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Date: 23rd October 2023

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 – Q2 FY'24

Dear Sir/ Ma'am,

As intimated earlier through our letter dated 10th October 2023 regarding the Conference Call of the Company, which was held on Tuesday, 17th October 2023 at 04:00 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 at the website of the Company under the URL 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: 2023.10.23 17:12:27 +05'30'

Aman Mourya
Company Secretary

Encl.: a/a

“Newgen Software Technologies Limited
Q2 FY2024 Earnings Conference Call”

October 17, 2023

MANAGEMENT: **MR. DIWAKAR NIGAM – CHAIRMAN AND MANAGING DIRECTOR - NEWGEN SOFTWARE TECHNOLOGIES LIMITED**
MR. T.S. VARADARAJAN – WHOLE TIME DIRECTOR - NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MR. VIRENDER JEET – CHIEF EXECUTIVE OFFICER - NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MR. ARUN KUMAR GUPTA – CHIEF FINANCIAL OFFICER - NEWGEN SOFTWARE TECHNOLOGIES LIMITED
MS. DEEPTI MEHRA CHUGH – HEAD (INVESTOR RELATIONS) - NEWGEN SOFTWARE TECHNOLOGIES LIMITED

Please note that the transcript has been edited for accuracy purposes

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY2024 Earnings Conference Call of Newgen Software Technologies 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Deepti Chugh from Newgen Software Technologies Limited. Thank you and over to you, madam.

Deepti Mehra Chugh: Thank you. Good evening everyone. I am Deepti Mehra Chugh – Investor Relations, Newgen Software Technologies Limited, and I welcome you all to the Q2 FY2024 results of the company. Joining with me today on the call is the management. Mr. Diwakar Nigam, Chairman and Managing Director; Mr. Varadarajan, Whole Time Director; Mr. Virender Jeet, Chief Executive Officer and Mr. Arun Gupta, the Chief Financial Officer.

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 become incorrect from the forward-looking statement. 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 must please refer to the Investor Relations section of our website.

I would now hand over to Mr. Nigam for presentation of the results, which will be followed by a Q&A.

Diwakar Nigam: Good afternoon and thank you all for joining us for our Q2 FY2024 financial results call. We are pleased to share that we are making significant strides towards our long-term vision. We continue to build upon the business momentum with four consecutive high growth quarters now. In Q2, we witnessed revenue of Rs.293 Crores up 30% Y-o-Y with robust growth across most geographies. In the recent months, we have witnessed a significant pickup in the market activity in digital banking space across different geographies. Banks are seeing enhanced business opportunity across the lending and trade finance space, that are our sweet spots. As a result, we have been making deeper penetration through our digital lending platform in the banking ecosystem. We are becoming a preferred and trusted platform for leading banks for accelerating their lending business and simultaneously reducing the associated risks.

We have received a number of high value orders during the quarter for this platform. Apart from this, during the quarter, we have also witnessed growth in order intake for the trade finance solution. We expect this market momentum to continue in the coming years.

Talking about the different geographies, in India region, we witnessed a revenue growth of 38% Y-o-Y during the quarter. We received significant order from both public and private sector Indian banks. A significant milestone for us has been the recently announced order from a leading public sector bank for development and management of their complete digital business platform of Rs 68 Crores. It is the largest order in terms of value for us so far, and an indication of how our solutions have found resonance with leading banks across the country. We are also working with one of the largest banks in India for their Agri lending solution.

In the EMEA region as well, the digital banking acceleration is happening, and we are making deeper inroads and witnessing strong growth momentum. We have a revenue growth of 34% Y-o-Y during this quarter. In this region, we have been winning large value deals progressively. We are expanding business with our existing customers through additional cross selling opportunities, especially in the Saudi Arabia region. We have also added marquee new logos in this region.

During the quarter, we signed a large project for a specialized banking under Central Bank of Saudi Arabia for digital banking. To further expand our footprint in this region through a local presence, we have established a new subsidiary in Riyadh recently. Also, another interesting new logo added in EMEA includes a leading private sector bank in Egypt where we are again working on a digital transformation project for business banking loan originations.

In the America's region, we witnessed revenue growth of 30% Y-o-Y. We are building additional business with mid-size banks and credit unions. We have also added a significant new logo - a leading global analytics and technology provider to the insurance industry for our content management offering on cloud. In addition, we have recently opened an office in New York to tap the market in that region.

APAC has been relatively weak this quarter. However, the deal pipeline looks positive and overall, for the H1 we have still done great progress.

Overall, we are witnessing a strong growth in booking and billing in the first half of the year. This includes large orders from existing customers as well as new logos. We added 14 new logos across geographies in Q2.

Our annuity revenues are growing at 26%, and we were at Rs. 179 Crores comprising of subscription revenue of Rs. 90 Crores. License revenue continued to remain strong at Rs.51 Crores during the quarter. Building upon the license and subscription growth in the past, our implementation and support revenues are growing as well.

Coming to the product. At Newgen we are developing thoughtful solutions powered by content, AI, and analytics to automate workflow within a single platform. Helping enterprise to eliminate reliance on legacy point solution and becoming efficient. Our major initiative in banking AI is coming of age and is expected to give us rich dividends in the near future. Our innovation and deep understanding of the unique challenges, and requirements of customer help in adding capabilities and functionalities on our platform to meet the ever-evolving needs of the customers. From lending platform that streamline credit processes to sophisticated trade finance solutions, we are empowering banks to take a lead in this dynamic environment. In insurance, we have transformed areas like policy issuance, grievances, redressal, etc. We are happy to share that our SME lending accelerator has matured, and we see immense opportunities in this area given the large addressable market. Moreover, our accounts payable solution has been recognized in the Gartner market guide for accounts payable invoice automation 2023 reports.

We have also expanded our integration portfolio through partnership with leading ERP, CRM, banking and insurance and cloud providers and being listed on their marketplace. This enables our customers to leverage our platform capability through their existing applications, making them efficient and more productive.

We are now a global team of 3900 people working towards a common goal. In the last few quarters, we have been extensively focusing on retraining and retaining our young employees and building additional capabilities and efficiencies across different domains, especially product and delivery. With the attrition level stabilizing now across the market, our team is now maturing and working extensively in efficient implementation.

On the sales and marketing front, we are further building upon the strengthening our partnership network. We are working with global consulting partners to give impetus to our sales in the mature markets. We have recently elevated our partnership with Coforge to deliver transformative insurance lifecycle management solution. We are also streamlining our direct sales team through strategic hires.

During the quarter, we participated in leading industry events globally and had a successful customer meet in Philippines.

We delivered healthy growth in profits and expanded margins during the quarter compared to the same quarter last year.

Profit after tax was at Rs.48 Crores witnessing a growth of 59% Y-o-Y. During the quarter, apart from investing 11% of our revenues on R&D initiatives, the company invested 21% of the revenues on the various sales and marketing initiatives. On the balance sheet front, our net cash generated from operating activities for the six months period ending September 30th was Rs.146 Crores. Our net trade receivables were Rs.316 Crores at the end of September, which resulted in a net DSO of 105 days.

Last but not the least, we have been honored with the prestigious Mahatma Award for Social Good and Impact towards Quality Education showing our commitment to sustainability and community development. In an ever-evolving competitive financial landscape, our banking software solutions have not only thrived, but also have become indispensable to our customers. We have strategically positioned ourselves to be their trusted partners in navigating emerging trends in the financial technology sector. Our progress and positioning reinforces our optimism for the second half of the year. Thank you. We are now open for Q&A.

Moderator: Thank you very much, Sir. We will now begin the question-and-answer session. We will take the first question from the line of Baidik Sarkar from Unifi Capital. Please go ahead.

Baidik Sarkar: Hi, good evening and congrats on a very strong show. How should we interpret this phase of your momentum, is this an outcome of our regular go to market investments that just happened to fructify at this point in time today clustered together in a small time frame or the momentum that you are witnessing from the demand side of the genre that we have not seen earlier, to that extent that the super cycle that is fresh and to that extent unique. I am just trying to understand how we should interpret this momentum that probably you may not have witnessed before.

Virender Jeet: The momentum which we are witnessing, of course as a product company, you will have to invest deep and sometimes the returns do come at various different points. But today, what is happening, predominantly our traditional geos are performing very well and some part of activity in the India landscape is around, banking, lending, trade, as Mr. Nigam spoke in his address. But also, some emerging markets like Middle East, APAC are also performing very well for us. So, it is broad based in terms of what we have been doing. There is nothing new as an initiative or something. The only thing what is happening, our positioning in our core verticals like insurance and banking, we are widening that. We have more offerings for customers and the time also in the market is very right and the customers are responding very well to that, and we are having larger deal sizes that is reflecting in the overall growth of revenue as well as the pack.

Baidik Sarkar: How long or deep do you think the cycle will be right, and does the numbers of H1 change the historical 40:60 split that we have seen annually? Normally we see a flush of spends in Q3 and Q4. Is that direction still on or is the cyclicality curve smoothening.

Virender Jeet: It is smoothening, but not to that extent. So, I think still we expect Q3 and Q4 to be much larger quarters for us. Because some of the revenue streams are bucketed like that, renewals are bucketed around that, milestones are bucketed around that. But we have been trying deliberately to smoothen a bit of that growth curve with more subscription, more mature market revenue, those streams have not really picked up at that speed. So, as I said, the traditional streams of license sale and emerging markets are still strong. So, till that time that remains strong, some amount of seasonality will continue in the business. So, I do expect that Q3, Q4 to be larger quarters than our Q1, Q2.

Baidik Sarkar: Last question, given that typically your sales cycle in this industry with the genre of 9 to 12 months, if is not higher and we are already passed this fiscal right. You mentioned in your opening remarks that your position in the core verticals are widening. So, does that indicate to you that in the fiscal 2025, the demand saliency, your execution saliency could probably be better than what we have seen in 2024?

Virender Jeet: It is very difficult. I think we have not really gone that far and can accurately predict that. But what I can tell you right now, the current order book positions over the last three quarters have been much stronger than the revenue. So that is reflecting, and that momentum is continuing. Our order book growth for last Q1 as well as Q2 have been high. We do from the funnel and the deal pipeline, we also look at, at least Q3, Q4 to be strong for us. Now we are looking into 2025 maybe a bit difficult for us. I think we will have to wait for that. We still do not have that.

Baidik Sarkar: In Q1 I think you quantified the pace of your order book growth was about 30% even though your revenue growth was what it was. Is it still in that genre? I am just trying to see the pace which your order book is growing.

Virender Jeet: Still growing at a faster pace than the revenue growth.

Baidik Sarkar: Thanks, Virender. My best wishes and I will be in touch. Thank you.

Moderator: Thank you. We will take the next question from the line of Aditi Patil from ICICI Securities. Please go ahead.

Aditi Patil: Thank you for the opportunity and congratulations on good set of numbers. My first question is on implementation revenue, which has grown strongly both on Y-o-Y and Q-o-Q basis. So, is it that the strong license revenue in last quarter has led to more implementation work in this quarter and like what is the sustainability of this growth, and secondly on margins? Has strong implementation revenue like translated to lower employee expenses as a percentage of revenue and thus led to strong EBITDA margin improvement on a Y-o-Y basis, and my third question is on revenue guidance. So, after strong performance in H1 with 30% plus growth, it seems like for the full year we can grow around that 30% range. So, would you like to increase your guidance from current 20% to 25% to 30% growth for FY2024? My fourth question is around the pricing structure on the deal, the 68 Crores deal, which you have announced. So, is it license based deal where like license and implementation revenue will get recognized in the few initial years, maybe two years and then you will have support and services revenue for the rest of the year? These are my questions.

Virender Jeet: It is a long list, I never answered so many questions in my exams too, so nonetheless, thank you for your time and I think on the implementation revenue growth you are absolutely right. The order book which has been strong over last three four quarters, on license now it is culminating into more and more execution and fulfillment of those orders and projects which is growing. So, I do expect the implementation revenue to continue to remain strong as the license order is preceding and that growth has been higher for the H1 of this year also it was more than 50% compared to last year. So that will also reflect on the downstream that will convert into more and more implementation revenue and execution revenue.

On the margin structure I do not think the margin structure has anything do with the implementation revenue. Margin structure is more about at the beginning of year, we do our costs are frontloaded and we do estimates of growth on cost. So, if we hit more topline our cost do not vary that much because there is a large part of the revenues still linked with the cost because of the high gross margin business. So that is why there is a margin expansion in the Q1 and Q2 which have been traditionally very lean quarters for us, so it is not a factor of implementation, it is more a factor of higher growth rate. On the issue of guidance I do not think we provide any guidance, but we keep on saying that aim for the company is to really accelerate growth and we believe that we have a potential of growing at a much higher growth rate than our traditional growth rate, so we have grown at a growth rate of 30% for last three quarters I think Q3, Q4 are larger quarters for us and we do expect to keep our growth momentum up, but whether it is going to be 22%, 25% or 30% or more I think we will have to wait and watch for that. On your last question about pricing. You are absolutely right this is a license plus implementation deal with some amount of residual thing coming in terms of ATS and AMC larger part of this revenue is going to be realize in somewhere around two years and then it is going to be typically smaller part of the revenue which will be realized over next years. I hope that answers all your questions.

Aditi Patil: Yes. I just had one last question. Thank you for answering the first four. My last question is on can you provide some details regarding how the partnership with Coforge is progressing and like how many new logos or deals you have won so far through this partnership.

Virender Jeet: Partnership with Coforge, it is an initiative which we have launched in terms of taking things to market. Right now, we do not have too many deals, we have good funnel going on, but these partnerships generally take longer time to mature, and success of these partnerships will eventually reflecting more growth in the mature market. That is where we are targeting these partnerships. So, it is too early to quantify it in terms of results, funnels or orders.

Aditi Patil: Got it. Thank you.

Moderator: Thank you. We will take the next question from the line of Vikrant Gupta from ICICI Pru Life. Please go ahead.

Vikrant Gupta: Hi. Congrats on a good set of numbers. I had two questions. Firstly, can you talk about whether anything incrementally has happened in the US geography between Q2 and Q1? You had talked about the Q1 numbers in US being strong on a low base as well as some perpetual licenses being sold that you did not really think was sustainable. So has anything changed in Q2 versus Q1 the growth number is still pretty strong. So that is one, and second, can you provide some context on how one should interpret the bookings number? Is this something that executes over the next one year, two years or how should one read that number? Two questions. Thank you.

Virender Jeet: On the US geo, I think the situation is not very different than Q1. So, we do continue to win deals in US. I think we have got some very good deals this quarter as well but the overall growth momentum in terms of numbers, so it is roughly around 30% for H1. I think I would still call it on a more leaner year last year. So that is why the numbers are, looking at 30%. The growth in the US is not at the same pace as we are growing in India or Middle East. So, this is still sporadic and on a lower base. Our lot of investments and our lot of restructuring and reorganizing is happening in that region, and we do expect that the real growth momentum starts coming in next couple of years. But right now, I think it is not any incremental thing. It is more sustained what has been happening. We did pivot to larger banks, and we are closing now deals in larger banks and smaller banks. So, deal sizes are slightly better, but a lot of these deals still are not converting into revenue. So, I think we will have to wait for that. So, I would still say that what I said in Q1 in terms of US growth looking on account of weaker last year, last few years is still true. So rather than any drastic jump in the business momentum. On the booking side, our bookings are generally our deals are not very, very long-term and when we are talking of growth of 40% booking, we are talking of growth of booking which can be executed in next 365 days. For most of the growth of booking should be executed in next 365 days. There could be some delays, but that is how we look at booking numbers. We do not look at multiyear booking numbers most of the time.

Vikrant Gupta: Got it. Thank you. Great. All the best.

Moderator: Thank you. We will take the next question from the line of Arvind Chetty from Tata AMC. Please go ahead.

Arvind Chetty: Thanks for taking my question. Sorry, to harp on the growth for second half. So, what I understand is our order book growth is growing faster than our revenue growth and most of this order book we anticipate to get converted into revenues in next 12 months. So, is it fair to assume that our growth in H1 Y-o-Y basis would accelerate from where we are today?

Virender Jeet: So, it is absolutely right. There are two ways to look at it. One is that of course the business which we acquired in H1 of this year would get executed over next 12 months and some part of that revenue would come in Q3 and Q4. But what we have to be conscious of the fact is that Q3, Q4 are very large quarters for us, and a lot of that revenue is driven out of jerky license sales. So, our ability to still win new deals and new large license deals is very essential for growth of Q3 and Q4. The previous booking will add something, but they cannot sustain the traditional growth rates of Q1 or Q2. So, we will have to still wait for new deals as well as order bookings in Q3 and Q4 for higher growth. Yes, the book does not automatically translate into 30% growth in Q3, Q4.

Arvind Chetty: Just to follow up on that. For the last couple of quarters, we have seen license revenues also growing significantly better for us. So, if that trend sort of continues in Q3 and Q4, our growth should look much better or maybe similar to what it is at least in H1, right?

Virender Jeet: Yes, if we continue to sell licenses at the same and in fact much higher pace is what is the requirement of Q3, Q4 we can achieve the same growth rate. But it is very difficult. As I said these are larger quarters and out of our 4 engines generally two to three are only firing, not all are firing. So, we will have to really watch and see how we progress in that. But broadly as Mr. Nigam also said, I think that most of the parameters in terms of funnel, deal size the market is looking very good and there is no reason why we cannot maximize for at least next three, four quarters.

Arvind Chetty: Just one last question on margins. We have been in that 17% to 18% PAT margin for most of the years barring one in last few years. This year at least in first half we are trending much better on the Y-o-Y basis and if I heard it right, most of the investments we have done in H1. So, the margin benefit should accrue in H2. So, to that extent on a Y-o-Y basis for full year, the margin should look better, and can we grow higher than 20% kind of PAT margin for the business on a sustainable basis?

Virender Jeet: See generally the H2 of the year does compound to the most of the annual margin. So, in spite of Q1, Q2 being high, but Q3, Q4 is the real quarters and if we can maintain a high top line beyond our budgeted top lines then we should be able to expand better margins for this year. So, the estimates are anywhere between, 18% to 21% EBITDA and 18% PAT. If you are able to hit any growth, which is about 26%, 27%, the margin should expand.

Arvind Chetty: Great. Thanks a lot. That answers my question.

Moderator: Thank you. We will take the next question from the line of Mihir Manohar from Carnelian Asset Advisor. Please go ahead.

Mihir Manohar: Thanks for giving the opportunity and congratulations on great set of numbers. I mean, these are very good numbers typical in this environment. Largely wanted to understand which parts of BFSI are driving the growth because when we see global scenario, I mean, BFSI specifically on the IT spends are challenging. So just wanted to understand what is exactly driving this growth in BFSI? Are these big market banks or this small market banks? How to understand them? And what can be the sustainability of this growth that will be important. My second question would be the traction on the trade finance side, last time we were mentioned there are some five to six clients which we have already onboarded in the trade finance part of the piece, and you were looking at some four to five clients this year also. So, what is the update over there? What number of clients or what kind of inquiries are you seeing on the trade finance side and is it higher or lesser than what you were previously seeing? That is my second question, and third question was on the BPO IT part of the piece. When I see BPO IT, I mean, it has come down over the last two quarters. So, is it a conscious effort that we do not want to grow this particular part of the business? BPO IT and if so, then what is your success over there? I just wanted to get an understanding around that. So those were the questions.

Virender Jeet: I will try to answer one-by-one. See on the BFSI side, while globally in mature markets there is a pressure on BFSI, but our traditional emerging markets the BFSI is doing well, especially in countries where there is the growth rates, the economic activities are better. There is huge interest in looking at transforming their processes, especially on the digital side, reduce the cost of lending to give a very differentiated experience to the customers. So like if you take markets like India, Middle East, as well as some in APAC, there is a huge interest in the BFSI and when you are talking about this market you are talking of typically tier one accounts, you are talking of the larger banks, that does not exactly reflect also in the markets in US and Europe because our penetration is very thin and we are trying to pivot, but we have realized even in the same span in last two quarters, we have been able to acquire banks in those mature markets as well for the same kind of problems. So, the India story of what we are trying to lead with digital India we are able to build similar products to the markets like US and Europe. So overall we think that the opportunity for digital transformation in banking especially in the space of lending is extreme and I think it can sustain over a period of time. On trade, I think it is an area where we are very excited about it. We are winning deals and in fact this quarter as well we have won some deals, we do expect that in next two quarters also we are able to close another few deals out there. But trade deals end up being very large. So it is not like the deal velocity or what you call in terms of size of the funnel is going to be very different and we have to be very selective about taking these deals because they are more complex they are more critical for the banks typically the larger banks or the customers for trade and we do think that over a period of time we can make a substantial inroad in this whole segment of trade both in markets like India, Middle East, APAC as well as there is a potential to go with larger banks in the US and Europe. On your third question of BPO IT, I think BPO IT is that typically and what we call enterprise BPO IT/ shared service segment. I think the market itself does not have the same potential as the banking because banking is a pretty large market. So that is why if the growth rates are not very high out there as well as, as a company we are growing, our deal sizes are growing, typically the BPO IT do not end up giving us the same size. We are still excited about the enterprise market in India and in Middle East. So, we are pursuing that, and we do want to really kind of realizing products out there and build and so the effort is on. But yes, right now it is not growing at the speed, which is expected, but I think we are investing beyond banking. The other segment is insurance where we are finding a lot of traction and the same kind of digital journey can be replicated out there.

Mihir Manohar: Sure. That is really helpful. Just to follow up on the deal sizes and you have mentioned that deal sizes are going up for us. So if you can just throw some color as to how are the deal sizes moved in the last 12 months or last 18 months per se that will be helpful and just a second follow up on the banking side, what are the kind of people or companies that we are competing with while getting these contracts? Just two follow-ups, over there.

Virender Jeet: I think we would send you more information exactly the deal size is how much percentage but substantially I think the deal sizes would have grown by 30%, 40% year-on-year, but I think we will get you more information on that. Sorry, I could not hear the other question.

Mihir Manohar: The last question was basically while winning the banking contracts what are the kind of companies that we are competing with while getting this contracts?

Virender Jeet: So, the competition in banking is about some players who are operating in digital banking side and this competition is pretty fragmented. On the more structured side, the competition globally is around with companies like Ncino, Salesforce of the world as well as horizontal players, which are the Appian and Pega of the world. But on some regional side, you have also very regional local competition out there in terms of very different companies in every country. So, it is quite fragmented that way, but I think right now we are luckily operating in a space that the competition is not really affecting us at all. We are able to really convert most of the deals we are fighting.

Mihir Manohar: Sure. Got it. Thank you very much, Sir, and best of luck for the future.

Moderator: Thank you. We will take the next question from the line of Pranav Mashruwala from Dolat Capital. Please go ahead.

Pranav Mashruwala: Hi. Thanks for the opportunity. My question is the one is on NewgenOne comprehensive solution which you launched in July 2021. So, I just wanted to know about the progress of that comprehensive solution rather than individual solutions per se, how is that progressing? Some color on that would be helpful.

Virender Jeet: So, the current flagship platform we have is the NewgenOne and most of the accelerators or the solutions which are being built are built around that. So that is the primary platform which we are carrying to the market. So, it is on one side is helping us to really accelerate the speed by which we can deliver these products, vertical products to the banks, insurance industry. On the other side, we are getting extremely good traction from the GSI's and partners who can build products and solutions around the same thing, whether these are relationship with Coforge or Infosys or other companies whom we are trying to pursue and trying to build this part of their stack. So, we are excited about the product. The product has been well adapted, in many, many implementations we are trying to use this products out there. So, we are excited about that. So, it is going to be the flagship product. So basically, it is going to be the one which will be selling for most of our users.

Pranav Mashruwala: Thank you. My next question is how many clients do we have at present in terms of 100 million plus billing? Let us say today as of Q2 versus previous year.

Virender Jeet: Sorry, what is the number you are saying in terms of…

Pranav Mashruwala: The number of clients of 100 million plus billing, earlier I think we used to provide that data, but I think now we are providing 50 million plus clients.

Virender Jeet: Actually, we do that at the end of the year because during the year the billing periods are very different for clients, so because we do not have a service revenue stream. So, the revenue streams are jerky. A client could have a license sale, or it could have an ATS renewal dates. So, on the service side, it is very smooth. We can provide it quarterly in terms of, but I think we provide this data early, but in case you can ask Deepti and she can provide you what is the situation right now.

Pranav Mashruwala: Sure. I will take that, and lastly, how is your hiring strategy going forward? Hiring, we plan to because we are seeing a good robust order book.

Virender Jeet: We are seeing a growth momentum, and we are continuing to hiring. We are hiring aggressively both on the lateral side as well as campuses. Last year we honored all over campus placements and we have more than 600 people coming in the campus site. This year we have a plan of hiring roughly around 550 to 600, I do not know exactly, and these numbers can also increase, if we look at the business momentum in Jan. So, we are very excited about the business. So, we continue with hiring momentum, and I think we are as a company we have never dropped our campus offer whether it was 2008 or whether it was 2000. We meet our commitments of campus and so we think it is very essential and it does help our company to grow and so we will be going ahead and honoring all our commitments and in fact all the commitments from last year are already in. The people are already working and for this year we are going again of hiring roughly around 550 people from campus.

Pranav Mashruwala: Sure. Just to follow up on that. What was the time from conversion of fresher campus in a product company like ours to billing cycle?

Virender Jeet: See, when people come into our company, I think there are multiple areas they go, they go into the product areas, they go into supporting our customers, they go into building our accelerator, and some go into delivery and implementation, and large part of the delivery and implementation is also fixed cost. But generally, it depends on individuals everybody is different, but we are very happy that some people are very productive as quickly as three months and some people can be productive in three to six months.

Pranav Mashruwala: That is it from me. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Chirag Kacharia from Ashika Institutional Equities. Please go ahead.

Chirag Kacharia: Congratulations for the good set of numbers. A couple of questions. On GSI front, what is the development in the current quarter and second in last two quarters revenue, what contribution is coming from GSI side? And third as we have done a deal with, we have tie-up with the Coforge. So, which are other player which can be potentially there on GSI funnel from domestic market.

Virender Jeet: Our revenue mix between partners and Newgen is still remaining around 20:80. So, it continues to remain at the same level. Our partnership with Coforge, we have also similar partnership with most of the Indian GSIs and we continue our focus on the partnership is predominantly mature markets, but we do have relationships in all emerging markets as well. So that is the way the GSI work for us. We do not have specific relations for specific markets. Generally, our aim is when we are talking about GSIs, we are talking of matured market relationships and that is where we focus. Does that answer your question?

Chirag Kacharia: Yes. One follow up question on same, whenever any partner empanel for GSI related stuff, what is generally the time cycle to deliver the project. If you can share it?

Virender Jeet: The GSI relationship or partnerships are more strategic in nature. Sometimes they may have an account in view, sometimes there is no account in view. So, once you go to the market you end up winning cases, then the execution cycles are normal execution cycles. But we are continuously investing with GSI to train their resources, so they are prepared in both sales as well as execution cycles and in case also there are challenges then we have a large execution team. We augment those GSI effort and help GSIs to execute better. But it is not linked with the partnership signing agreement with the GSI.

Chirag Kacharia: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Harsh Shah from Dimensional Securities. Please go ahead.

Harsh Shah: Hi, good afternoon, Sir. A broader question, just wanted to understand which part of the business are we seeing more traction, is it on the content service side, the OmniDocs part of the business or is it more on the Low Code/No Code automation? Just wanted to get understanding on that.

Virender Jeet: The traction in the business is predominantly from core verticals, which is like banking, insurance and banking also on digital. The platforms which are built based on our

NewgenOne platform which encompasses both Low Code capabilities as well as content services. So, most of the use cases which are about digital transformation end up using more than one product, underlying product. So, business orchestration is a need for every platform, Low Code capabilities are essential these days as well as content is very essential, are part of every solution. So, they become the fundamental pillars, on which we build the digital lending platform or a trade platform or a claims system. So, all those cases, our core products are used in all those cases. The biggest traction right now is from the vertical side and in those verticals both the platforms are always used.

Harsh Shah: If I want to understand the size of the market where we operate in a traditional market as well as U.S. market. So, if you can quantify what is the addressable market size. Just to get an understanding of what is the headroom to grow? That would be helpful.

Virender Jeet: I think we operate in a market which is very, very large. You can estimate it if you take the ECM or the content and the Low Code that itself is more than $30 billion and we are not even at a percentage, but if you look at Low Code capabilities and look at application stacks and Low Code then another $140 billion and there is no proper estimate and you can see many reports of this we can share some reports with you where you can understand the market. The core message is there is so much of headroom to go, and we are still operating in a very small part of that market. So, our ability to execute is the only constraint and especially our ability to execute in the mature market.

Harsh Shah: To get a better understanding. So, is it that we need to grow by taking market share from someone or is it that the demand which is getting created or this is the new industry in itself which is creating a market for players like us?

Virender Jeet: So, the general, the traditional areas of ECM/BPM are growing at 8%-9%. So, the market itself is expanding, but the digital use case market we are typically what you are seeing is happening in banking or insurance. These are creating new use cases. Now these use cases are somewhere in a parallel expanding the market. So, a large part of it is around new use cases. But also, we are into the business of ECM replacement modernization where the old solutions are getting obsolete. We have new tech stack where we are trying to replace both on content services side and Low Code side. So, it is a combination of both, but very difficult to really answer this at a size when we are less than 1% of the global market. These questions are relevant when you are having 15%-20% of the addressable market size.

Harsh Shah: That is all from my end. Thank you so much.

Moderator: Thank you. The next question is from the line of Devang Bhatt from IDBI Capital. Please go ahead.

Devang Bhatt: Hi, thank you for taking my questions. Just one thing that you said that 17%-18% of PAT margins are based on 20%-25% growth. So, if you grow higher than 25%, what is the BPS increase in margin for every 1% increase in revenues do you have that quantification? My second question is what kind of order book do you need, order book growth for you to grow at 30% consistently? And the last question is how many logos have you won with GSI this year. This quarter.

Virender Jeet: Sorry Devang, I am not financially so literate to answer these questions, they are too mathematic, but just to answer the correlation is simple. It is basically our costs as you look at Q2 cost base is typically the standard cost base which will be maintained in Q3, Q4 with small variations, so if you have already the cost and you can look at the top line targets of Q3, Q4, you can clearly estimate the potential margin which can be depending on whether it is a 26% growth or 30% or 24%. But we do not have a correlation that for every 1% top line growth this much of percentage will get executed. I do not think we look at business even that way, we look at still how do we meet growth and what are the best ways of investing the money for the growth. On the booking again, on the correlation of what booking will lead to what kind of revenue downstream is again a question depending on deal composition, whether you got a subscription deal or you got an upfront license deal or there is a larger service component. Again, we do not track it that way unfortunately, but if you can articulate your questions more detail than probably Deepti can work and create some data for you on that side. Does that answer your question?

Devang Bhatt: Yes Sir. Just that how many logos you have won this quarter.

Virender Jeet: Around 14 logos this quarter across all fields.

Devang Bhatt: With GSI.

Virender Jeet: With GSI, we had two deals this quarter.

Devang Bhatt: And last year DSO days were how much Y-o-Y basis we have 105 this quarter. Last year same time it was?

Virender Jeet: For September 111 to 105.

Devang Bhatt: Okay. Thank you for taking my question.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Sarang Sanil from RW Investment Advisors. Please go ahead.

Sarang Sanil: Good evening, Sir. Congrats on setting up a new office in New York considering the presence of large banks in the region, do you think it is time we divert our focus from selling through the GSI route and go sell directly to these banks? If so, are we expecting an increase in the marketing spend considering also how US players usually do the business there?

Virender Jeet: Thank you. It is a very good question and I think the idea of opening the New York office about being close to the ecosystem where we can succeed, especially in banking and insurance. So, when we are working in GSI, it is very important to understand that in the larger accounts, GSI's ability to execute and implement your product is very essential for success. Because customers do have relationships and some of these programs need GSIs to execute that. But that does not mean that we do not have to sell. We are aggressively looking at actually putting our own sales team on the ground, increasing our expense in marketing, whether that really how much of expense or overhead it creates for the company, I do not think it is going to be very large initially. We still are generating very high gross margins and with the slightly better growth rates we should be able to aggressively invest in US to do all that and again, we are looking at market share where we are looking at larger accounts which can quickly turn into profitable customers. So, we are not looking at the US mode of expansion where we are looking at only account acquisition and burning cash. We are still looking at profitable business what we can expect.

Sarang Sanil: So also, great to see the DSO dropped significantly and move towards the plan target. So, what has really changed in this quarter despite seeing good growth in the Indian market and IMIA where customers usually slack on their payment? Is there a change in the way deals are structured or has the efficiency in the collection improved?

Virender Jeet: Proficiency of collection is improved, and we will try to take some credit that we are doing our job better and also you have to look at the DSO generally in this quarter are much lower. Because these are also relatively lesser billing quarters, of course they are large, but compared to Q3, Q4 they are much low. So, we would expect that we are improving the hygiene of the whole system. We are following up with clients more aggressively and we keep on improving it and our target to meet roughly around 90 days of DSO in next one, one and a half years we want to achieve that.

Sarang Sanil: So happy to see Newgen celebrating even before the festival season has begun. So, congrats and all the best for the future.

Virender Jeet: Happy Diwali. Thank you.

Moderator: Thank you. As that was the last question for today, I would now like to hand the conference over to Ms. Deepti Chugh for closing comments. Over to you, madam.

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

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Newgen Software Technologies Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.