-to -- small to mid-size kind of deals, which is which are segregated from large-value deals. So, we are we are focusing on our direct sales efforts on increasing the deal value and large-value deals with our global SI, GSI partners, and Big Fours partners.

And on the channel side, so the number that you spoke about, 40, 50, and the number that you spoke about, 15 to 9, they are all large-value deals where we are targeting and focusing on increasing our deal size year-on-year, where we are seeing steady growth on the deal size growth.

And partners, see, from the number point of view, I think Deepti can come in with more details, but there are large number of small-size clients which operate through channel partners, and they are being supported by them only.

Deepti Mehra Chugh: So, I think overall, on an average, we get about 20% business from partners all across. That number has remained more or less similar, and that continues to be so. We do have engagements, whether that's GSI, whether that's our local partners, whether those are channel partners. We do have regular engagements as well as relationship strengthening exercises that we do with them. So that is an ongoing part of the business-as-usual.

Moderator: Thank you. The next question is from the line of Sanjay K from SKS Capital. Please go ahead.

Sanjay K: Hi. Good evening.

Deepti Mehra Chugh: Good evening.

Sanjay K: My query is about the new logo. So, we have won, I think, nine new logos this quarter and last quarter, and our average winning for quarter is generally 13 to 14 new logos. As well as the revenue from the license revenue also has reduced. So, my question is, was the delay, was there any delay in closure of the deals, and that's why this number got impacted? And second thing is about the implementation revenue, which has increased compared to last previous quarters. And you already mentioned because of certain milestones completion happened. So, this strong growth in implementation revenue, will it continue in Q3 and Q4?

Tarun Nandwani: Yes. So, the number of logos, as you know, is a factor of closure in that quarter, where we have seen delay in few opportunities. And that is why, I think, this has dropped to nine. On the implementation side, yes, for the build-up of quarter three, we see a similar growth in the implementation for coming quarters.

Sanjay K: Sure. So, if I understand correctly, there was a delay in closure, but the deals are there, that deals may get closed in Q3. That's what we are saying, right? Is that correct?

Tarun Nandwani: Yes, you are right.

Sanjay K: All right. Thank you very much and all the best.

Tarun Nandwani: Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for today. I now hand over to Ms. Deepti for closing comments. Over to you, ma'am.

Deepti Mehra Chugh: Thank you so much for attending the call. For any further questions, you may connect with me or you can go to our website. Thank you.

Tarun Nandwani: 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.