



Newgen Software Technologies Limited

CIN: L72200DL1992PLC049074, Registered Office: E-44/13, Okhla Phase II, New Delhi 110020, India
Tel: +91 11 46533200, 26384060, 26384146 Fax: +91 11 26383963

Date: 04th November 2025

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'26

Dear Sir/Ma'am

As intimated earlier through our letter dated 17th October 2025 regarding the Conference Call of the Company, which was held on Tuesday, 28th October 2025 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
Company Secretary & Head-Legal

Encl.: a/a



“Newgen Software Technologies Limited

Q2 FY’26 Earnings Conference Call”

October 28, 2025



MANAGEMENT: **MR. T.S. VARADARAJAN – 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. ADITI PATIL – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Newgen Software Q2 FY '26 Earnings 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 a question after the presentation concludes. Should you need assistance during the 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 now hand the conference over to Aditi Patil. Thank you, and over to you, ma'am.

Aditi Patil: Thank you, Saisha. Good evening, and welcome to the Q2 FY '26 Earnings Call of Newgen Software Technology. It's my pleasure to introduce the senior management team of Newgen. We have with us today Mr. T.S. Varadarajan, Whole-Time Director; Mr. Virender Jeet, Chief Executive Officer; Mr. Tarun Nandwani, Chief Operating Officer; Mr. Arun Gupta, Chief Financial Officer and Ms. Deepti Mehra Chugh, Head, Investor Relations.

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

Deepti Chugh: Thank you, Aditi. Good afternoon, everyone, and welcome to the Q2 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, 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 announcements 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 results, which will be followed by a Q&A by the management.

T. Varadarajan: Good afternoon, everyone, and thank you very much for joining us today for the Q2 FY '26 earnings call. I'm pleased to report a strong quarter, reflecting our continued focus on product innovation and customer success. Our growth momentum has been restored in Q2. This quarter, we have achieved revenues of INR401 crores, marking an 11% Y-o-Y growth. Our performance was driven by robust demand across regions, especially new and matured geographies and increased adoption of our digital solution.

Our subscription revenues reached INR126 crores, witnessing a strong growth of 20% Y-o-Y. During the quarter, we made 15 new customer logo addition. We are happy to witness new territories opening up and large break-throughs in matured market, which is expected to help us in further scaling up in these geographies. U.S. and APAC regions witnessed strong growth of 22% each during the quarter.

India region witnessed a growth of 7% and EMEA by 3%. We are working on expanding wider in India and Middle East market. Increasing focus on Make in India initiatives is expected to give us advantage vis-a-vis international players in the Indian market.

Further, we are deepening our presence in the banking vertical and working on building customer journeys in private enterprise. Moreover, we have also witnessed early success in the insurance past segment across geographies. Our key wins in Q2 include we won a project of approximately GBP3 million from a major life and pension consolidator in the U.K. market to provide an enterprise content management and customer communication management platform.

Newgen signed a 5-year contract worth of EUR4.2 million with a major retail group with diverse portfolio of food and non-food segment in Europe for a modernized cloud-based enterprise records management platform. We secured a 5-year contract valued at \$5.6 million from a Ghana-based conglomerate for implementing a loan management system. The company also entered a 2-year USD1.6 million deal with the bank in Americas region for supply, installation and implementation of the Newgen enterprise content management system platform.

We signed a 3-year agreement valued at approximately USD2.6 million with a leading U.S. healthcare company for annual software subscription, cloud hosting services and implementation. Newgen was awarded a 5-year INR21.24 crores deal by a general insurance company in India for policy administration system. We were awarded a multiyear INR8.9 crores deal for licenses of BPM platform and its implementation for the PAN 2.0 initiative in India.

Coming to our products, we are working on creating viable use cases in AI through significant investments in AI-driven product and solution. By leveraging AI, we can help boost productivity, decision-making, quality and employee engagement with enterprise system. During the quarter, we also launched the Newgen Developer Community and received an overwhelming response with over 500 registrations on day 1.

During the quarter, the company also registered as a strong performer in the Forrester Wave Digital Process Automation Software in Q3 2025. We have also been recognized in Forrester the insurance agency management systems landscape. We have also been recognized as a representative vendor in Gartner Market Guide for Commercial Banking, Cash Management and as a sample vendor in Gartner Hype Cycle for Bank Lending 2025.

We are happy to share that we have been selected in the Forbes Asia Best under a billion issue publish in August 2025 for the second time in a row. Our profit after tax for the quarter was at INR82 crores and net margins were at 20.4%. We are working on various steps of enhancement of productivity of our workforce through automation and AI. We continue to prudently invest in R&D and sales and marketing initiative. We have invested 9% of our revenues on R&D initiatives and around 21% of our revenues on the various sales and marketing activities.

On the balance sheet front, we witnessed robust cash flow generation with our net cash generated from the operating margin activities at INR90 crores during the 6-month period. Our net trade

receivables were at INR521 crores as of 30th September 2025, which resulted in net DSO of 124 days. This quarter has been a testament to our resilience and agility.

Despite evolving market dynamic, we have delivered strong financial performance, expanded our global footprint and deepened client relationship across key vertical. Our strategic wins in U.S., APAC and EMEA regions underscore the relevance of our solution and the trust our clients place in us. Our funnels continue to be healthy and strong, and we see improvements in project closures, especially in new and matured market. We are hopefully of continuing the momentum in the second half of the year as well.

Thank you very much. We are now open for Q&A.

Moderator: Thank you very much. The first question is from the line of Ruchi Mukhija from ICICI Securities Limited. Please go ahead.

Ruchi Mukhija: Many congratulations to the management on a wonderful quarter, excellent delivery. Could you help us understand, last quarter, we commented that there has been some delay and change in the large deal momentum. How that has played during the quarter, we heard a couple of large deals, but most of them are from developed geography, Europe, U.S. So, now how the situation in India and EMEA stand, if you could comment, especially regarding the large deals?

Virender Jeet: Ruchi, thank you, and thanks first for congratulating on the result. You're right. I think what we had indicated at the end of Q1 that while the business momentum and deal win momentum was strong, typically, there was a significant delay on large deal closures, especially in territories like EMEA and India. I think a large part of the challenge still remains. We are -- while we are closing lot of deals and the EMEA and India large license deals are still fewer compared to last years.

So we have done a good significant around INR70 crores of license this year out of this, a significant part comes from India and Middle East. Most of the large win this quarter have been also from matured markets. So, their revenue recognitions are quite delayed. So they are not really factored in the revenue, while the deals which come from India and Middle East, you are able to realize because they are license-based revenues.

So, I would say that partly the challenge has not completely been resolved. But as I said that we are focusing on more deal velocity, organically expanding our use cases and also trying to get into newer verticals and using AI to drive some of that momentum. We should be able to also weather these tough times and still register growth. And that's where we are right now.

Ruchi Mukhija: This quarter, even the profitability was a surprise. Is it fair to associate the better profitability to the growth from the mature or the developed market, which comes with a better margin profile? And if we see similar growth mix across geography to continue, the margin -- upward biased margin should hold on. Is that right interpretation?

Virender Jeet: Yes, because I think as you previously mentioned that any -- our costs are typically very standard at the beginning of the year. This year, I think since the market momentum was not very strong,

we were slightly more cautious about spend and some of the costs also about manpower expansion were not needed because the services and deliveries are getting optimized and there's also advantage of some amount coming from the AI. So the manpower additions were much muted. And the better margins due to the distribution of revenue coming from Geos is an organic thing.

We clearly understand as the subscription revenue becomes larger part of the revenue and the matured market sales where we have better realization for the same deal, we should be able to further expand margins. But margins are also a function of how aggressively we want to invest.

So I think our indication of we can do something between around net of 20% of margin will continue. And the business organically as it grows, does expand margins and thus, we have an ability to deliver higher margins, but we would prefer to invest that in growth and accelerate the growth.

Ruchi Mukhija: Got it. And the last one, this quarter, we saw a significant jump in other expenses. Could you add more color to how this expenses got inched during the quarter?

Virender Jeet: I'm not very sure because significantly, we did not, as I remember, there is one sale of hardware, which has an impact of roughly around INR6 crores to INR7 crores, which could be -- maybe that is the case or I don't see there's some consultant fees which came on this quarter, but they're not very different from what we have been doing in previous quarters. So, but I think Deepti can send you more detail about -- we can exactly tell her share more details about. Nothing significant...

Ruchi Mukhija: I was trying to correlate, I mean, have we increased marketing events and given our expectation that the larger geography...

Virender Jeet: Slightly, not substantially, slightly. I think in next couple of quarters, we will start again increasing them, but nothing significant. I think there will be more incremental as to the investments.

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

Aditi Patil: My first question is on the order book growth. Can you give some qualitative sense on how our order book has grown in H1?

Virender Jeet: Aditi, thank you and yes, Aditi, we have -- last year, we said that the order book at the end of the year is a better reflection. Right now in the middle of the year, it is looking quite strong. I think the numbers are above 20% on the order book growth, in fact, mid of 20s or even higher than that. But I would take that data in the context of looking at -- because some of the order flow between H1 and H2 can be also to do with where the ATS has got renewed, where the subscriptions got renewed.

But it is surely better than last year, clearly for the same period by a significant number. And I do think over next few quarters, that should reflect in the conversion of that business. But I

would say the order book numbers at the end of the year are a better indicator than in between on a quarter level or at a half year level.

Aditi Patil:

Okay. Got it. And so last quarter, towards the end of the quarter, we had signed a couple of large deals. So did they get converted to a license revenue in Q2 because we see a Q-o-Q strong jump in license revenue.

Virender Jeet:

No, not really. So, what happens in any license deal, whenever -- whichever quarter it is closed and it is built and revenue is realized. So, I don't think orders of last quarter of license would have reflected. These are typically all the orders which would have been closed this quarter. It could have some amount of service delivery revenue or some coming from those orders.

But generally, slightly all orders take a bit of lead time. Beyond license values, they all take slightly at least a quarter or sometimes 2 quarters to ramp up and start execution and some revenue started coming in. So, I would say that most of the non-license revenues from Q1 and Q2 orders are yet to be realized. They are not in the system.

Aditi Patil:

Okay. And my last question would be on -- so globally, we have seen large software companies seeing strong growth in their AI features. What are our plans on growing AI-led product revenues? And like what traction have we seen so far? And also, you mentioned about AI-led productivity helping lower employee cost or the increase in the employee cost is lower. So, can you share how our employee headcount has grown on a Y-o-Y basis?

Virender Jeet:

Yes, Aditi, I think there are 2 parts of this question. First of all, for global companies, typically most of the conversation, at least in the context of India is around service companies. And their challenges, their problems and opportunities are very, very different than ours. We are -- so -- as a product company, generally, we have to pre-invest in AI to be relevant in our products. So, most of our use cases are AI-led and AI delivered.

So, product capabilities are getting enhanced or have been done for last 3 years. We have also clearly have GTMs around 5 different AI product area like credit decisioning, the trade document or IDP based cases or there are cases in insurance. These are our GTMs which are trying to drive sales, and we got some successes in Q1 as well and some in Q2.

So, I think our strategy is still about using -- leveraging interest in AI, transform use cases and enhance the digitalization of businesses. And that is where our products fit in. We are not into looking at overall AI demand and servicing that demand because I only service the demand through my products and my use cases.

So, I think we are hopeful that this over a period of time, product companies end up being net benefit of any large digital movement. And -- but we'll have to file for the space because again, in that space, I have to compete against rest of the product companies, not against the service opportunities.

So, for the AI-led productivity, I think clearly, with the generative AI, one of the biggest advantage of use cases is what gets deployed in the whole software engineering and development.

And I think so far, the data is that people can expect between 20%, 30% productivity once they deploy all the tools. It may take time to reach that. So, we have taken an internally a target, ambitious target to make sure that we optimize and there are some pockets of zones where AI is being deployed.

So, clearly, I think in next 2 to 3 years, we think for the same revenue, we should be able to lower our service delivery, execution and product cost by 20%, 30%, which some of them will get also translated to the client. We have not added manpower compared to last year. In fact, we are roughly around 100 people less than the last year right now. So, Aditi, does that answer your question?

Aditi Patil: Yes, that answers my question. Thank you for patiently answering.

Moderator: The next question is from the line of Rahul Jain from Dolat Capital.

Rahul Jain: Yes, hi. So I was asking about this the deal win data. If we just go by the calendar period during this quarter that we have announced, the wins look, hello, I can hear some background. Hope, I'm audible?

Virender Jeet: Yes, Rahul, we can hear you clearly. You can go ahead, we have no noise.

Rahul Jain: Yes, yes. So I was saying that from a signing perspective, it's meaningfully higher even if I have to compare about whatever we have announced in the previous fiscal overall basis. So, I want to understand this from your perspective, from a demand confidence point of view because I think I heard that you mentioned somewhere that the challenges still exist. So how we are comparing these 2 element and how we are seeing market in general?

Virender Jeet: First of all, thank you for the question. So you're absolutely right. I think we had a significant quarter of new deal wins. And one of the things you can understand realize this time, a lot of deals were outside India. They were more in matured markets.

We had deals coming from Australia, U.K. and some from U.S. And compared to other quarters, these were significantly more for the same period. Now these deal wins are generally -- most of them are subscription-based deal. So they don't have any immediate effect on the revenue for that quarter.

While previously, our deal acceleration was happening in markets like India and Middle East, which had upfront license revenue realization. So, while I said that we have overall business momentum is looking good, our products are having more relevance, we are winning more and that deal movement. What is missing, the India and Middle East market, the large license deals are still lesser compared to the last year or almost same as last year. While we generally have an expectation that we should grow at least 30% in license revenues in these markets.

So that is the challenge and the challenge is also in the area where there are typically larger deals getting signed where there's a slight amount of delay or there's not faster decision-making. So, both the realities are true. Our deal momentums are great. We are winning more and more deals in matured markets. But the other part of that in India and Middle East, our license sales are not as per the expectation we want. We want to accelerate that over the coming next quarters.

Rahul Jain:

Sure, sure. Now one more question. So basically, what I'm trying to infer is that we might see a better traction in SaaS kind of a deal -- SaaS kind of a segment momentum, while license, of course, will grow, but given the mix, SaaS could see a better traction. We also observed that there were a couple of deal that came from the SI channel, and they were from a size perspective, also relatively more compared to what we typically announced. So, any color in terms of how you are seeing this channel driving momentum to us?

And the deal value that we announced to the SI includes some part of their revenue also as a subset of this deal value or this is just a value that gets into our books and there is no pass-through element for SI in this space?

Virender Jeet:

Yes, I'll handle the second part first. I think we -- all our deal based net to Newgen. There is no any other component of SI or anything. So, SIs may have a different order or maybe having the similar order. So we have nothing to do with. This is an order which is placed by customer or through SI to Newgen for the Newgen value. So that is around the size of the deal.

So, in terms of better traction on SaaS is a function of where we are selling. For us, typically, all sales outside India and Middle East and some in APAC are in SaaS model. So, we have a higher acceleration of growth and order book in those markets, it will lead to better SaaS revenues. But so translation from deals to revenue will take few quarters at least because initially, they're not upfront loaded. They will be proportionately realized over 12 months, and then they will go over a few years.

So, some of the momentum which comes into the business, if it comes from the SaaS side is slightly lagged into revenue. So that way, yes, it is better because it is more even. It increases the subscription and the annuity side of the business, which is more predictable, but also as a challenge that it does not give you immediate returns in that quarter, does not give you the credit, adequate.

So, for us we have to focus on license to look at our quarterly P&L. And so India and Middle East markets since they have more habitual to purchase in licenses, it works in our favor. And all other markets, subscriptions are 90% of the cases, but also some are licenses, but I think that is the case. Rahul, does that answer your question?

Rahul Jain:

Yes. Yes, it does. And just one last follow-up on that. In light of if you think the mix of license versus SaaS might change in favor of SaaS, let's assume that is how the Western market would behave for us. So in that light, the 20% revenue alignment that we aim for and the margin that we have delivered last year, let's say, 25.3% EBITDA margin and we have done similar in Q2.

So, you see that number -- these numbers should also be seen in a different lens if that mix changes? Or it's too early to comment on that?

Virender Jeet:

So, Rahul, we have always maintained that this issue of moderating our growth target on the account of subscription is a trap. Sometimes if you get into that, then you make a habit of lower growth. So we don't want to do that. We are clearly saying that whatever the subscription business, though it is back ended, I think we should be compensate either by acceleration in the business momentum or looking at higher license deals.

So, our focus is very clear that we still want to continue on a healthy growth momentum. And the subscription switch can happen organically over a period of time. So, if -- some of our business comes in subscription, then the only answer for us that we have to do more business.

Rahul Jain:

Yes. So that's even better. It's good that if you -- then it creates more visibility as well. And just on the margin side of it because yes, you could compensate with more wins to generate equivalent revenue. But from a profitability point of view, also, there would be more SG&A involved for more deal per revenue basis. So, this 25% margin that we did last year, should that hold as a medium-term objective for us? Or you think we could be improving or going down, whatever view?

Virender Jeet:

I think we are right now at not at our desired levels of top line. So, on our desired levels of top line, we said the margin would expand, and I think -- but we will keep on reinvesting in the business. Right now, the costs are on the lower base.

Luckily, also the people movement is lesser in the industry, we were able to maintain some cost out there. So we should be even at a lower number, be able to very close to that margin. But in the natural course of business, I think the margins would expand, but we would be more aggressive in reinvesting that in sales and marketing.

Moderator:

The next question is from the line of Sachin Jain from Prahas Capital.

Virender Jeet:

Yes, Sachin, go ahead, please.

Moderator:

Mr. Sachin Jain, please go ahead.

Deepti Chugh:

I think we can move to the next question.

Sachin Jain:

Yes. Jeet, congratulations on good set of numbers. After a long time, heartening to see the traction by system integrator channel. And how do you see from here? Do you see a meaningful traction going forward from here?

Because after 2, 3 years lag, we are now seeing -- started seeing some good deal wins, particularly in matured markets. The strategy which you articulated 3, 4 years back through this channel looks like it started now giving you the desired results. So how do you see going forward this channel particularly contributing to Newgen?

Virender Jeet:

Sachin, I think when we started, I think we talked a lot about it, and we were slightly over optimistic about this whole channel, and we did not realize how much effort and time it takes to build it. I think the hard work has happened over last 4 years. But we clearly realize that at the product level companies, they are still at a size where the product sales has to be done by us. And still, we need to manage all the system integrators, their competencies and collaborate them to win large deal. I think that's what's happening.

I would give a large credit to our own sales efforts in the regions and then also our partnership and alliance teams, what they have worked over the next last few years to build these alliances strongly. But it is -- I would not say that we have reached a kind of a breakout point where we should expect lot of deals coming through system integrators. We are still relying on our direct sales efforts and along with partners to go and win those deals.

So, it is -- I'm also hopeful like you are, but I would still today rely on that to -- we have to organically go and sell more. It will gather momentum surely. But when does that threshold or a breakout happen, it is difficult to predict. But we have excellent relationships in different markets with different GSIs and multiple GSIs orders have come in single regions and then across continents and countries. And there are fewer coming every quarter.

I think this quarter, we had more than a few. That's the only difference. And let's hope that the deal momentum continues. But I would not take that data and draw a conclusion. So, we are -- I think we can be together hopeful about it.

Sachin Jain:

Understood. Understood. And Jeet on second, the way AI is also seen one is enabling your products, particularly adding lot of features, you can agentic AI and all you are adding to your product. But on the other side, how do you see AI as a risk? Can it disrupt the product itself -- just what are the risk you envisage, particularly taking AI into account?

Virender Jeet:

Yes, see, for product companies, any major technology disruption always poses these challenges. It happened at the time of mobility. It happened at the time of when the large SaaS players started coming in or the cloud aggregators came in. So, what -- for us, generally, people who invest in R&D, they are able to convert changes into opportunities. That's a broadly a 30,000 feet answer.

Now for us, what we have seen with AI, there's a renewed interest in some use cases, which was very ideal, like in content management system use cases, the intelligent document processing systems, the records management, governance, how to capture information, how to organize information, the AI is transforming those use cases. So more interest is getting generated in our traditional use cases.

So similarly, the product road maps can become more wider, they can cover larger cases. But at the same time, as you rightly said, there will be diverse competition. Use cases traditionally, which we are operating in a way may get disrupted by a newcomer or can get disrupted by deploying AI, customer on his own can deploy AI. So those challenges do it, they exist. We are pretty good in terms of investing upfront in using AI to leverage.

And then with the strength of roughly around 500 customers we have across the places and on the top of at least 3 verticals and use cases, we rely on that to drive our next momentum of growth in terms of using AI as a tool and an enabler for us.

On the risk side, I don't see like typically a direct risk -- but the risks are typically around where this whole promise and flux is there. So, I think that a business, there's kind of a slowdown of all contemporary cases or decision-making because people are evaluating can they deploy AI, can they use AI in a different way? Do they really need that much of people? Should they approach.

So those are the things which are happening right now in the market. So, we'll have to go and win our own rattle and take the market forward. So typically thinking for product companies, all disruptions turn up being advantages. You are able to -- but if you don't invest and if you sleep over it and say that we keep on doing what we are doing, then you may end up losing the market share.

Sachin Jain:

So, Jeet, in last 2, 3 years, whatever investment you made in AI, particularly enriching a product from Marvin or LumYn whatever product investment you made from AI-related investments, how clients are perceiving? Are there initial -- what are the initial feedback?

Virender Jeet:

So, I think this is exactly what I'm saying. First of all, for me, it is not a choice. First of me, all my customer use cases when I compare as a product company are driven by AI these days because my competition has done it over the last 3 years, the global companies have done it by that. So customers do perceive that AI is fundamental to all their use cases. And second, I said that part of our funnel, there is a renewed interest in certain areas of AI, where I have started generating a better funnel.

We also converted some major orders in AI, which were typically the early movers in AI. We had the Indian regulators coming in, and that is -- was an AI case. We have a Singapore regulator, some central bank cases are with the AI.

We are also pursuing a lot of cases in banking on AI right now. So, I don't see the investments of the last 3 years, 90% of that is to not sustain you as a company as a product company because if you don't do it, then you're out of the game. And 10% provide you an advantage in new use cases and other tactical places you can go.

Moderator:

The next question is from the line of Param Vora from Trinetra Asset Managers.

Param Vora:

Congratulations for a great set of number. So sir, can you describe which industries or geographies are you are seeing fastest growth in?

Virender Jeet:

So, Param, thank you for the question. So we have -- I think this quarter, we have done better in U.S. and APAC and if you also include these 2 also regions include some amount of U.K. revenue and Australia revenue. And generally the verticals, which is banking has been very strong for us.

It continues to do the larger part of the business, but the growth has come from government and other verticals, where I said the AI-led or the document centric cases are coming up. So, growth is more in other verticals rather than banking for this quarter. But overall size of the business, banking and insurance still are the major business for us.

Param Vora: Okay. And my follow-up question is regarding the patent. So with new patent grants, how are you monetizing the patents? Like are there licensing models in place?

Virender Jeet: So -- see patents are of 2 things. One is about developing the culture of innovation and making sure that you are ahead of the market. Second is about protecting yourself in certain key areas. And so they are not directly monetized. Patents eventually those technologies get into your products and over the period of time. And sometimes you have to also defend your territory in terms of doing the right thing or you have the first mover advantage.

We don't have a separate strategy to monetize an individual patent because between the issuance of a patent or working on that idea to monetizing, sometimes we have a very quick cycle and sometimes a late cycle. So, we don't have any direct aims that the patents would be monetized, but that's a culture of innovation by which we want to make sure that we protect our IP and we also stay ahead.

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

Mihir Manohar: Congratulations on a great set of numbers. I wanted to understand, sir, on the U.S. side, I mean U.S. macroeconomic situation is improving. Banking numbers also reporting good numbers, corporate profits also doing well?

So should we expect acceleration of growth, particularly for U.S. for us from here on and also when we see the order booking numbers that you shared that also GSI order booking is doing well. So should we see further acceleration of growth, especially in U.S. geography from here on?

Virender Jeet: So, Mihir, thank you for your question. And I think, yes, we are hopeful, I think with the early - - so we have pivoted around 2 years back into larger cases by walking out from smaller accounts. That transition almost walking out is almost complete. Now it's more about growing the business in other market. What we have achieved so far is we have got the marquee customers in terms of most of -- we have got the marquee customers in health. We have got the marquee customers in insurance and in banking now.

Now it's a point of using these examples to replicate. I'm hopeful, but I would say that we have not reached a threshold that we could predict a number and be very certain about it. But we are very hopeful that, yes, the efforts of both on GSI as well as pivoting to the large accounts should start showing results. It showed results last quarter. I'm very sure in this quarter, we record some good wins in the U.S. and then we take it from there.

Mihir Manohar: On the GI side, sir, let's say, 1H FY '26, how many number of deals have we won from GSI or let's on a broad cut basis the last 12 months versus, let's say, the 12 months or 24 months before

that? Just to understand from a broader comparison, is the GSI geo traction improving us or how to understand that?

Virender Jeet: So, we have -- I'm sorry, I really don't have data online. I think on the revenue from coming from partners, clearly though there is a growth in that number compared to last year. But Deepti do you have the numbers, how many deals came through GSI compared to same financial year?

Deepti Chugh: I'll get back to you on that. I don't think there will be a significant change in the number. There are some large interesting deals that we won. So, I think that...

Virender Jeet: But we can -- I think we can come back with the number in terms of the what the exact number is.

Mihir Manohar: Sure, sure. Understood. And third question was on the Middle East and India side. India, there was a situation that you were mentioning in banking side, yes, with banking a lot of saturation. And so we were trying to make inroads by the NBFCs and other private banks?

How to understand the trade-off here as to if the private banks at certain point in time will become larger enough for us for the growth to compensate. And also the Middle East, I mean as far as I recollect that in Middle East, the lower growth last quarter was because of Middle East tensions and not because of any fundamental reasons per se. So how to understand the reversal for these 2 particular geographies?

Virender Jeet: Yes. So, I think let me take India first. So, I think India you clearly said that the large deal momentum in the public sector, there was some saturation. And then we focused on NBFCs and some of the new banks, which typically will end up becoming the larger banks. I think that's going on well.

If you see also in India, we have sold roughly around sizable licenses to all these accounts, and we have got a lot of wins in that. What we are missing in India is still the larger deals coming from some of the large accounts, which are large license deals, which can be realized in that quarter.

So, we think that momentum will start shifting. We have got entries into now private segment. So more deals are coming from the private segment where we can get the larger licenses. And that should follow up because that market is even wider than the public sector market for us, we should be able to build. So I'm hopeful that in couple of quarters, Indian banking can come back to its growth momentum.

EMEA, I think the challenge beyond the turmoil also was our largest growth market has been Saudi and slightly, that was shut for a couple of quarters for us. I think that has started opening up again. I think it was on account of certain things out there. Now it is starting to open up. I think and as the deal moment in Saudi starts picking up, we should be able to. We have opened more markets like Kuwait, Saudi and other markets around that where we have got significant deals. But both these markets are very important.

We have a kind of a leadership position in the areas and verticals we process. I think sometimes there is -- in preceding quarters and years, we end up doing phenomenally well, we are growing at 40% with license growing. Now to match that growth rate and also to repeat that sometimes becomes a challenge on the license because license has key value. So we are in that period where we need to settle the base slightly for a quarter or so and then the growth momentum can repeat.

Mihir Manohar:

Understood, sure. And last question was on the employee expenses. When I say employee expenses, they are flattish on a Q-o-Q as well as Y-o-Y basis. Is there any deferment of wage hike, which has happened? Or is it largely because of lower employees giving a higher revenue?

Virender Jeet:

So what -- so we see like employee costs are three bucket for us. I think one is around overall addition. I think we don't have any addition of employees this year. But I think the last year's base cost itself increased the cost this year because last year we added lot of people. So we have a lot of people in capacity in that sense. We will -- but on the second half of the year, we will keep on expanding.

The second is the campus. I think campus is one thing which we rely heavily. We have never in all these years of 20 years, 25 years, never declined campus offers. So we have taken all our campus people this year also. So, we have not gone back. And I think we'll be again hiring more people in January as well as March. And third is in the employee wages cost improvement, the salary.

So, for us, I think predominantly, the wage revision is due in July. This time onwards, it is from 1st of October. We have gone ahead and done the wage revision of roughly around 80%, 85% of the people in the organization. And depending on how the further quarters look, we will be looking at how to take care of other people.

Moderator:

The next question is from the line of Sanjay Gupta from SKS Securities Limited. Please go ahead. Mr. Sanjay Kumar, yes sir, you are audible.

Virender Jeet:

We can hear, we can hear you.

Sanjay Gupta:

Congratulations Jeet and your team, nice results this quarter. I have a question about -- I think on last 30th September, there was announcement that there was some order passed by Qatar Investment and Trade Court where company needs to make a payment to the customer around \$1.4 million plus some compensation. So is that something sorted out already and the provision for that already done in Q2 or it will be done in Q3?

Virender Jeet:

Yes. So, Sanjay, this case is about in Qatar Central Bank, I think some years back, we had sold licenses and there were issues in implementation. So, the claim from them is about which we don't think can be substantiated. They've got a judgment in the lower court. We are appealing that will -- that's how -- we have the lawyer to appeal it in the higher court.

And we are hopeful that we can get better favorable judgments in those cases. I think any provisioning can be done only after the final judgment of that case is done. So in the transient,

we don't have any option to either provision or part provision or do. It will -- it's a contingent liability which will be reflecting in the books at the same level.

So, we have put the contingent liability in the book. Whatever the judgment finally comes, whether we win the case or we lose the case in the same quarter wherever legal request is not there anymore available, then we'll be provisioning it.

Sanjay Gupta:

Sure. And one more question about -- during quarter 3 and quarter 4 of last financial year, there was a -- the big projects we have won, but the implementation was delayed or deferred and that time you mentioned that most of the revenue for those implementations will be considered in -- I think, after Q2, probably or Q3 on that. So those implementations are going well, going okay and then those revenues should be coming in Q3 and Q4?

Virender Jeet:

Yes. So I think we have -- what the challenge we had reflected is that some of the cases which we have won, which were large deals they had not come to the stage where we could take the subsequent revenues, which are about ATS, AMC and support. Now if you see that the ATS, AMC growth this year is substantial. We have not only recovered on those projects, we have also grown ATS and AMC, and I think that momentum will come.

So, a lot of these projects are coming to a stage where they are live with the customer and customer is trading the ATS. We still have not increased support revenues because I think that will take maybe a couple of quarters more to do that. So they are going on.

I don't think the challenge we had last year in terms of the -- what you call downstream revenue lines not kicking in. I think part of that challenge has been solved. But the opportunity part in terms of generating more business, adding more support resources out there, that is still going to be happening in the next 2 quarters.

Moderator:

The next question is from the line of Ashish Soni from Family Office.

Ashish Soni:

Sir, Indian government is promoting homegrown software companies like Zoho and even Tata Motors signed a deal with Genesis. Are you seeing any uptake or interest in your bid pipeline from Indian private [inaudible 0:46:31]?

Virender Jeet:

Ashish, this is a music to hear to all product companies. And I think we are one of the most prominent globally enterprise software product company which we play in enterprise space. So far, I think unfortunately or fortunately, I think lot of our Indian enterprise has been dependent on global software. There is clearly an interest and a direction coming in many enterprises about looking at Indian software. But I think we should be very cautious that they want to run their business.

They want to get the best software for their enterprise. That is their first priority. So, the products and companies which can deliver that. So in that, we stand a very good chance. We have credible products which are best in the world, recognized globally, sold in around 70 countries.

And so there are no compromises. But clearly, if there's an interest in Indian enterprises where they could consider Indian products more favorably, it should give us an advantage over a period of time.

But I think between lot of noise and action on the ground, it takes time. There is a -- so, I do expect that if this trend continues and the direction continues, we have product categories in the area of like enterprise content management, record management, which we implement globally, but India has not ever implemented any records management or enterprise content management strategies.

So, we can get a huge opportunity in the Indian market. But for that, many things have to fortify on the ground. So we will be working on this opportunity. We'll be making more people more aware about the overall product portfolio we have. And then -- but yes, we want to compete on merit. And also, we don't want to only win in India, we want to win globally.

Ashish Soni: And regarding -- there is a news about sort of recession in U.S. and maybe slowdown in other geographies. Is your developed markets deals coming because of that? Or do you see still be acceleration because of that condition -- macro condition?

Virender Jeet: No, I don't think anything. Right now, it's -- I think there is an overall -- if you look at last 1.5 years, there's been turmoil in decision-making. Banking and some services are recovering across the globe. We think that being our primary segment, we should be able to ride on that. Europe is opening up a bit.

I think not as much as you want, but it's opening. So, some traction is coming up. Australia market is opening for us. So it's a very organic process. We are still small and most of our outcomes depend on our own efforts. And though market conditions do play, but we would still like to rely on our own efforts to go and drive the business.

Deepti Chugh: Hello?

Virender Jeet: Ashish...

Ashish Soni: Yes, go ahead. Thanks and all the best.

Virender Jeet: Yes, Ashish, did you hear me, I -- that's all I have to say, does it, is there any follow-up question you can ask.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to management for closing comments.

Deepti Chugh: Thank you so much, everyone, for joining us on the call. For further queries, you can connect with me or you can go to our website. Thank you.

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