Newgen Software Technologies Limited
CIN: L72200DL 1992PLC049074, Registered Office: E-44/13, Okhla Phase II, New Delhi 110020, India
Tel: +91 11 46533200, 26384060, 26384146 Fax:+91 11 26383963

Date: 08th May 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 – Q4 FY'25

Dear Sir/ Ma'am,

As intimated earlier through our letter dated 25th April 2025 regarding the Conference Call of the Company, which was held on Friday, 02nd May 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
Digitally signed by Aman Mourya
Date: 2025.05.08 14:35:14 +05'30'

Aman Mourya
Company Secretary & Head-Legal

Encl.: a/a

“Newgen Software Technologies Limited

Q4 FY’25 Earnings Conference Call”

May 02, 2025

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 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**

Please note that the transcript has been edited for accuracy purposes

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 Earnings Conference Call of Newgen Software Technologies Limited, hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Aditi Patil from ICICI Securities. Thank you, and over to you, Aditi.

Aditi Patil: Thank you, Pooja. Good evening, and welcome to the Q4 FY '25 Earnings Call of Newgen Software Technologies. It's my pleasure to introduce the senior management team of Newgen. We have with us today Mr. Diwakar Nigam, Chairman and Managing Director; Mr. T. S. Varadarajan, Whole Time Director; Mr. Virender Jeet, Chief Executive Officer; Mr. Arun Gupta, Chief Financial Officer; 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 Mehra Chugh: Thank you, Aditi. Good afternoon, everyone. I'm Deepti Mehra Chugh, Head, Investor Relations, Newgen Software Technologies Limited. And I welcome you all to the Q4 FY '25 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 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 will now hand over to Mr. Varadarajan for presentation of the results which will be followed by a Q&A. Thank you.

T. S. Varadarajan: Good afternoon, everyone, and thank you for joining us today. We are pleased to report our results for full year and Q4 of FY '25. FY '25 was a year of healthy revenue growth and margin expansion for Newgen. We witnessed revenues of INR1,487 crores, leading to a growth of 20% Y-o-Y. The year unlocked new opportunities for us, identifying fresh revenues for expansion.

We witnessed strong growth in our license and implementation revenues. License revenues witnessed a growth of 41% Y-o-Y. This is expected to generate further downstream revenues moving forward. Implementation revenues grew by 25% Y-o-Y. For the year, our annuity revenues were at INR834 crores comprising of 56% of our revenues.

Our business model is well diversified across geographies, with each geography meaningfully contributing to our growth. APAC has been the highest growth market for us during the year, witnessing a 59% YOY growth.

The year witnessed some landmark wins in banking and in the government sector for records management in the region, strengthening our market position further. India and EMEA continue to be the largest contributors to our revenues. As digital transformation continues to accelerate, banks are facing increased pressure to adopt AI, automation and data revenue decision making.

With adoption of Newgen solutions, banks are able to enhance business volume, improve operational efficiency and provide better customer experiences. Our efforts have started yielding results in US region also. The region witnessed a strong growth of 20% Y-o-Y in the revenues and we have seen some early success with deal wins, especially in the insurance sector in the last quarter of the year.

We expect these early wins to open the door for broader regional adoption. Continuing with our emphasis on catering to larger scale clients and those who significantly contribute to our business. We saw an increase in the number of customers with billing over INR5 crores from the last -- from the 65 of the last year to 87 in the current year. Moreover, we added 62 new logos during the year.

Coming to our product, we embraced AI as a core enabler transforming it into a tool that augments human intelligence, automating classification, extracting insight and streamlining of workflows. As part of our AI-first strategy, we are making significant investment in AI-driven products and solutions. We are moving towards conversation, agentic frameworks where voice will play a central role. By leveraging AI, we can help boost productivity, decision quality and even employee engagement with these enterprises systems.

During the year, we have launched our groundbreaking AI agents, LumYn, Harper, and Marvin. LumYn is a growth intelligent agent. Harper is a conversion intelligence agent to boost engagement and sales. Marvin is a productivity agent for task automation and efficiency enhancements. These products are designed to deliver cost-effective and cost-efficient -- efficient value while prioritizing transparency and governance.

These agents have already demonstrated their potential through several promising and rich use cases. Some of our compelling use cases include an AI-based case management solution to streamline, automate and enhance the management of cases. These would be extremely critical in reducing the processing time significantly across knowledge industries and regulatory authorities and so on.

Another interesting use case based on our AI agent LumYn includes an AI-first early warning system for corporates, financial institutions and SMEs which has been designed to proactively monitor and identify potential risks such as credit default, fraud, liquidity issues or systemic threats in order to take pre-emptive action. These systems use machine learning, data analytics and real-time monitoring to detect warning signs from various data sources across around 1,500 parameters at account and borrower level.

In the insurance sector, we are working in the agentic work space for underwriting and claim processes to enhance the decision-making and making it more straight through by clearing anomalies in exception, underwriting cases, data-driven models for faster, more accurate and more consistent decisions. We anticipate further growth and innovation in AI-led journey as we build upon these use cases and successes.

We have provided to a vertical first go-to-market focusing on various journeys, clusters on the basis of their revenue potential, product maturity, investment and portability across geographies. Newgen's transformative growth vision include targeting banking at scale across these regions and expanding in insurance and government segments. We are also strengthening our partnership with advisory firms, system integrators and independent software vendors.

In Q4, Newgen has been named A Leader in The Forrester Wave Content Platforms report Q1 2025. NewgenONE Contextual Content Services received the highest possible scores in 10 criteria including metadata, search, content migration, life cycle management, intelligent data extraction, document generation and digital process automation. The report recognized that Newgen continues its solid innovation strategy with a focus on AI automation and app design capabilities.

Our culture of innovation, combined with deep domain expertise is what truly differentiates us. Out of our global workforce of over 4,600 professionals, we have more than 600 people scanning -- spanning product development, AI engineering, domain consulting. During the year, we have added senior leadership talent to strengthen go-to-market, delivery and innovation capability also. We are proud to be recognized as a Great Place To Work. This certification is a certification -- is a testament to our unwavering dedication to fostering and empowering dynamic work culture, where our people thrive and deliver outstanding results.

Coming to profits and margins. We delivered healthy growth in profits and expanded margins during the year. Profit after tax was at INR315 crores which is 21% of revenues. We continue to prudently invest in R&D and sales and marketing activity. During the year, we have invested nearly 10% of our revenues in R&D initiatives and around 21% of 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 operating activities for the year at INR215 crores. We have declared a dividend of INR5 per share.

Looking at Q4 results, we crossed quarterly revenues of INR400 crores for the first time. We witnessed 15% Y-o-Y growth in the quarter to reach the revenues of INR430 crores. Our profit after tax reached INR108 crores in this quarter. We are excited about the future and expect to continue to maintain the growth momentum with our unique solutions in the financial services, insurance, government sector and innovation in AI-led journeys. These solutions and our results-based services help our customers with their revenue enhancement, optimization and efficiency improvements.

Our strategy is built around the full life cycle of our users. And that journey-led mindset is paying off in stronger engagement, retention and growth. While we remain mindful of the broader market conditions, we are confident in our ability to continue delivering value to our customers and shareholders. That's all. Thank you very much, and we are now open for the question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ruchi Mukhija from ICICI Securities. Please go ahead.

Ruchi Mukhija: First, if I look at the annuity revenue mix, it's been trending down even when I look at the annual number. Could you help us understand why we are trailing behind or why the annuity revenue mix is trending down?

Virender Jeet: Ruchi, thank you for your question. You're absolutely right. What -- the growth on this year, especially this quarter, has been predominantly on license and implementation. And as you understand, the annuity revenue is typically a downstream revenue. And in our last quarter, we had clearly mentioned that some of our larger deals have delayed annuities kicking in. And we had given a projection that by Q3, Q4 of this year, we should be able to restore our healthy annuity growth rate. So it's a temporary phenomenon. We don't see as a normal, but the business automatically compounds annuity. There is not a question about that.

But yes, in the short term, so the license growth rates and the implementation growth rates are a higher side, we don't see the annuity growth rates up proportionately. We do think that in next 2 quarters, we should be back on the track so that the growth rates can be restored on those annuity side of it.

Ruchi Mukhija: Secondly, if we look at the growth number this year, we saw a successive growth moderation for FY '25. Q1 we had 25% growth rate. Now we are ending Q4 with 15% Y-o-Y top line growth. So when you look into the deal wins, what do you see the near- to medium-term growth that Newgen can have?

Virender Jeet: Yes. So while you look at the 15% growth, this is a large quarter for us. And if you look at our deals and momentum, I think this has been one of the very good years for us. In fact, we have won 62 large logos this year and which is significantly much higher than in previous years. Not only that, our -- some of the challenges in the U.S., they have been addressed in Q4 with almost 10 large deals in coming from U.S. and APAC can grow. On India and Middle East, which are primarily large markets. I think we just recall that last year, our growth rates were almost 40% in the Q4. So relatively, their growth this quarter was muted.

But going on, in terms of looking at number of deals which we have won, the larger license growth of 41%, we do -- we're confident that downstream revenues will start kicking in. And the way the market currently is shaping and in spite of uncertainties, since our revenues are pretty diversified. They are now equally -- APAC is playing a very important role in the revenue. It has reached a significant number. India, Middle East continue to be large markets for us and U.S. kicking in. We are still positive to maintain a growth momentum going into next year.

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

Aditi Patil: My first question is on EMEA market. what -- specifically in Q4, what has led to year-on-year decline in EMEA? Was there any unexpected ramp down?

Virender Jeet: No, Aditi, not really. I think we see -- I think this is -- Q4 is a very large market. And I said last year, we had like a 40% growth. And a lot of them were license deals. This year, I think we missed some of the deals coming, which were about to come in Q4. And that is the number.

Since on a quarterly basis, and when you divide the whole annual number to quarterly and then you also divide by regions, few deals make huge difference in performance. They are not the true reflection of the market is behaving. We have not lost any major deals. We have just been able to close less number of license, which were anticipated to be closed. That is it. So there's no -- nothing bigger than that in that.

Aditi Patil: So do we expect these license deals to close in like Q1 or Q2 of FY '26?

Virender Jeet: We do hope that. We do hope that, but unless the deals come in, we are all waiting. But yes, the market is still -- we got -- this is a strong market for us, especially in government and financial services. We expect the growth momentum to continue out there. And we have built some very, very large deals in last year. Some of them should surely come up in Q1, Q2.

Aditi Patil: Okay. Got it. And I have a follow-up on the question, which Ruchi asked. So if we see for Q4, the support revenue has dipped Y-o-Y. So if -- I understand like the support revenue run rate should continue like because, I mean -- can you just help us understand why the support revenue has dipped?

Virender Jeet: It's a marginal dip. I think it is a kind of a correction in certain accounts. We have some -- in terms of quarterly adjustments. We are still looking -- working with the customer to get those revenues back. But right now since they were held by the customer for a particular Y-o-Y. So again, if you look at it on a quarterly basis, a single deal or a single case makes the difference in the revenue. We don't read too much into that. And we...

Aditi Patil: Okay. So, like, we haven't seen like a drop on Y-o-Y basis in support revenue since FY '22. So that is why I was curious to know, like, does it mean that the client has not renewed or support, or is not going to renew them further?

Virender Jeet: See sometimes the timing of the contract happens. Sometimes there's an adjustment or sometimes there are also -- see also there is an element of churn in the business anyway. But those churns are in a minor 1% or 2%. So they are not the effect. So there is no major change or a major loss of client. So it is more about adjustments or more about in terms of the timing of the deal happening of renewal.

Aditi Patil: Okay. Got it. And on the implementation revenue. So for Q4, we did see a strong growth both in Q-o-Q and Y-o-Y. So does it mean that the deals which were stretched for our Indian PSU banking clients, the implementation that was stretched, that is progressing well. And so when should we expect a major part of that to get completed?

Virender Jeet: Yes. So, I think we had a strong implementation revenues projected coming into Q4. We are still in the process of executing some of those projects. I think most of them will be in the more final stages in Q3, Q4 of this year. And that is where we're hoping to kick in the more support revenues and the ATS revenues we should get.

Aditi Patil: And can you remind us what is -- typically what is the percentage of support and implementation revenue as compared to -- sorry, support and AMC revenue as a percentage of your license revenue?

Virender Jeet: So there's -- so basically, ATS/AMC have direct correlation. They're somewhere between 18% to 22% of our revenue when they kick in. Support is depending on more about complexity of engagement. So clients could have disproportionate. So clients could have a support team of 5 or they could have a 50 support team. That's more to do with the kind of work and where they are rolling out. So it does not have a direct correlation.

Aditi Patil: And can you share the order book number as of end of FY '25. How much it has grown?

Virender Jeet: I think at the end of FY '25, our order book stood at -- yes, it is INR1,664 crores. The order books don't give the complete picture. I think the way we look at it is we look at order book and the unexecuted order book, which is going into the next year. I think we expect a more healthy growth on the unexecuted order book side going into the next year which results in more business and control, which is typically either renewals or unexecuted order book. So we are seeing growth of more than 20% in the business and control part of our business.

Aditi Patil: So can you share what has been the unexecuted order book number?

Virender Jeet: I think Deepti can share those numbers accurately. I don't have right now on that, but she can share it for the next -- last 3 years.

Aditi Patil: Okay, sure. And last one on -- so we have seen a moderation in the banking revenue -- we have seen a strong growth in banking for last few quarters. And now we are seeing the growth moderating. So is it because for our large clients in India and EMEA we have implemented our key solutions and the demand is now saturated. Can you share growth outlook going forward over here?

Virender Jeet: You're absolutely right. I think you're seeing this year, there's a higher jump in insurance and government growth and banking growth is more at, I think, 11%, 14% of growth, if I'm correct, 15% growth in banking rather than close to 20%. And you are right, I think last 2 years, there's a huge momentum around public sector spending on banking, especially also on the digital lending side, which we are trying to do in both India and Middle East.

Some part of that has been serviced, but still the unserviced part is very, very large. I think it's still -- since our growth rates last year were very high, and we are still in process of executing some, we see slightly muted. We don't see that for the next few years, still banking is going to be the predominant growth driver for the company, while insurance and government will start taking up some market share where we can do -- we're going to have accelerated growth.

But for the company to grow, we still expect the banking to do extremely well. We have cases going forward, both in India, Middle East this year. And we don't see a challenge there to maintain the growth momentum. I think this current year saw 15% growth vis-a-vis 20% growth in banking, I would still treat as an anomaly rather than the -- that is the trend going forward.

Aditi Patil: Okay. So can you talk in a bit detail about the unserviced part or like which client segment or which solutions comprise this?

Virender Jeet: See, I think while -- even on the core product of lending, we have covered most of the public sector and maybe some Tier 1 banks. There's a huge set of markets still, which is typically doing second generation of transformation on those products. So private banks are available to us. And then there's a large list of, what we call, finance companies or NBFCs, which are there. Last year, we got around 6 of them. There are still in India, roughly around 30 more which is an addressable market for us.

Beyond that, we sold some of things like payments and trade in some Tier 1 accounts. So there's a huge probability of multiplying those businesses across all -- both in India as well as in Middle East. So I would say continued momentum on lending, plus more to do in payments and trade in Tier 1 banks is going to provide a wider market for us and then supported by the deals which we can do in financial non -- what you call, NBFCs.

Moderator: The next question is from the line of Pranav Mashruwala from Dolat Capital.

Pranav Mashruwala: Yes, just one on the broad revenue and revenue outlook, considering the overall macro situation, any pockets of headwinds that we are particularly seeing in terms of the delays. So we've seen certain delays coming out in our SaaS and also in some of our licenses. So any headwinds that you'd like to call out for FY'26?

Virender Jeet: Sorry, I think there's a lot of disturbance. Again if you can go ahead.

Pranav Mashruwala: Yes. Is this any better?

Virender Jeet: Thank you. So, Pranav, I think as you were rightly saying, I think right now, the whole -- everything is pretty uncertain, and we don't know how things are going to shape. Having said that, as I said, we are pretty diversified. There's not a single market or a single client segment on which we are dependent. And some of our markets do seem to be less affected initially. I think our markets like India are less affected right now.

We are also working in APAC. And the third thing is the financial services companies where we are dealing predominant and insurance. They probably have second degree impact and third degree impact.

So we are -- in the beginning of the year in our planning stage, we are clearly driving for growth this year. We don't see any larger challenges hitting our way. Having said that, I think we'll be cautious. We'll be assessing situation every quarter. But as of now, in the beginning of the year, we are looking at our historical growth rates and trying to do better than that.

Pranav Mashruwala: Agree. Also, just doubling down again on the growing the SaaS business. So we expect SaaS to recoup some of the slower growth in FY '26 considering some of the deal pipeline and that we have been building in base as well as marketing teams in U.S.?

Virender Jeet: No, I don't see that. I think some of the momentum, which has come in U.S. and also momentum in other geos like Australia and U.K. should push the SaaS revenue up. And we are hopeful that I think in next year, we should do a better number on SaaS. So SaaS is, again, it's a kind of where we are providing both software service on cloud. But beyond that, our license deals are equivalent to SaaS deals. So in U.S., we are doing a combination. Some Tier 1 accounts are looking at even license deals, but mostly are looking at SaaS. So any growth in U.S., Australia, U.K. and even some in other markets is trending towards SaaS. So I don't see any challenge in SaaS business per se next year.

Pranav Mashruwala: Great. Sir, just also one on the margins aspect. So we are really right now exiting Q4 on a high note. How would you see margins trending over for the next year?

Virender Jeet: See, I think we have been always maintaining this. For our company, we always operate for higher growth mode. So we initially upfront, we have cost loaded. And somewhere between 16% to 18% is what we load cost in the beginning of year as a part of the plan. So any growth which we hit in above 20%, our market -- margins should keep on expanding.

And I think unless we are more aggressively able to invest in growth. But in any eventuality, we fall below 17%, 18% of growth, we may have flat margins or contracted margins. So margin is a function of our business. We have at a gross level about 64% margins. So as long as we can maintain a healthy growth rate, the margins will keep on expanding.

Pranav Mashruwala: Finally, on the expected tax rate for FY '26. So Q4, we exited with around 23% and Q3, we had about 16.5%. So some color on that.

Virender Jeet: So this is the base now. I think it's because of the SEZ full benefits and now partial benefits coming in. Now the current base of 23% is going to be the likely base which will continue going forward. And so last year, we had roughly around 17.5%, I think more close to 18% tax. This year, we are operating at 23%. So this is the new base. I don't think it can never go back unless we have some change in government policies. So this is going to be the new norm on operating at 23% tax.

Moderator: The next question is from the line of Akshat Agarwal from Jefferies.

Akshat Agarwal: I have 2 questions. Firstly, a follow-up on one of your other participant's questions where you said that we should take about a couple of quarters for the annuity revenue growth to come back to double-digit levels or mid-teens levels? So if the first half is going to be in single digits and annuity forms a bulk of your revenue portion, is it fair to expect that you would be able to grow 20% in FY '26? That's the first question.

Secondly, when I look at the region-wise margins, India margins have gone down from mid-20 levels to 15% levels in FY '25 versus FY '24. What will be the key reasons for this? Those are the 2 questions.

Virender Jeet: Akshat, nice talking to you again. So, Akshat, what is -- the issue is while I'm saying annuity margins recovery is we are talking of where all our ATCs start kicking in back and the support revenues start coming in. While that is happening, we still are selling aggressively more licenses and more deals. So like in this quarter, also in previous quarter, we have continued to sell more licenses and our license growth rates are 40%. I do hope that while the annuities take some time to pick up, our new deals and our -- what we call deals in existing accounts should be able to compensate for that, and we should be able to maintain a healthy growth momentum on that.

On the region-wise margin, it's the same function. I think India has not grown at the pace we expected it to grow. It's more like a growth rate of, I think, 14%, 15% this year, while the cost in India has grown at 17%, 18%. So there's a margin contraction out there. But yes, so I think it's, again, at the beginning of the year, if you take a call again this year, we will be taking a call of growing our cost at 16%, 17%.

But we are planning that India should be able to go back to the 20% or above 20% growth mark. So I think these are momentary things. But I don't think annuity holds us back for the larger growth. I think what -- if you look at Q4 phenomena about growing at 15%, is a function of also very high growth rates last year on Q4, plus the annuity things not kicking in, in terms of some of the larger deals.

I don't think both of the problems are in Q1 and Q2. Q1 and Q2 are relatively smaller quarters for us. Large deals can -- new license deals can compensate for a lot of growth rates and slowdown in the annuity side. And in the meantime, also, we are looking at multiple ways to enhance the support revenue stream and enhance the ATS support. So we are looking at rate revisions. We are looking at again price renegotiation in certain cases. This should also give a few percentage points going into next 1 or 2 years.

Moderator: The next question is from the line of Heenal Gada from UBS.

Heenal Gada: So a couple of questions. We have seen that quarter 4 is typically a stronger quarter in terms of license revenue booking, but we don't see this panning out in the current quarter. And I'm cognizant that quarter 3 was a good quarter in terms of these bookings, but then is there any other reason which has attributed to this deceleration?

Virender Jeet: I think on a Q4 basis, it has been always a strong quarter for us as a percentage of annual revenue. So this year also, if you look at our annual revenues and divide cross quarters, Q4 is the largest quarter for us. So it has grown. The challenge has been that Q4 last year has grown at 40%, both on Y-on-Y and also sequentially to a very large number. When it comes to license sales, I think if you look at this year license sale Q4 to Q4, let me look at this number, we have grown at 31% Y-o-Y on the license sale. So license sale momentum has kept up.

The point we were discussing about some of the annuity streams have not caught up with that same thing, which is to do with our -- in terms of our ability to execute large projects and make them live. So it's a momentary challenge. We think in a couple of quarters, we should be able to see that. But, however, you can clearly see our deal momentum in Q4 are the highest. I think this is probably the highest. We have gone up to INR97 crores of license sales, which is our highest ever license sale. And in Q3 was very strong at INR93 crores or something like that.

Heenal Gada: And so a follow-up to that. So you mentioned the implementation, which got delayed, which has kind of impacted our revenues. Are there any corrective measures which need to be taken from our side probably to avoid the same in the future? Like, if you could just help us understand what exactly has caused this delay?

Virender Jeet: Yes. So okay. It's a longer story. I think if you look at a couple of years back, I think last 1.5 years, we've entered into much larger deals, which is more traditionally and there are also deals which are more complex and more large, in which the downstream revenues, which typically start accumulating after the projects complete, finish, have started got delayed. Our typically projects used to be 6, 7 months. Now they are 1.5 years to 2 years. So that's -- it was a part of great wins, and then this is the impact of that.

What is happening right now in most of these projects in next 2, 3 quarters, we are towards more closure of those projects. We are almost now closing at the same time. And the next stage of large deals are also coming at a faster execution cycle because now we have done most of them. We are trying to compress the time line. So this is a function. It's a onetime impact, which came to our business. And it was a bit of a surprise because we assume that annuity automatically compounds, did not compound. And we do hope that as soon as our projects get live, we should be able to restore most of that revenue coming from those clients.

Heenal Gada: Sure, sir. And so in the current quarter, we saw a couple of large deals being closed in the U.S. So I just wanted to understand what is the strategy that we are using here? And what is the potential opportunity that we're looking in this geography? Maybe if you could give some time lines?

Virender Jeet: Yes, so Heenal, so in the U.S., we have been investing very aggressively for a long -- in a long time. We created a strategy with one of the consulting firms to address 3 segments: banking, health insurance and insurance market. We had hired -- at the beginning of last year, we hired complete teams to drive these markets. And now we are getting the early results of that, we have broken into cases this quarter in enterprise. We have broken into health insurance. We have broken into insurance and then also a large deal from bank. So almost all 4 areas have fired this quarter and resulted in deals.

So in fact, this was the first quarter we got 10 deals from U.S. and some are very marquee deals. Now that we have got these wins, we expect now the growth rate and the momentum to continue building. But we'll have to wait for a few quarters seeing how consistently we can go. We are hoping that next year, U.S. should be our growth driver. And the market for us out there, the global area we are targeting.

In banks, we are targeting roughly around 80 large banks. We have pivoted away from the largest set of 1,000 banks. Similarly, in insurance there are 120 companies. And again, in the health insurance, we are another 40 to 60 companies. This is a universe we are targeting and we are trying to build much deeper relationships and build a multiyear contracts with these kind of customers. Does that answer your question?

Heenal Gada: Absolutely. And how about in India? So I mean India has traditionally been a growth driver for us. So what is the TAM that we are looking here? What is the kind of scope that we do see to further mine the existing clients that we already have?

Virender Jeet: See, I think we don't have really very detailed reports of the TAM, but I think we are one of the larger players in the market where we do expect our market share is at least more than 20% in the whole of the space we operate. But the market itself in India is expanding and we're expanding it by getting into more and more areas.

The way we internally look at it is that all our territories have large potentials. So I think we really would like that India it is 1,000 crores in the next 2, 3 years. That's our plan. So I don't think the market opportunity size is a limit. It's our own ability to execute. And we are going after that in a very aggressive way about the whole market.

Heenal Gada: Understood. And sir, lastly, just I mean, more of a very long-term question. So GenAI has been one of the big tech disruptors. And then is there a case where we probably see this could cannibalize Newgen revenues probably on the content management or the BPA? Like is there a possibility of that?

Virender Jeet: I think this is a question for service companies, not for product companies. Technology is our enabler to sell. GenAI has actually reinvented all the use cases across industry for kind of things which we sell. In fact, using AI for content ingestion is one of the most hot cases right now in the market by which the last quarter around 6 deals we got in U.S., 3 to 4 are just around the AI capabilities of our product, which is typically a combination of ML and GenAI.

See, we are leading this right now. I can confidently say, I think we are one of the most content management and low-code AI-led products in the market with our Marvin, with LumYn and Harper.

Most of the cases, we have won in the last 2 quarters, AI has played a very important part of that. So the way you see the content management and GenAI complement each other. So far, people used to retrieve content. Now they can discover more value out of that content. That's why the GenAI works on that content, either through RAG or vector embedding or many other technologies like that. So there is a renewed interest in the enterprise content management space globally, right now, both on the ingestion and the management and knowledge management side of that.

We got 2 orders in Singapore government, which are to do with kind of things we are talking about. We got one of the largest orders from the primary regulator media, which is AI-led content management. And similarly, we've got 3 to 4 orders in the U.S. around insurance companies, which are around document ingestion, which is AI. So in fact, this is what we are excited about, not threatened about.

Moderator: The next question is from the line of Baidik Sarkar from Unifi Capital.

Baidik Sarkar: Virender, Congrats on a good year overall. Well, there was a time in the previous years when you specifically called out that order book growth was higher than your revenue booking, right? Obviously, that was more sentiment led given how strong FY '24 was. If I just backtrack to just the current quarter, not perhaps Q3, but the first month of April and Q4, how does that sentiment look on the ground today? I ask in the context of oil prices in the Middle East, the U.S. led issues. And broadly, probably cessation of banking products like demand in India. So just keeping this in perspective, how would you define that sentiment as things look today?

Virender Jeet: So I really don't have an answer that I can look at only our business and what I tell you our Q4 order book was pretty strong. I think in fact, for -- we had a Q1, Q2, Q3 was a weaker order book than the Q4 order book. It was predominantly -- in fact, our maybe it grew by around 30% or something Y-on-Y on Q4 order book. Q1 order book, I can only tell you after the end of Q1 because 70% of our business comes at the end of the quarter in last 3 weeks of that. This is the nature of the license business. See, everybody is cautious right now. Most of the customers we talked about, nobody has given an indication of holding back the project, especially in the spaces we are.

But they are cautious about. So there may be a kind of an impact of wait and watch. But right now, I think in for our -- in our sales planning and in terms of what we hear from the market, we have not seen too much of an impact. And I hope that it remains the same way for the year.

Baidik Sarkar: Sure. I understand. In terms of the complicated 18-, 24-month projects, that kind of long gestation period, which were the primary geographies that saw that? And is it fair to assume that in H1 of this year, sorry?

Virender Jeet: So India and Middle East are the primary geographies, which are typically having those large gestation projects running for us. I think most of the Middle East ones, we are close -- we are very close to closing and some of the Indian ones will take a couple of more quarters to do that. So these are the geographies where we have. Other geographies we don't have such a problem.

Baidik Sarkar: So my question was, given that you specifically called out that H2 of this year will be a far stronger year in terms of revenue booking, is it fair to expect some kind of a Y-o-Y margin compression as far as H1 is concerned, given that we have fixed costs to be taken care of and we can't pull back on SG&A commitments. I'm just trying to get an understand about margin propensity in H1 this year.

Virender Jeet: No, I don't think so. See when you are saying Y-on-Y, it will not have a compression. I don't think there's any reason because our costs are flat, and we are still growing at a good healthy growth momentum. See the margin compression only happens. And I think we look at margins typically at the annual side because on a quarterly, they can change because still there is a kind of a revenue distribution, which is not very even while the cost distribution is fairly even on that.

We are slightly being cautious about looking at our investments along with the returns which come in quarters. So we should be able to manage this. And unless there's a huge surprise on top line, which we are not seeing, I don't see a challenge on margin.

Baidik Sarkar: Right. Right. So baking in the H2 estimates, you're still saying that there's no risk to -- I mean, we ended this year with about 20% growth, which is a healthy number. So that number of between 22% to 25% is -- will that continue be a sanguine expectation for at least '26 in terms of top line?

Virender Jeet: See, I don't know exactly what we'll end up doing because we end up always planning a lot and then delivering something. We've historically delivered about 20% or near 20% growth. In this year, we don't think our plans don't change much. We still expect to do that. And we internally would end up trying to do a much better number. But surely when it comes to budgeting, we do plan for that much of growth and that expenses accordingly. But what will happen at the end, we'll all have to wait and watch.

Baidik Sarkar: And very lastly, Virender, is -- will growth say for FY '25 and onwards, will that be driven by our investments in new product use cases? Or is it the deepening of the market for existing products that we have. How should we read this?

Virender Jeet: So, I think, we look at growth from 2 areas. One is about expanding our coverage in a vertical. So getting more deeper into banking, selling more solutions to banking, insurance. The second is also getting better penetration in mature markets. These are the 2 areas we are looking at. So how much more revenue contribution can come from markets like U.S. or Europe? And then how many more new logos they end up winning.

And then also in the same logos per account realization, how can we improve. You can see why we have lot of smaller accounts out of business. You will see revenue per account has constantly grown. Accounts of greater than INR5 crores revenue have constantly grown at a much higher speed. That is the churn we are driving, and this is driven from 2 things about going wider into each account and selling more to them and also getting a healthy number of new logos, which are sizably large.

Moderator: The next question is from the line of Mihir Manohar from Carnelian Asset Management.

Mihir Manohar: Sir, you mentioned about the 10 deals, 1 in the U.S. So this 10 deals are for the full year or are they for the quarter?

Virender Jeet: So these deals are generally for us in perpetuating because customers have long-term relationships, but generally, these are license plus implementation which may have a cycle of 7, 8, 9 months, 10 months.

Mihir Manohar: And sorry, 10 deals were during the year or during the quarter?

Virender Jeet: Okay. The winning is for the quarter.

Mihir Manohar: Understood. Out of these 10 deals, I mean, how many of these deals would be with larger Tier 1 accounts where you can have a bigger revenue potential?

Virender Jeet: See, all these 10 deals are sizable. See what -- we have already, Mihir, pivoted towards only large accounts. We don't do small account deals anymore in the U.S. So we are telling these are either Tier 1, Tier 2 insurance companies, banks or health insurance companies. So all of them are large accounts for us.

Mihir Manohar: Understood. Sure, sure. And is that coming largely from insurance -- I mean, insurance and health insurance side, right? Banking will be lesser as of now? Or how is it?

Virender Jeet: So I think 3 from banking, I think 3, 4 from insurance and a couple from health insurance. I think that -- this we can send you as a distribution about these accounts.

Mihir Manohar: Second question was on these -- I mean, annuity kicking in for one of the deal -- some of the deal businesses in India and Middle East. Now when annuity starts kicking in, in the second half, does the annuity percentage which you mentioned 18% to 22%, that remains the same or that changes?

Virender Jeet: So that is the percentage payout of annuity for ATS on licenses. So that broadly remains the same. It has not changed. The only thing what happens. It starts kicking in that means now it is due and we can recognize the revenue from that onwards.

Mihir Manohar: And the third question was on the new product. I mean this is like 2, 2.5 years back, they were looking at a $500 million of a business. Naturally, the progression has happened well over the last 2 years. Just wanted to get a sense for us to have that $500 million kind of a number. Do you feel any specific products need to be developed, product gaps needs to be addressed? Any development or any color around new products that will be really helpful.

Virender Jeet: So, Mihir, I think this is a work in motion. So last year, at the beginning, we defined a strategy about where we need to invest. We have to verticalize our insurance products across domains and then across geographies. I think 80% of that work has been already done. We expanded our banking portfolio like in Islamic banking and then also building banking integration. We expanded our insurance portfolio with integrations with companies like Guidewire and all that. So a lot of that has been already in place.

Beyond that in last 2 quarters, we have doubled up on -- in creating the AI road map for the old products because what we are seeing, the AI is driving most of the use cases. So a lot of our investment while increasing our vertical products and making them more relevant for the market is one dimension. The other is creating the AI-led interfaces for our most of the content management, the low code as well as customer communication products. I think between these 2, there is enough market and now it's our ability to go and execute and sell.

Mihir Manohar: Understood. We will be looking at the core banking part of the piece to enter the corporate core banking is part of the piece?

Virender Jeet: No, we have not. We have not considered that, and we are not interested in that. I think we work in the layer of innovation where most of the action is happening about that, which is about journeys, processes reinventing them. And core is where we end up making sure that we sit on integrated with the core and keep on expanding the functionality of the core. Core is a different business. It takes hell lot of a time to build credibility in the core and then build systems and core. So we are not interested in core.

The only thing what we are slightly interested in some in health space. And in insurance space, we are interested in building policy administration services, which are kind of the semi core out there. Those we already have some products and then we are trying to expand out there. But in banking, we are not interested in core.

Mihir Manohar: Sure. Just one last question from my side. What was the order booking growth for the full year on a Y-o-Y basis?

Virender Jeet: I think our order booking was at INR1,664 crores. which was almost 10% or around compared to last year same time.

Moderator: The next question is from the line of Chirag Kachhadiya from Ashika Institutional Equities.

Chirag Kachhadiya: I have a question on order book only. Like, what is current value of unexecuted order and -- as well as the new one which we received during the year.

Virender Jeet: I think we can -- if you can write a mail, we can send you those because those numbers, I don't have the unexecuted exact sizes. But as I said, our unexecuted order book compared to last year same period has a healthy growth. I expect more than 20% growth in that.

Chirag Kachhadiya: And this unexecuted order book likely to come in execution in FY '26 or it will extrapolate for 1 in FY '27 as well?

Virender Jeet: We have been talking generally unexecuted order books, which are relevant for this year.

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

Aditi Patil: I have a question on Singapore -- sorry, the APAC market. So it has grown strongly for us in FY '25, what has -- which verticals and which countries have driven this growth? And how do we see growth outlook over here for FY '26?

Virender Jeet: Yes. So Aditi, what -- you're absolutely right, APAC has grown strongly, and I think they've got -- the business has gone in 2 areas. One is around government. We have consolidated our position in the Singapore government space. I think we have won some marquee accounts out there, and we expect that momentum to grow into next year. I think some of the strategic deals out there, we have been able to close. The wider market is still banking insurance for us across all these markets.

And in APAC, I think predominant market is around for us. Malaysia, Indonesia, Philippines, Singapore and then we are also trying to do something in Vietnam and other areas. But this is the market. So most of these deals which have come in banking and government space, which has given us that. It has become a substantial part of our revenue. It is almost now reached around 15% of our revenue, which is a good thing. And we are quite hopeful that I think the APAC can maintain a growth momentum. Also having said that, I think if you look at last year, APAC growths were much muted.

And since they didn't have high growth, this year numbers almost jumped almost 60% of their growth which is -- but I think there is a considerable improvement in what our entitlement to win in government and APAC, especially in Singapore, and that's what we can ride on next year. And some of the marquee banks which were acquired, we should be able to expand both in Malaysia, Philippines and Indonesia and in some more countries.

Aditi Patil: Got it. And one question on the DSO days. So DSO days increased by 7 days in FY '25. So what led to this increase? And what is our target range?

Virender Jeet: So I think the culprit was EMEA out there. And so some of very large payments got delayed out there, which I think some part of them has been already recovered in some. I think that has been predominantly. Rest, I think the larger deals that we have got into slightly our -- the improvement in DSO for the last year was more flat. But on Q4 since some large payments got delayed, I think that's why the DSO jumped out there. I think we should be able to do fine in the next couple of quarters. We should be able to bring it back on track.

Aditi Patil: So what should be our target range for DSO like -- once last year, it was 130 days?

Virender Jeet: See our average, we look -- it will keep on coming down, now that since it's a smaller quarter because Q4 is very large. It always goes very high on that. But on the -- so we think an average for around 120 for a year, and then we can improve it from there. So I think it will keep on becoming better for next Q2, Q3, but Q4 again becomes high because of a very large amount of our billing happens in Q4.

Moderator: This was the last question for today. I now hand the conference over to the management for closing comments.

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

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