aurionpro

October 31, 2023

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Sub: Transcript of earning call held on October 26, 2023 for the Q2 & H1 FY 24.

Dear Sir/Madam,

In accordance with Regulation 30 & 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find transcript of the earning call held on October 26, 2023 for the Q2 & H1 of FY 2023-24.

Kindly take the above information on record and confirm compliance.

Thanking you,

Yours faithfully

For Aurionpro Solutions Limited

Ninad Prabhakar Kelkar

Digitally signed by Ninad Prabhakar Kelkar
Date: 2023.10.31 20:02:48 +05'30'

Ninad Kelkar
Company Secretary

Encl: as above

“Aurionpro Solutions Limited Q2 & H1 FY24 Earnings Conference Call”

October 26th, 2023

MANAGEMENT: **MR. ASHISH RAI – CEO & VICE CHAIRMAN**
MR. VIPUL PARMAR – CHIEF FINANCIAL OFFICER
MR. NINAD KELKAR – COMPANY SECRETARY

MODERATOR: **MS. AASHVI SHAH – ADFACTORS PR – INVESTOR RELATIONS**

Aurionpro Solutions Limited
Q2 & H1 FY24 Earnings Conference Call
October 26th, 2023

Aashvi Shah: Good afternoon, ladies and gentlemen, a very warm welcome to the Aurionpro Solutions Limited Q2 & H1 FY24 Earnings Conference Call.

From the senior management we have with us today, Mr. Ashish Rai – Vice Chairman and CEO, Mr. Vipul Parmar – Chief Financial Officer, and Mr. Ninad Kelkar – Company Secretary.

Before we begin the call, I would like to mention that some of the statements made during the course of today's call will be forward-looking in nature and may involve risks and uncertainties, including those related to the future financial and operating performances, benefits and synergies of the company strategies, future opportunities and growth of the market of the company services and solutions.

At this moment, request all participants to mute their lines and be in listen-only mode**.** A Q&A session will be conducted towards the end of the opening remarks by the management. At that time, you may click the raise hand icon from the toolbar and unmute your line to ask the question or you can type questions in the chat box. Please note that this conference is being recorded.

I now hand over the conference to Mr. Ashish Rai from Aurionpro Solutions. Thank you and over to you, sir.

Ashish Rai: Thanks, Aashvi. Good afternoon, everyone. And welcome to this earnings call for Q2 FY24. We are of course very pleased with the continued growth momentum in H1 across all the major business lines, these results and the exceptionally strong demand pipeline that we have at the moment provides us great validation of our chosen long term strategy to create differentiated global products platforms player. This strong financial performance also now gives us the ability to keep stepping up our investments in both ground up R&D as well as selective M&A, as you would have seen, while we continue to maintain our industry leading EBITDA levels and PAT margin levels right at 22% and 16% as we have said before.

The excellent performance this quarter is really the result of the hard work, disciplined execution of more than 2000 Aurionpro team members. Our focus on expanding the sales channels that we have talked about in the past, has worked very well for us. And we continue to expand our strategic partnerships with global FinTech majors as well as other technology partners as well as do some selective acquisitions to continue to enhance our solution footprint where that makes sense. I'm sure by now you have received the investor deck that details our performance in the quarter. Allow me to briefly focus on the key slides from the investor presentation.

So, moving to the quarterly financials, Revenue for Q2 stood at Rs. 211 Cr, which is a growth of 37% on a YoY basis, EBITDA stood at Rs. 46 Cr, which is a growth of 32% YoY. And PAT as you would have seen is Rs. 34 Cr which is a 36% growth on a YoY basis. PAT margin for the quarter stood at 16.1%. If I move to the half yearly numbers, the revenue for H1 is at Rs. 410 Cr and PAT is at Rs. 66 Cr which is 37%, 34% YoY growth on those numbers.

The business performance as I said before, being strong gives us the ability to keep on increasing the investments that are going into R&D. We have talked in the past about our model of using the excess to point R&D, and then keep the EBITDA margins at the levels that we are targeting. And I'm glad to report that we have kept it at those levels, at 22% and 16%.

If I move to the Banking and FinTech, covering the segments briefly. The Banking and FinTech segment, one of the things that we have talked about in the previous quarterly calls is Banking and FinTech we had a lot of bill to do and then we were expanding the sales channel out to get the growth. So, as you can see in Q2, the business really climbed up in terms of growth rates, which is a result of us executing on some of the new wins as well as the core business, getting the capacity needed to accelerate revenue. So, the Banking and FinTech business grew about slightly less than 30% for the quarter. Lots of successes, especially on the lending side, our subsidiary Integro, had one of the wins that we announced is in the Philippine's market, very competitive, large win with a very large bank in the Philippines. We have had a lot of success in terms of upgrading our clients. So, going deep into the accounts and focusing on account mining, is beginning to yield results. And all the other things that we announced in terms of expanding our solution footprint is acquisition of Interact DX. This product, I am very positive with Aurionpro's sales channel, especially outside of India and how relevant the solution is to the client base that we service and feel very positive about us being able to expand the product as we go into the future.

If I cover the other major division for us, which is Technology Innovation Group (TIG). TIG also had a pretty good outing in Q2. Now one of the things that I've talked about in the past is we wanted banking to accelerate, we wanted the TIG to get more and more selective on the business that we were taking on. TIG grew along nicely, year-on-year that's about a 45% growth. Again, success on the transit side, we had entries into Mexico that we announced, we also announced entering into Australia with a partner. So, a fair amount of success in terms of being able to expand the transit business. One of the new offerings that we had around hybrid cloud, we had a very good success in taking hybrid cloud services to Philippines, we will increasingly use the managed cloud and managed services offerings that we have together with our software as we go into new client, this is a great point for us in terms of being able to expand the hybrid cloud services globally. This again, with a top auto finance firm, a very known global player's subsidiary in the Philippines.

WebWorks partnership again, we're expanding pretty strongly continuing to build on our strategic partnership with WebWorks and we continue to do a lot of work with Central and State governments in terms of some of the key flagship programs that the governments have. The demand pipeline overall is exceptionally strong at the moment for pretty much all of our major bets. And we expect to continue adding new logos as we roll into the second half, which we will announce as we go. Overall, we feel that we are comfortably placed to achieve the growth guidance for FY24, which is the 30% to 35% growth guidance that we have given in the past and maintaining this growth trajectory well into the next year. I hope this has given you a useful overview of the overall business context and our strategy and performance. I look forward to addressing any questions that you may have.

Aashvi Shah: Thank you, Sir. We will now begin the Q&A session. We have the first question from Mr. Sahil Sharma. Sir please, could you unmute yourself and go ahead with your question.

Sahil Sharma: Your base business sir should grow by 30%, 35% every year and we have also done a couple of acquisitions, which together probably might have closer to Rs. 20 to 25 Cr of profits. So, with some synergies could we expect closer to Rs. 220 - 230 Cr of profit after tax next year?

Ashish Rai: Sorry Sahil, can you repeat the last part, you are talking about next year?

Sahil Sharma: Yes, sir FY25.

Ashish Rai: FY25, okay. So, look Sahil, so first of all thanks for the congratulations and all, the team did pretty well in the quarter. So, the guidance that we give out for the full year, as I said, we have multiple users of capital, most of which we build into our strategic plans. So, acquisitions being one of those. So, to some extent, we were expecting to do some M&A. Now M&A, the philosophy that we have at Aurionpro in terms of doing M&A is we, we will do a deal only when we see one it fits an identified gap. Second, it adds immediate value for the shareholders. We are not in the business of doing M&A, we will do it only when it makes a huge sense from a value standpoint. In that sense, both these acquisitions are one, immediately accretive to the EBITDA. Second, they make a huge amount of sense from a future value standpoint in terms of how much can we expand both of these businesses sell to the same client base that we have globally, load the products from the same channels that we have, as well as be able to expand on these in India as well where both of these products which where the whole markets for these products. I will not really get into the business of giving future guidance at the moment. So, we typically give a guidance for the current financial year and when we walk into the end of the year, we will try and position for the next year, but by and large I would say, incrementally these will be I am very positive these will be extremely value adding to the Aurionpro shareholder both in terms of growth, as well as in terms of profitability that we do and culturally both the businesses are a great match for us, so overall very bright future will not give numbers.

Aashvi Shah: Thank you. The next question will be from Mr. Suraj Jain. Sir, could you please unmute yourself and go ahead with your question.

Suraj Jain: I have couple of questions, and I just wanted to know regarding your recent order wins because in the presentation I can see the order book you have around Rs. 810 Cr, I just want to know any order wins in last two quarters and I can see the increase in the goodwill, is this because of the different acquisitions you have made?

Ashish Rai: So, thanks for the question. Coming to the goodwill, goodwill is entirely due to the Interact DX acquisition. So, that you would see in terms of the entries that we publish on the balance sheet. On the order wins, we do publish when there are material order wins from time to time. We have had a fair amount of success on both sides of the business. So, one is on the lending side of the business we've had multiple wins that we've talked about which allows us to really expand the business as well as a fair amount of momentum on the existing client base, in terms of upgrades, etc. On the transaction banking side again we had a number of significant upgrades with the existing clients as well as we are getting into a very strong pipeline where we will announce I suppose, some wins as we get into the second half of the year.

Transit again had a phenomenal outing, so transit, since we built the sales channel out in Americas, we have gone significantly outside of the initial win in the US. We have expanded to Mexico, the win that we announced it's a multi-phased project and we just announced the first phase, but we will build on it, we have announced Costa Rica, we have announced Australia, we will also expand into many other geographies which again as and when we fructify those partnerships we will talk about it and we will announce the expansion with WebWorks as well on the data center side. So, in general the demand environment seems to be very benign for the offerings that we have, we seem to see a fairly large number of deals in the market, I keep emphasizing the point that we need to be highly selective in terms of taking on new business, and not get very excited in terms of driving growth rates beyond, what the enterprise can deliver. So, we will try and be selective, we will try and take on projects in a way that we can keep the delivery reputation of the enterprise, this is a long journey. We don't want to get short term greedy when we try to accelerate growth rates. So, we will acquire just enough business to keep hitting the guidance numbers that we have and maybe go a little bit over but not significantly. Hope that helps.

Suraj Jain: Okay. I just want to know the bifurcation of order book between the two business segment, banking finance and the tech innovation group. And I just want to know regarding the business of data center right now where we do stand in that business, and what kind of investments you are looking for into this business?

Ashish Rai: Okay. So, the first question is straightforward, it's about 40% on banking, and 60% on TIG, the order book, the second one so looks data center we, first of all don't intend to put too much capital to use in the business. So, we are not in the business of building data centers of our own, we are in the business of one, we have an extremely high-quality design team. So, designing the data centers as well as program managing the builds for our partners and that is what we will focus on. We, like Aurionpro always does when it gets into a business, we are building our own IP, we are productizing a key part of data center delivery, that we will I suppose once the R&D is finished we will announce in the next few months. So, we will continue to look at the business in terms of what can we productize that creates one a differentiated offering in the market, second improves the economics for us as well as allows us to scale well. So, data center for us, we have one of the highest quality teams when it comes to designing and building a data center, we will continue to do that with our strategic partners. We will probably sign on more strategic partners as we go, as well as announce a few productized offerings in space, which allow us to sort of drive better economics. So, that's essentially the approach to data center business.

Suraj Jain: Yes. And one more last question, due to these recent acquisitions, we are having inorganic growth, do we see any impact on the margins as in most of the calls who have said that we are going to maintain a margin of 22%, are these margins going to be impacted or are they going to improve because of the inorganic growth?

Ashish Rai: So, again there's something that I've said a few times in the past. The goal that we try to keep for us is do an EBITDA of between 20% and 22%, we believe at that level we probably in the top 5%-7% of the industry in terms of EBITDA margins. We believe our shareholders are fairly pleased with that margin level. As the economics of the business improves, which it is improving, we will use the excess over 22% to keep increasing the R&D budget, there is a lot more ideas than capital when it comes to R&D. So, we will keep stepping it up every year. So, our long term goal is to stay in the 20 to 22% bracket, unless sometime in the future you hit an inflection point where we say the economics are so good and the R&D needs are so less that we start stepping it up, so that's essentially the goal.

Aashvi Shah: Thank you sir. The next question will be from Mr. Vivek Gautam. Please unmute yourself and go ahead with your question. We will take the next question from Mr. Agam. Mr. Agam, please unmute yourself and go ahead with your question.

Agam: Sir my question is on the Tech Innovation Group. So, on this segment, so can you briefly talk which segment is dominating currently, and which can be the driver for next at least couple of years? When we have two, three verticals. My second question is on the exports, geography wise revenue breakup, so will this mix be the same, where India is dominating the geography wise revenue breakup for next at least couple of years. If you can talk on that?

Ashish Rai: Thanks Agam. Look on TIG is essentially at a high level three parts. There is the transit business where we believe we have built out probably one of the most integrated end-to-end offering stacks in the space right from the electronic hardware, we have some software to the actual hardware used in terms like that, etc. So, we built up a strong end-to-end offering, this TIG as a whole is growing at about 50%, give or take transit side is growing faster than the 50. The second part is the data center design build business, which again we've seen incredible amount of investments and investment plans going into pretty much the next several years in this space. So, we have one of the highest quality businesses in that space in India, we are expanding it globally, that business is again growing faster than the TIG growth rate of 50%. The third slice of TIG is smart cities business. This is a business we've been in for some time and it's not significantly growing at the moment. So, that is essentially the story in TIG three slices. The growth being driven at the moment by transit and data center, and smart cities business we are a critical player in the space, it's not grown at the moment.

The other part is about geography. Look at the moment roughly we are 60:40, 40 global, 60 India. Our medium-term plan is to accelerate the size of the global pie. So, which sort of explains the sales channel build up as well as every channel build up out in US, in Middle East, in Southeast Asia that we've done over the last 12 months. To be honest, the global business has been growing fairly well for us. But the challenge is, the India business has been growing incredibly fast. So, the mix we have actually not been able to move the mix materially over the last 12 months. The point at which we will really be able to move the mix is where the growth in India slows down a bit. We do not see any signs of it honestly given how well the economy is doing the investments in the data center space, the investments in the transit space. So, banks as well are in pretty good health and have been investing in technology. So, our longer term goal would be to increase the size of the portion of the global pie. It will happen when we see a little bit of slowdown in the growth rates in India, medium term our goal would be to get to 60:40 in favor of the globe rather than India. In the short term, we will stay where we are.

Agam: Okay. And quick one more question, your Sale of equipment and product licenses, so, that would be majorly towards tech innovation or that will have BFSI also, or that will be majorly tech driven?

Ashish Rai: It's both the sides. So, basically the way to look at it is, equipment and licenses is more the one-off versus the recurring and the near recurring services. So, it happens on both sides of the business.

Agam: Okay. So, sale of software service you mean is a recurring?

Ashish Rai: So, what is happening is, we sell licenses in two modes. Increasingly, we are selling subscriptions, so that would not show off in the one-off license. But we do sell enterprise licenses as well on the banking side that will show up in the equipment and license sales.

Ashish Rai: So, it's more of one off versus non-one off.

Agam: Okay, so how much push can be volume, so we have done this quarter 271 and 133. So, how much out of this would be recurring?

Ashish Rai: So, recurring and near recurring, which is the ongoing services, etc that's almost close to 80% of that mix. Recurring is in the order of about 55 to 60%, 55% or thereabouts.

Aashvi Shah: Thank you, sir. Request you to come back into the queue. Sir we have a few questions in the chat box. I'll just read one of them. The question is from Mr. Maruti Nandan, then is a considerable increase in the employee cost compared to the previous quarter from Rs. 69 Cr to Rs. 80 Cr, what is the reason for the same?

Ashish Rai: Okay, good question. So, look one what is happening is just the organic growth in the number. So, we have added a fair amount of capacity. So, we have been adding for some time so, what really happened on employee expenses is one, to just to support the growth, the employee base was increasing. Second, in the last quarter we have invested quite materially in terms of building out future capabilities, these are the sort of R&D expenses that are not at the moment supported by revenue, but will be very soon as you go a couple of quarters out. We opened up a new Dev center in Pune, as we announced. We've got an increase in presence here in a few other places as well. So, we've been adding on the R&D, which probably doesn't so much translate to revenue, but we believe we have the bandwidth to add that. So, in terms of doing a new product build that we will announce soon. Another part of the increase in the employee expenses is the addition of some ESOP cost, so, we did announce in the past that the board had approved creation of an ESOP scheme. And we are beginning to see the cost of that coming in the quarter. So, that's about Rs. 4 Cr in the last quarter. So, as you can see, the point that I always make, we believe the economics of the business will keep on improving as the scale, four crores of ESOP is a fairly material amount, which we were not, we would have affected the EBITDA margins in the past, but now it's sort of on top of the 22% margin that we delivered. So, employee expenses have gone up, the revenue related one is fairly linear. The other two components are not at the moment reflected revenue, but you can understand what they are.

Aashvi Shah: Thank you sir. We will take the next question.

Ashish Rai: Is that clear, Aashvi maybe let me just get a clarification, is that clear enough.

Management: It was from chat box.

Ashish Rai: Okay, fine. Let's carry on.

Aashvi Shah: Sir the next question we will take from is from Darshil**.** Sir please unmute yourself and go ahead with your question.

Darshil: So, just wanted to ask our new acquisitions, how much contribution would they have had in this quarter in terms of revenue?

Ashish Rai: So, there is zero contribution to Q2. The way to look at the acquisition says, after we sign the acquisition, it takes us some time to close the acquisition before it starts reflecting up in the numbers. For the Interact DX acquisition, we will see the impact in Q3. For the Omnifin acquisition, we will see a partial impact in Q3 depending on when we close and the full impact in Q4.

Darshil: Okay. So, any ballpark on how much have they increased our bottom line by? Could you just give us a rough range of what would the current run rate be per quarter?

Ashish Rai: Both the businesses are operating at EBITDA levels which are higher than Aurionpro overall EBITDA level, that's something we can do. We've not disclosed specific numbers so, I don't think that makes sense. So, I believe as the revenues on those businesses scale, we will be able to hold or improve the enterprise EBITDA margin. So, we will hold them to the same framework, eventually that we use for rest of the Aurionpro which is where we say bring the EBITDA to 22% and aggressively invest in R&D to expand the product line. So, they are both at higher than 22% at the moment. In terms of cost structures, we anticipate them to operate at pretty much the same structure they are at right now. So, there won't be really major differences other than the Aurionpro model of investing a little bit more aggressively in R&D. I don't think there will be much impact on the overall cost structure of these two businesses.

Darshil: Okay. So, our aim of 30% growth would be organic and whatever inorganic would be added right, there's that one clarification and how much current spending would we be doing on R&D, over the full year maybe or per quarter whatever you could help me on?

Ashish Rai: Sorry, so let me just recap the question. So, the first part was about what is the contribution in terms of profit, that we can, can you just repeat that?

Darshil: Yes. So, I was just asking sir that, currently like on a 30%-35% growth that we are targeting that would be organic and Interact DX and Omni will add on to it, so we our growth rate total could be higher than 30%, that was my first question. The second question was, how much R&D spend would we be doing currently, like what would be our average quarterly number in terms of absolute number. And are there any other M&A plans that might be coming in the next one or two quarters?

Ashish Rai: Thank you. So, good set of questions. Profit, how much, the range that we have given for the year is 30% to 35%, so the band is wider than the amount of profit that these two entities can contribute within this year, especially given the limited time period that we have overall. So, a 5% on our overall scale, depending on how you are calculating is probably a Rs. 40- 45 Cr number. So, I don't think what will happen is with these acquisitions, the ability of the enterprise to deliver to the high end of the range improves quite significantly. And beyond that, if we were to really give out fresh guidance, we typically wait till Q3 results to revise any guidance for the full year. So, we will stick to the guidance, the ability to deliver to the high end of the guidance has improved because of these acquisitions. I will really not say anything more than that, on the profits. R&D, we are now clocking about an average of 8% in terms of the top line in terms of investing in R&D. It does vary QoQ, so Q2 it did go up quite a bit because of some new product developments that we saw an opportunity to do and then we set out to do but typically for the full year you can expect it to be 7.5% -8% at the moment. Next year, we will step it up again. The M&A plans. So, this is what is happening in M&A, I will of course not talk about any specific M&A opportunities at all. That's not the way things work, but this is how we are looking at M&A. What has happened is, one as we get financially healthy, we constantly get a choice to either build against the gaps that we see in our portfolio, so you see an opportunity in the market, you see the solution footprint that you need to tackle their opportunity. And then you got two choices, you say I build against that gap, or I go and acquire someone who's already done that investment. In cases we will find that there are sort of product outfits out there who have built-out products which are good, at least to serve as a base for us to finish our offering footprint. So, we will constantly be looking at opportunities there. When it comes to deal making, we are very stringent in terms of what value we will buy at, so we are not out there shopping for deals. What has happened over the last year is, we become a very, very attractive shop for especially founders led tech companies to come in and partner with us because people so we are now, we are better known in the industry, people see the investments we made in the sales channel outside, they see the template that we use to run the business. Overall, it's modeled on the sort of best practices we've seen elsewhere with most of the global software majors. And people see value in that how we build our products, manage our products, sell them and partner with the clients. So, increasingly we become an attractive partner for some of the younger tech companies to come in and say okay, why don't we pursue the rest of our journey together with Aurionpro instead of outside. So, we will keep getting approached, when we get approached and it fits with our strategic framework. We will do the acquisition otherwise, we don't have much FOMO when it comes to deal making, we're doing quite well.

Aashvi Shah: Thank you Darshil. Sir, next question we will be taking from Mr. Mitul Mehta. Sir please unmute yourselves and go ahead with your question.

Mitul Mehta: So, now Ashish, one is a slightly medium term, and the other question is of course a little more longer term let's say over three years. If you can help us to gauge, we all know that the enterprise software market globally is a fairly large market, it's a hugely scalable model and larger MNCs have demonstrated the scale in that business. We are currently at about Rs. 450 Cr. Our focus is right now more Asia Pacific, you've always gone on record and said that, eventually we want to break into the US we are building sales channel, we are investing there, we are adding people on the sales and marketing. So, can you give us some directions on that as to when we finally get there? That is one, second between the two businesses which is more scalable according to you, the TIG or the enterprise software business?

Ashish Rai: Okay, hi thanks Mitul, great questions. So, look when do we finally get there we are already pretty much there, it's a question of scaling the business. So, you're right, this is a vast ocean when it comes to enterprise software to financial institutions, banking, insurance, non-banking lenders are some of the biggest spenders when it comes to technology and you are totally right we are largely Asia Pacific or rather largely core Asia, and Middle East in terms of our existing footprint. First, I believe those in core Asia will scale the business quite rapidly that is number one. Second, we build the channel out, we start doing, especially, in terms of our payments product, we started, we made one sale a couple of quarters back, we will sort of improve upon it. Banking, on the lending side, collateral as well as limits, I am fairly positive, we will start seeing logos come over the next four quarters. So, we are in fairly advance discussions, the problem with this business is this, enterprise software is very long sales cycle. So, typically, sales cycle is 18 months or so, we are targeting large banks just by nature of our model, we can't go after the smaller banks at the moment. So, that sort of moves us towards the high end of the range in terms of the sales cycle. So, we are in advanced discussions, we will close it. The second thing is, we are also a prominent partner to multiple Global FinTech majors in terms of licensing our technology to them, we announced Finastra, they are themselves looking at our solution set and taking it global. We are in sort of discussions with other majors where we can't announce the names yet. So, it's not even discussions, we are sort of agreed with other majors, we can't announce the names. So, you will see the channels sort of go out both in terms of these partners distributing our technology, as well as our direct channel distributing our technology. We started on this whole thing seriously, honestly about, I would say seven or eight months back. And I would say a reasonable expectation should be we start seeing the first results in 18 months, you could get lucky and see in 12. But the reasonable expectation should be 18, so in the next four quarters you should see it. So, that's essentially the long sort of winded way of getting to when we will get there.

The second part, sorry on TIG versus banking. Look, the way we chose our segments Mitul, it was sort of quite clear about this earlier, we only chose segments we believe have very long demand runways, have a very large target market and we have a shot at global leadership. I'm not saying the global leadership happens next year, but we have a shot at it over a medium to long term. So, in that context both are just such large oceans that I don't think it really matters, that we start picking favorites. We will stay committed to scaling both the businesses at the clip that they can support, the more important thing is to scale at a level that you can have the stamina to run for 5-10 years, not scale rapidly for four quarters and then start stumbling on delivery reputation. So, for us the question really is, how fast or slow should we be scaling the businesses, the fact that you can scale both the businesses, as well as some of the India businesses, I don't think we have any doubts about it.

Mitul Mehta: I'm sorry, if I'm little repetitive, but banking still we are sort of at Rs. 450 Cr and obviously we are growing our base is small, as we grow bigger, the base would increase and therefore we have to maintain growth on that higher base. So, therefore, I asked you that obviously you did mention that we are still like 11 months away after we sort of break into US. So, if you can just talk about some of the deals that happened typically in those markets, how big are those deals versus the deals that we do in Asia Pacific, so we will get some color of the intensity of the business that we could get in the developed countries?

Ashish Rai: Okay, so two points. Point number one. Asia is our core market; we don't need to be outside of Asia sell a single cent outside of Asia to keep growing at 25% to 30%. The market is large enough for us for a fairly sort of long period of time continue to support growth rates of 25, 30 just from Asia, we have not needed to sell outside to grow at that level. So, we won't go to US and Europe to support a 25%-30% growth rate. So, that is number one. Number two, deal sizes typically in US and Europe are larger for two reasons one is a lot of our pricing is based on the size of the book and the size of the bank. And the banks just are larger banks in Europe and US, so that increase the deal sizes. Second is the core realization even on the same book sizes is probably 50% higher, in terms of licensing that you get and PS rates and all are also better but then PS rates come with an increase in costs as well, so I would not attach too much importance to it. So, overall, I would say deal sizes could be anywhere between 50% and 100% bigger in US and Europe, or maybe even slightly more than that if it was an exceptionally large bank. But we don't need to do those deals to keep growing at 25%, 30%, Asia is large enough honestly, we are, CLO, probably the number one player in Asia. But we are still hugely under penetrated. So, we can expand into a lot of spaces, where we are not right now. Now with Omnifin and Interact DX coming in, which are again, we have not been selling it in Asia that heavily, we can step up the engines in Asia to deliver even stronger growth on those products, because they can go to a much wider segment than our bigger CLO and collateral products. So, there is just a lot of growth runway left in our core markets, and we will continue delivering it. And then in the US and Europe, over time will start delivering but taking time there is not really a big problem.

Mitul Mehta: Sir, is it possible for you to just break up the Asia Pacific market where we are presently in our core market in terms of size versus with and of course the competitive landscape, if you can just give some ballpark breakup?

Ashish Rai: Ballpark breakup in terms of which country, how much percentage.

Mitul Mehta: Overall market size would do.

Ashish Rai: Overall market size. If I look at some of the larger global players, including some of the businesses that I have myself run in the past, banking software businesses, you got businesses running $0.5 Billion to $1 billion software businesses, just in APAC, Middle East and Africa. So, the markets are large enough. Now, of course US is a much larger markets, but the markets are large enough. For us, we are quite prominent in Singapore, we're quite prominent in Malaysia, we are reasonably good sized in Indonesia, Thailand, Vietnam, we are increasingly much more stronger in Philippines, Middle East again we've got an expanding business although we are admittedly still quite thin there and we just started our operations in Africa which will start bearing fruit at some point in time. So, these are all fairly large markets. I'm not quite sure what the sort of motivation to your question is, but if the question is the demand in Asia large enough to grow for the next two, three, four years, the answer is yes. Of course, the global market is a lot bigger, and we will slowly sort of increase our share there.

Aashvi Shah: Thank you, sir. Sir we will take one more question from the chat box. The question is from Mr. Ganesh Shetty - Can you please throw light on the Omnifin integration and cross sell opportunities?

Ashish Rai: Thanks Ganesh. So, Omnifin is essentially a full front to back lending system. We've so far been prominent on the CLO, the corporate loan origination side we've not had a material offering first on the LMS side, so which is the back end, second to the retailer SME and the digital lenders, which is where Omnifin complements our stack quite well. Omnifin is very successful in India, it has an extremely high-quality team when it comes to people who build the products, obviously who will be running the business all this while and culturally they are straight on fit with the engineering lead culture that Aurionpro has as well. So, they fit in beautifully with us. We will be able to one, take Omnifin Solutions to both banks, as well as non-bank lenders in every one of our markets, we've not yet closed the acquisition, we will but, we've started looking at where the opportunities are and we are highly encouraged with what we see in Southeast Asia, Middle East and Africa. So, we will be able to take the same solution to multiple markets, of course there is probably depending on the market you are talking about, there is a little bit of fine tuning needed to be completely fit for purpose, but it's not really a major thing to do. Second part, we will be able to probably expand the relationship with the 45 existing clients that Omnifin has with other Aurionpro offerings that can go to those same clients. So, in terms of synergies, there is fairly significant both in terms of being able to take Omnifin to other larger markets as well as being able to capitalize on the current base that exists. We've not quantified this, but this would be fairly substantial, it will become a part of organic growth plans next year. And we were planning to be a full spectrum lending shop anyways, so Omnifin sort of helps us gain many years in terms of the product build process by really shortening what could have been three, four years of product build to two months. So, that is an enormous value add to the business.

Aashvi Shah: Okay. Sir we take the next question from Mr. Vivek Gautam. Sir please unmute yourself and go ahead with your question. Sir we move on to the next participant, Mr. Maruti Nandan please unmute yourself and go ahead with your question. Sir we move on to Mr. Rajeev. Mr. Rajeev, please unmute yourself and go ahead with your question.

Rajeev: I have a couple of questions. So, what about the Murex upgrades. Do we have any Murex upgrades lined up for this year and next year? And what will be the revenue generation from that, if so? Thank you.

Ashish Rai: Okay, thanks Rajeev. So, look upgrades is too fine a slice, what I would say is Murex implementations in general, our relationship with Murex is very strong and is expanding quite nicely overall so, we will certainly get involved and where we get involved in the value chain is also a lot higher than it was earlier. So, earlier, we would pick up upgrade projects now, we are getting involved in fresh implementations as well. So, I would say we should be expecting to do multiple new fresh implementations in addition to some upgrades, as well as the run the bank teams that we have in various places. So, Murex business would expand, I would expect over the next four to six quarters quite significantly.

Rajeev: Do we have any end of the vendor, like the upgrades are to be done probably by this year or next year, which Murex is pushing to?

Ashish Rai: Look, Murex has a very large client base. So, there is always a lot of conversations going on, till we sign something, I can't talk about it. But we do have a fairly large number of conversations going on.

Aashvi Shah: Thank you sir. Sir we will take the last question from the chat box. What is the profitability of Omnifin and R&D spend?

Ashish Rai: Okay. I covered this earlier, so Omnifin at the moment at EBITDA level has a profitability slightly higher than our enterprise profitability. So, overall, as we integrate the business, I feel very good about keeping at the enterprise profitability level, which is EBITDA at 22% and maybe slightly better than that, what was the second part of the question?

Management: R&D.

Ashish Rai: R&D spend, we will basically, let me answer it this way, Omnifin has a sensational team, in terms of the team that has built out these products, and has been implementing at clients, and this is a group of people who are more or less the best in the business as far as lending teams in India go, like with no qualifications. So, I have enormous respect for the current model that exists in Omnifin in terms of continuing the product builds and R&D. To the extent that it makes sense to, sort of harmonize that with the R&D approach that Aurionpro has in terms of, sort of routing the access out into more product builds and sort of having a continuous roadmap, we will harmonize the two, but honestly, they are pretty sensational model even now.

Aashvi Shah: Thank you sir. That is the last question for the day, if you would like to give some closing remarks.

Ashish Rai: So, thank you everyone for taking the time out of your day to join the earnings call. We continue with what we said we will continue to do, so there is no real news there. We will continue to keep expanding the R&D, both M&A as well as zero fresh round of R&D that we said and you will see more and more product releases coming out over the next couple of quarters and well into the next year. We feel very good about holding on to the guidance number of 30% to 35% that we are at right now, I know there is some interest in whether that goes up because of the acquisitions and we will come out and probably cover that bit at the end of Q3. Till that time, goodbye. And I hope to see you again next quarter. Thank you.

Aashvi Shah: Thank you sir. On behalf of Aurionpro Solutions Limited that concludes this conference for today. Thank you for joining us and you may now disconnect your lines.