"Newgen Software Technologies Limited
Q2 FY2019 Earnings Conference Call"

October 29, 2018

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Please note that the transcript has been edited for the purpose of clarity and accuracy.

Moderator: Ladies and gentlemen, good day and welcome to Newgen Software Technologies Limited Q2 FY2019 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Deepti Mehra Chugh. Thank you and over to you!

Deepti Mehra Chugh: Good afternoon everyone. I am Deepti Mehra Chugh – Head, IR, Newgen Software Technologies Limited and I welcome you all to the Q2 FY2019 results of the company. I have along with me today Mr. Diwakar Nigam – Chairman and Managing Director, Newgen, Mr. Varadarajan – Whole Time Director, Mr. Virender Jeet – Senior VP, Sales & Marketing and Product and Mr. Arun Kumar Gupta – the Chief Financial Officer.

Before we move onto the discussion, let me highlight that this call may contain certain forward-looking statements concerning Newgen's future business prospects and profitability, which are subject to a number of risks and uncertainties, and the actual results could materially vary from the forward-looking statements. Past performance may not be indicative of future performance. The company does not undertake to make any announcement in case any of these forward-looking statements become materially incorrect in future or update any forward-looking statements made from time-to-time by or on behalf of the company. For further details, you may please refer to the investor relations section of our website.

I would now hand over to Mr. Nigam for presentation of the Q2 FY2019 results.

Diwakar Nigam: Good afternoon and a pleasure to have you all at our Q2 FY2019 Post-Results Conference Call. For the benefit of those who are new to the organization, I would like to reiterate that Newgen is a pure play software products and solutions company providing low code and flexible platform that enables organization to easily and rapidly build powerful applications. This helps them reinvent the work place and enhance customer-facing processes be it managing digital content, managing complex processes, workflows or outbound communications.

We continue on a strong growth trajectory across major markets. On a consolidated basis we reported total income of 1544 million up by 29% year-on-year in Q2 FY2019. We witnessed broad based growth across all key markets - EMEA, USA, APAC and India regions are on a stronghold with year-on-year growth of 47%, 26%, 13% and 13% respectively.

We have especially made good progress in US market. We won a showcase project for governance and optimization under efficient and responsive government funding from IDB. We won projects from two credit unions on Cloud/ SaaS platform. We continue to strengthen our network of industry experts, analysts and influencers in the US market.

We did see some growth in India markets; however, we are still facing longer gestations in processing certain large deals. We had 22 new logos wins during the quarter. Key highlight wins includes five new wins in US region including three in banking and financial services, three new wins in Cloud/ SaaS. Major license deals include a leading inclusive bank in Africa, a savings bank in Philippines, the largest credit union in Northeast Region of US. We executed an agreement with a global technology player for supply of software licenses and related services, total order size of Rs 78.7 Crores is spread over 7 years.

Cloud/SaaS continues to be our fastest growing revenue component and witnessed a growth of 163% Y-o-Y improving our recurring revenue base. In Q2 FY2019 SaaS revenues were at Rs.5.7 Crores.

We saw growth in key verticals with health and government leading.

I would like to highlight once again that the software license business is usually seasonal in nature primarily given the large enterprise accounts, buying patterns leading to substantial revenues and forward booked in the second half of the financial year.

Newgen continues to strengthen this horizontal product platform with vertical service accelerator to enhance the overall portfolio. Continuing with our attempt to innovate and provide most advanced features and functionality, enhanced user experience to customers, improved information security and easier integration, we have released various product updates during the quarter.

Our direct sales team is spread across the globe and is supplemented by the sales through our channel partners. Our direct sales are made by our company in India and our subsidiaries located in USA, UK, Singapore and Canada, through our sales and marketing teams of 270 plus employees. We have more than 300 channel partners globally helping us in improving our businesses. We continue to expand across geographies and are starting investments in South Africa and Australia while our business in Canada region is encouraging.

We have attracted multiple recognitions from leading advisory and research firms including Forester and Gartner from time-to-time.

Profit and Margins: Our operating margins expanded with increasing scale and favorable currency movement. During the quarter, the company witnessed an improvement in its EBITDA adjusted for other income, which was at Rs.208 million compared to Rs.87 million in Q2 FY2018. Profit after tax was as Rs 178 million compared to 63 million in Q2 FY2018.

Expenditure: Our cost growth continues to be in line keeping in mind the growth assumptions. R&D is a key area of investment for us and the R&D expenditure comprised approximately 7% of our revenues. We continue to focus on the sales and marketing effort of the organization especially in new geographies. The sales and marketing expenditure comprised approximately 19% of our revenues in Q2 FY2019.

H1 FY2019 Results: For H1 FY2019 we report a total income of Rs 2,697 million up by 28%. Annuity based revenue comprised 53% of revenue from operations with SaaS revenue at Rs 10.6 Crores. New business witnessed a growth of 38%. We added 39 new logos with improving deal prices. EBITDA witnessed a growth of 156% Y-o-Y, Profit after tax witnessed a growth of 353%.

Trade receivable: Our gross trade receivable as on September 30, 2018 are Rs 2,772 million as against Rs 2,634 million on March 31. The net trade receivables are Rs 2,493 million. While we are working towards improving our debtor day position with changing collection policy and improvement in contracting, it is taking slightly longer to get results of the same given the customer mindset.

During the quarter DSO (net of allowances) stood at 162 days considering revenues of trailing 12 months.

At the end, I would like to say that we believe we have gained a strong foothold in our key markets and would continue our efforts for growth. We will now open the Q&A.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Arya Sen from Jefferies. Please go ahead.

Arya Sen: Good afternoon Sir. A few questions firstly if you could separate out the constant currency growth for the quarter and for the first half and also how much of the margin improvement we have seen for this quarter on a Y-o-Y basis as well as for the first half is on account of forex and what is the rest?

Virender Jeet: I think the currency impact on this quarter is roughly around Rs 6 Crores so I think we do not have the exact constant currency numbers because I do not think that is part of this, but I think our constant currency growth should be around nearly 18%.

Deepti Mehra Chugh: Around 17.5%.

Virender Jeet: Yes 17.5%.

Arya Sen: And what would it be for the first half approximate number.

Virender Jeet: It has been similar between 17.5% and 18%.

Arya Sen: Sorry could you repeat that between?

Virender Jeet: 17.5% and 18%.

Arya Sen: Secondly the project you talked about of Rs 78 Crores over seven years has that started reflecting in revenue in 2Q or when will that show up?

Virender Jeet: Yes, a small part of that has started reflecting in this Q2. I think we had some amount of billing happening in the last month, but significantly it will start coming in the rest of this year and then subsequently over next year.

Arya Sen: And this would correspond to with geography?

Virender Jeet: This is going to be predominantly India.

Arya Sen: And what is the outlook for the US for the rest of the year? How does the pipeline look like?

Virender Jeet: Yes, US is looking good because as Mr. Nigam said in this call share of overall revenue pie is increasing. It has increased as a percentage of revenue of Newgen. We have got significant number of deals - five wins this quarter. We also had similar or more deals in the last quarter. So it is looking very good we are on our track to acquiring more banks, getting more healthcare organizations that is where we are finding lot of traction. So we think that over the remaining part of the year it will continue to be strong.

Arya Sen: Sure and anything specific to EMEA in this quarter the 47% growth?

Virender Jeet: Nothing .Some license deals/ slightly larger orders do shift these percentages on quarter-to-quarter basis, a large license deal of Rs 5 to 7 Crores can change the percentages drastically, but EMEA has been after that slump in 2015-2016, a strong market for us and we are finding strong traction out there both in banking and now also in government segment.

Arya Sen: Lastly how much of the receivables is due for more than six months?

Virender Jeet: Yes, somewhere around Rs 96 Crores.

Arya Sen: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Apurv Kulkarni from Nine Rivers Capital. Please go ahead

Apurv Kulkarni: During your initial commentary you mentioned about low code infrastructure could you highlight little bit more on it?

Virender Jeet: Thanks Apurv for asking this question. Apurv if you look at our product portfolio – it is predominantly BPM, ECM and CCM products. Here the whole emphasis on the portfolio has been over last many years to start creating applications rapidly using our BPM as a core engine and how you do that is by predominantly believing in a methodology, which is about compiling applications rather than coding them. So when we call the low code platform it is a new generation name given to the same platform. We have all the components whether it is about designing interfaces, integration services or throwing up coordination activities between users everything is done without coding eventually by doing drag drop or assembling components. The whole area is shifting. We are finding lot of traction in terms of replacing existing point solutions using this methodology and through that we have built multiple accelerators in multiple verticals. So the whole philosophy of using BPM as an enabling technology to rapidly compile applications is what low code technology is about and I think it is catching up lot of traction globally as an alternate way of building applications.

Apurv Kulkarni: My next question was what percentage of our deal wins would be driven by some of the system integrators versus some of our own led sales efforts?

Virender Jeet: I think we have a healthy relationship with most of the prominent system integrators of India as well as outside India. Historically we have been able to drive between somewhere around 20% of the business through system integrator or what we call partner led revenue, this year also in H1 it is roughly around 20%- 22% revenue coming from partners. So like the large deal we just talked about is a partner fronted deal similarly there will be many more deals where the partners are driving the cases for us.

Apurv Kulkarni: And when you mentioned that this is a low code infrastructure and it takes slightly less time would the average project implementation time also be smaller compared to the other projects?

Virender Jeet: Yes, that is one of the core advantages and a competitive differentiation for us that we would try to complete projects between 8 weeks and 12 weeks to 4 months, that is the kind of endeavor we take which derisks the customer as well as brings the total cost of ownership down that is the whole advantage of this methodology.

Apurv Kulkarni: Fair enough sir, thank you.

Moderator: Thank you. We take the follow-up question from the line of Apurv Kulkarni from Nine Rivers Capital. Please go ahead.

Apurv Kulkarni: Just last question, could you explain why there has been an increase in your receivables and going forward how do we look at it and why would it be at this large number if you can just elaborate that Sir. Thank you.

Virender Jeet: I think as we have been commenting that we have an endeavor to bring down the receivables to somewhere between 125 and 130 days on an average and we had made some headways in this year Q1 as well as the H1 slightly. So what has happened there are two things predominantly one is that generally our Q1 and Q2 used to be very small in revenues and Q3 and Q4 used to be large so generally at the end of Q2 and Q1 receivables used to be much lower, but this year since our revenues have been slightly higher and the DSO have also become slightly higher. Also the kind of plans we had to eventually tighten the collections, we have not really fully succeeded in all areas. We still have challenges in certain cases in India and Middle East, which has really shot this up. So I think its an operational issue that we are working on. And our endeavor is that in certain few more quarters we should bring out our target to 125 to 130 days' average days outstanding.

Apurv Kulkarni: And any write-offs expected from the 96 Crores of expected more than six months of debtors?

Arun Kumar Gupta: No I think since we are working on the Ind-AS accounting practice where we follow estimated crefit loss model in any case we are doing the provisioning every quarter so P&L impact is already taken care of as far as this is concerned.

Apurv Kulkarni: And Jeet you mentioned about the seasonality wherein the Q3 and Q4 is relatively strong any reason for that?

Virender Jeet: Yes, typically if you look at globally all license based companies most their revenues are tied to their financial year closures so for us Q4 is always a large quarter and Q3 as well because that is the last quarter for most of our customers, typically people understand in licenses business they can get better discounts or that it is the right time to close orders, so this is nothing new to Newgen, if you look at license companies globally you will see they have this sharp lopsidedness towards their financial year closures. So we are also struggling with that and we are expecting that as the annuity revenues start growing, as the cloud revenue starts becoming better and ATS starts becoming higher percentage of our growth it will start slowly flattening out.

Apurv Kulkarni: Could you also comment on your sales and marketing activities going forward? Would we be expecting a large senior hirers going forward especially on the sales.

Virender Jeet: I think somewhere around 18 to 22 months back we had larger investments when we set up the whole US structure, hired many people I think beyond that it has been continuous investments happening in sales and marketing - roughly around 19% to 20% of our investment is in sales and marketing and so we have continue to expand the US team organically, we are looking at Australia as a market, we are looking at South America as a market, UK we have something, Canada is showing signs of picking up we have got few orders from there. So it is an organic investment in them, so current projects are based on those organic investments to maintain cost growth at roughly around 16-17% and growth momentum is much higher than that.

Apurv Kulkarni: Going forward would we see a big ticket wins or would it be more deal wins with similar sort of a deal size.

Virender Jeet: See our endeavor is to get as many deals as possible in the price points which are our average ticket size but as you get into more mature markets in certain cases you always get some lucky big deals, but as part of our plan it is always better to enter small and then expand in the customer because our potential with the customer is much larger. So if you sell large, we end up discounting higher in the early stages so our endeavor is always to get more orders at a good entry value and then expand to the account over next two, three four five six years, but if some large deals come up we cannot say no.

Apurv Kulkarni: Thank you.

Moderator: Thank you. The next question is from the line of Ananda Padmanabhan from Renaissance Investments. Please go ahead.

Ananda P: Just wanted to understand in terms of an overall revenues what would be the broad breakup between enterprise content management versus business process management versus customer communication management and what could be the typical margin profile of this I understand that some products you will be having an integrated deal but in some way you could be give some more color into that.

Virender Jeet: The product is not a segment in our revenue right now we do not track any product, because most of the deals are integrated and also customers can enter through any product but eventually end up buying most of them. So as I explained earlier in the calls ~ 60-70% of our deals are BPM and ECM combined and then another ~20-30% are ECM alone and ~10% is CCM. We do not have margin segregation between these lines but that is the distribution. So BPM + ECM sales are the largest part of our pie followed by ECM and then the CCM and any other new products which will come up with.

Ananda P: And for all ECM contracts would typically involve some amount of document management, documentation management would be major part of the overall ECM ?

Virender Jeet: ECM is content management in general sense but generally it is more complex – it could be document archival, it could be case management, it could be records management for certain enterprises, it could be digital asset management so they are complex solutions all the time and large use cases, but as you rightly said when we say enterprise content management broadly the term has been derived out of document management technologies and that is what they used to be call previously.

Ananda P: And what part of your business would be very basic document management or the valuable account management kind of contract.

Virender Jeet: Maybe 20%- 25% this may vary from quarter-to-quarter but generally that is what it is.

Ananda P: And typically that would be the most competitive part of your overall piece in terms of that document management would be one area where the competitive intensity would be the highest?

Virender Jeet: I do not see that, if you track our business our go-to market is completely verticalized so customers rarely end up buying platforms, they end up buying solutions so when I am selling in government or in banking content management I am solving business problems, so the problems can be around digital on-boarding, it could be about records management or they may be appeals and grievances case so they are slightly more complex so the competition could be both from horizontal and vertical players so I would not be able to say that they are less for more intensive in competition. Because if you look at enterprise content management now globally there are three, four big players which have global reorganizations, rest have got merged or acquired so there is a competition in certain markets, but in certain markets there maybe lesser competition.

Ananda P: And could you also throw some light on your sales incentive structure in the sense that what is that in the sales initiative structure that leads to seasonality in your revenues?

Virender Jeet: I do not think it is a factor causing seasonality, if you see our salary structures they are typical in the industry - fixed plus variable structures and variables are incentivized on the sales and predominantly higher incentives on new sales, but the variability is a behavior of customer as well as our organization it is a result of our year end as well as customers behaviors that you get best deals from license companies over the financial year closures and it has accumulated over years it is not a single year behavior.

Ananda P: So more like in the sense that in Q4 your pricing realization on a similar product will be much lower than what it would be in Q3 that is the way to look and as a result of which it will get invested.

Virender Jeet: Yes, it is like everybody thinks in Diwali they will get the best deal whether it is true or not, that you cannot convince but all the sales are around Diwali so that is the same thing in license businesses, customers do try to budget themselves prioritize and think of closure of deals towards Q4 for my financial year?

Ananda P: And this is true for your existing customer or even for the new customer in the sense that existing customers who will already be in a working relationship and will be having negotiation for our new products, typically the product lifecycle or the entire sales cycle from the negotiation stage to the final disclosure stage will take at least six to nine months.

Virender Jeet: Yes, so you will have to build all the cases it is not that you will not work on the sales you will have to work for sales in all quarters but generally the kind of closures happens more on the Q4 so it is partially true for also the existing customers.

Ananda P: And what would be the size of your largest customer in absolute sales and not TTM basis?

Virender Jeet: Maybe Rs 10 Crores- 12 Crores or something we can send you the data.

Ananda P: That is all from my side Sir. Thank you.

Moderator: Thank you. The next question is from the line of Jaineel Jhaveri from JNJ Holdings. Please go ahead.

Jaineel Jhaveri: Thanks for taking my question. My first one is that do you charge per employee per month or how does this charging model work is it especially for the SaaS part of the business?

Virender Jeet: I think in a Cloud we have a typical pricing model which is called PUPM which is per user per month so the bank would have many thousands of employees but my application being only used by say 100 users or 200 or later 500 so depending on the number of users using my application I would charge a rate which is called a PUPM (per user per month) that is in the SAAS. On non- SAAS is typically a perpetual license followed by ATS.

Jaineel Jhaveri: And then it does not matter how many of our users use it?

Virender Jeet: All licensing is metered on usage, so in perpetual license also it is number of named users or number of concurrent users. The difference is that he has a perpetual user right with ATS as a renewabl. In subscription you have per user per month you have to renew a contract every year.

Jaineel Jhaveri: Do you guys have some kind of a client attrition rate like I am assuming listening to the last few calls that the software that the company provides is not a critical in that sense like it is not a ERP or something like that which is very critical to the business it seems like a value additive/process improvement type of software which the customer can easily get people onboard is that understanding correct?

Virender Jeet: Not accurately. I think I would recommend that if you can go to our website and see what we do for our customers. What we sell to our customers become the second most important system beyond core system because we are doing core business processes for customers so it is like for a bank it could be a loan management on account on0boarding or a trade finance process.

Jaineel Jhaveri: You guys have no attrition rate at all like no clients leave you?

Virender Jeet: Yes, nothing I think almost negligible attrition unless there is a merger or an acquisition or somebody shuts up the shop that is the different thing but generally our customer relationships continue for 10, 15, we have 20-year-old customers still working with us and these are highly integration mission critical systems.

Jaineel Jhaveri: Have we taken any write-offs in the past few years or do we have a certain percentage that we take in case of…?

Virender Jeet: Yes, so I think we are already on Ind-AS which is a credit loss model depending on the historical trend of collection we have to provision every quarter, so generally it depends on what kind of a percentage of write-offs you had previously.

Arun Kumar Gupta: So I think it is basically last 12 quarters collection trends basis that this estimated credit loss model works so accordingly every quarter we have to do the provisioning basis last 12 quarters collection trend and accordingly P&L impact is taken care off.

Jaineel Jhaveri: But do we have a number like approximately it has been 1% of sales or 2% of sales anything like that.

Virender Jeet: Yes, historically, because we have lot of partners driven sales also, typically what you call value added resellers, roughly around 1.5% to 2% is the historical number which is usually written-off every year, that has been already provisioned in the P&L.

Jaineel Jhaveri: And that would be in other expense.

Virender Jeet: It is going to be in the other expenses. You are right.

Jaineel Jhaveri: Okay thank you.

Moderator: Thank you. The next question is from the line of Arya Sen from Jefferies. Please go ahead.

Arya Sen: Thanks for allowing the follow up. Firstly, you talked about some issues in closing longer gestation in India could you qualify that a bit more color on that which specific verticals and what is the reason?

Virender Jeet: Arya is this regarding debtors you are saying?

Arya Sen: No the longer gestation for processing?

Virender Jeet: So in India we have predominant segments which give a large amount of business - banking and government and also in banking there are lot of PSU/ public banks, we have seen cycle times are sometimes unpredictable even after having being awarded the final deal, the contracting takes few more months. So like, we have booked this order of Rs 78 Crores but this was almost on the same stage for about six months. Similarly, we have at least five-seven orders anywhere between 3 Crores to 8, 9 Crores which are always on the closure stage and we are waiting for them to arrive. The India growth rate so far has been roughly 13% but we think by the year-end it should be better than that.

Arya Sen: Also if you could provide the provision numbers for Q1 and Q2?

Arun Kumar Gupta: The provision number for Q2 is around Rs 7 Crores and Q1 was negative so I think it was around Rs 1 Crores negative.

Arya Sen: Thank you.

Moderator: Thank you. The next question is from the line of Aagam Shah from Raaj Trading. Please go ahead.

Aagam Shah: I am attending your concall for first time so if you can just help me to understand your software as a subscription based business model and I am guessing that the focus would be there growing that so can you help me with that like just to understand how the model works?

Virender Jeet: I think Aagam like in licenses which is typically a onetime sales followed by a percentage of the license as ATS, Software as a service becomes more like, what you call a continuous annuity based recurring sales where you are charging a fee which every year the customer has to repeat so the revenue becomes more predictable and becomes more even through that. So it is a global phenomenon most of the license businesses have started moving towards the software the subscription service business and what we have done is our platforms are ready, we are already hosted on AWS services for all our products and as the customers are demanding that we are shifting to this model so what is happening in US most of our customers in fact 90% of our funnel is based on subscription so people out there are more keen to buy subscription services, which is a manage cloud service rather than direct licenses. Does that answer your question?

Aagam Shah: Yes, so does it mean that going ahead as your shares as percentage of revenue increases so we will have more sustainability in terms of numbers?

Virender Jeet: SAAS it very small. It is roughly about 3% to 4% of our revenue. We have planned that over next two to three years it is going to substantially increase as our revenue share from US and Europe starts increasing. As that happens, then the annuity revenue which is support, ATS and SaaS will start becoming higher percentage. Today roughly they are around 50%- 52% we hope that in next three years they can exceed 65% to 70% of our revenue.

Aagam Shah: What would be your competitor like-to-like basis?

Virender Jeet: Are you talking about competitors?

Aagam Shah: I am saying what would be your like-to-like competitor?

Virender Jeet: Typically, we have very little competitors in India and APAC. Most of the companies who are competing are US companies so IBM has got products which are called Lombardi and Filenet then there is a pure play company called Pegasystems, Opentext, Appian, Hyland, these are some of the competitions which we say globally.

Aagam Shah: Anything on the growth front like for next three to five years what would be the growth that you are targeting?

Virender Jeet: We want to continue the momentum and we think as we get into more and more mature markets and get our foothold we should be able to push up the growth momentum further, but over last four, five years consistently we have been delivering a healthy growth rate somewhere around 20% I think which we can sustain that or just improve on that.

Aagam Shah: And any one thing, which would like to work on or something that, you are facing as a challenge?

Virender Jeet: I think our ability to speed up the penetration in mature market is our biggest challenge and that is what we are investing and that is what we are building and putting all our energy so that we get better share of market in US and Europe.

Aagam Shah: Sorry which market you said?

Virender Jeet: US and Europe.

Aagam Shah: Thank you and all the best.

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

Devang Bhatt: I am attending the call for the first time. I just wanted to know that your profit for the first half is around Rs 216 million but your cash has declined so is this from cash burn can you help me with this?

Virender Jeet: Historically if you look at last year our margins or profits in the first half are very small, in percentage terms. So most of the margins in the business are accumulated in Q3 and predominantly in Q4 in a major way, while our cost structures are very linear so we have to spend a cost of 16%-17% for maintaining this growth.

Devang Bhatt: Do you make for the year are your FCF positive or it is negative?

Virender Jeet: Could you repeat that I could not get that?

Devang Bhatt: For this first half were your FCF positive or would you negative so your operating cash flow minus the fixed cost?

Deepti Mehra Chugh: Operating cash flow is positive.

Devang Bhatt: So what would be that amount, that amount would be?

Arun Kumar Gupta: Net operating cash flow would be positive of around Rs 4.5 Crores.

Devang Bhatt: And your capex.

Arun Kumar Gupta: Capex I have to come back to you. We could send you the data.

Devang Bhatt: Thank you. That is it.

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

Devang Bhatt: Just wanted to know that in banking do you have any exposure to NBFCs in India?

Virender Jeet: We generally do not have exposures because we do important work for clients and the revenues per customer are not so strong but I can say that most of the and major NBFCs in country or our customers and even the new ones but we do not treat it has the risk or something because, but I do not know whether in Q2 we have got any new NBFCs we have not probably got any new NBFCs in Q2.

Devang Bhatt: There is no doubtful debt in any of the NBFCs?

Virender Jeet: No, I do not see there is any substantial one coming from that.

Devang Bhatt: Thank you.

Moderator: Thank you. Ladies and gentlemen as there are no further questions from the participants, I would now like to hand the conference over to Ms. Deepti Mehra Chugh for closing comments.

Deepti Mehra Chugh: Thank you so much for joining us on our earnings call. For any further queries you can always connect to me or can visit our website. Thank you.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Newgen Software Technologies that concludes this conference. Thank you for joining us. You may now disconnect your lines.