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Design for Digital

Intellect/SEC/2022-23 | August 04, 2022

1. **National Stock Exchange of India Ltd.,**
   Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex,
   Bandra (E), Mumbai – 400 051.

   Scrip Code : INTELLECT

2. **BSE Ltd.**
   1st Floor, New Trade Ring, Rotunda Building, PJ Towers,
   Dalal Street, Fort, Mumbai – 400 001.

   Scrip Code : 538835

Dear Sirs,

Sub: **Transcript of Earnings call held on July 28, 2022 for the 1st quarter of FY 2022-23**

In accordance with the Regulation 30 & 46 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 please find attached the transcript of the earning call and the transcript of the call is also made available on the website of the Company.

Kindly take the above information on record and confirm compliance.

Yours truly,
for **Intellect Design Arena Limited,**

V V Naresh
Company Secretary and Compliance Officer

Intellect Design Arena Limited 244 Anna Salai Chennai 600 006

Praveen Malik

Greetings and Welcome everyone. Thank you for joining us today to discuss Intellect Design Arena Limited Financial Results for the 1st Quarter of the Fiscal Year 2022-23 ending June 30th 2022.

The Investor Presentation and Press release has been sent to you and is also available on our website. Our leadership team is present on this call to discuss the results. We have with us today :

Mr. Arun Jain, Chairman & Managing Director;
Mr. Prabal Basu Roy, Advisor to the Chairman and Director on the Corporate Board.
Mr. Manish Makkan CEO iGTB,
Mr. Rajesh Saxena CEO iGCB,
Mr. T V Sinha CEO iRTM
Mr. Venkat Saranu, CFO ;
Mr. Andrew England, Non- Executive Director

Besides, some other Senior members of the Intellect Management Team are also present in the call.

Mr. Arun Jain would brief you on the results. This would be followed by Q &A which would be replied by the senior members of our management team. Once the Q&A starts, You can ask a question by clicking on 'raise your hand' and we would unmute you so that everyone is able to listen to you.

One Safe Harbor: I would like to remind you that anything which we say which refers to our outlook for the future is a forward-looking statement, which must be read in conjunction with the risk that the company faces

With this I request Arun to give his briefing

Over to you Arun

Arun Jain

Good evening, everyone.

Thank you for joining the Intellect platform for Investors where we are interacting with you on a quarterly basis. Every 90 days, we're regularly participating in building the institution called Intellect.

Let me take you through the entire journey. What changed in this quarter? Some of you would have been the new participant over here, so for whom I would like to share, somewhat is quick overview of the company.

As you know, company has a depth and edge being the 2 key words in our journey which build as next generation open finance composable solution.

So that's where the story is there, which is especially important story to work on. We won 6 awards - number one in retail banking, number one in transaction banking, insurtech, lending, Global leader of product breadth and regional leader.

This itself is a starting point.

In this quarter, we looked at it and we spent a lot of time in our design for digital which was our by line and when we are talking to the customer and helping them in digital transformation and employees and everyone and the common thread came out that we're helping to live their dream in the journey, helping them to make more profit helping them having more customer satisfaction and then, we can see a purpose. So we picked up our old live your dream as a by-line from design for digital

My purpose as an organisation and during the technology day we said we provide large enterprise grade, composable and contextual solutions driving higher business growth, reducing costs and risk on a sustainable basis. This is the purpose of organisation. The difference, Intellect versus any fintech is that we are in large enterprise grade extremely high volume, make it composable, contextual, driving higher business growth for our customers and reducing cost and risk using AI & machine learning on a sustainable basis.

We ranked number one in 6 categories, 25 years of experience, 97 countries served 10 products. So instead of 12 products needed to move the 2 products to the platforms, 6 platforms are becoming richer and 4 technologies.

Very good board of directors. Good Strategic Advisory Board from all over the world. The good bankers came from Europe, America, from India and the Middle East.

This is our evolution from the technology stack. When we added a data model, we created products. Since data model products are based on Open API and microservices we bundled into the cloud, and it created platforms and then we started doing 3rd party participant and plus fintech, it becomes marketplace. So, this is the four vocabulary we are sharing here.

I'll be taking you to the platform and product because if you need to know more about our deck you should go to the December 7th Technology Day presentation which is available on the website to understand the whole technology story of the company and how quarter to quarter are moving from December 7 from product to platform.

Looking at quarter One Financial highlights.

This quarter we had grown healthily. 33% growth up against 20%, which we believe and calibrated in dollar terms. Also, it's 27% growth to $70Mn.

In just the last 4 quarters, then our EBITDA has moved 17%, despite the cost and full cost post COVID has come into system so it's in line with our journey because our travel cost itself has moved back,close to 12 to 13 Crs are just the travel cost increase beside the talent cost increase has been reduced because of some other taxes which have gone up. As we advised last time, it's. A full tax. Regime we are getting into. It's around 26% of the tax which is being put on PBT but the advantage for us is we still have a MAT credit. Where tax outflow cash outflow may not be there, so that will be cash outflow will be 10% not 26%. Gross margin stands at 55.6%. EBITDA stands at 20.6% and collection is 473 crs

Our DSO's are 114 versus under 125 so good collection this time in this quarter we could be able to collect a lot of money from the Indian government also which was a concern last time for the investors. In GEM we collected close to 100 Crs

Then if I look at it, the revenue distribution platform I'm calling this, we used to call SaaS cloud revenue. We rebrand it as platform revenue. I'll share what it means on the platform and in my qualitative comments.

So as of now, platform revenue moved up by 47%, very healthy revenue. License is -3%, 10% is AMC growth, 18% is licensed LinkedIn Revenue growth and annual recurring revenue growth moved up by 28%.

10 wins and 5 platform wins. 11 new digital transformations completed. Now we started giving. This was a request made that the last 4 quarters made a lot of difference and then we looked at it last 12 months LTM. Revenues, so we plotted LTM revenue for you to bill to highlight that quarterly revenue for Intellect will be up and down in various buckets. But when you are looking at LTM revenue, that will give you the trend of movement.

So LTM revenue moved by 29% over the last 4 quarters where our growth is 29% against 20%.

At a dollar level, it's the 26% we moved to $ 267 Mn, from 212 Mn$. Gross margin stood growth at 31%. EBITDA grew at 26% on LTM basis PAT grew at 17 per cent.

Gross margin on LTM basis is 57.3% and EBITDA is 24.3%.

On LTM, my platform revenues grew at 90%, INR 220 Crs to INR 400 Crs, almost doubling our platform revenue on a sustained basis.

AMC grew by 11%. License link revenue crossed 1100 Crs, which is immensely powerful by our investment of close to 300 Crs. We were able to generate License link revenue of 1100 crs

Capex to sales ratio. It is now 15% on investments. Annual recurring revenue is 756 Crs, which has grown by 44%, which has a cloud plus AMC coming together. In the last 4 quarters, 35 wins. 18 platform Go lives which determine our referencing, which is decided by 54. digital transformation deal for the customer.

The sales pipeline is going extremely healthy now. I think we are now able to choose the deals which we want to take up. We crossed $805 Mn. That's the ability what we must handle as of now. If we need to increase the ability in our sales and pre sales. Several deals which we call Destiny deals are growing year on year and that's how the build-up is happening. So, we were running around $45,Mn to $60,Mn bucket.

Now that the number of Destiny deal is to be 30-35, now it's 64 and that's what the capacity of the deal is getting created

Average deal size is also increasing so non average deal sizes compared to 6.2 Mn$ per average deal value compared to 5.6 mn $ last year. So, on both the dimensions, the quality of the deal and number of deals both are increasing over here.

That shows the number of deals more than 50 Crs or more than 10 Mn $ are moved by almost 60% from 9. Such deals have been in the pipeline. Which is moving to 15 such deals.

This is the currency mix, GBP, and euro. This quarter we suffered because of a higher 23% exposure of our revenues coming from the GBP and euro and those currencies have fallen by 15%.

Rather 15 to 18% have fallen, so we suffered a loss of one and a half $1Mn because of the currency drop. You know the digital transformation 11 global financial institutions have transformed their digital journey on Intellect product stack.

These are the 5 platform deals which we have won during the quarter. In which we need to highlight a Private Sector Bank in Africa has chosen digital core for digital core, which is a second product in the top 3 products. If you remember liquidity, DTB and quantum and then the next set of projects is digital -core, lending and payments. So now if you look at the first 2 deal wins is the acceleration in the core banking and lending.

So, if you look at the first 3, deals are in that area and the 4th deal is in the area of SEEC and AI / machine learning platform and again lending platform so 2 deals. Lending 2 deals core which is showing the momentum moving this lending and core is moving to a leading leadership quadrant.

We now have the 3rd Quadrant product was wealth, treasury , and trade, out of which now wealth is emerging which is moving from 3rd bucket to second bucket.

After signing SBI 2 quarters back now we got a second big deal out of the top 5 private bank has signed up with us for their wealth and we have a good pipeline within India for the wealth

Quantum is carrying the momentum by winning 2 large deals in the quarter, One is from large Bank of Saudi i.e. Central Bank of Saudi and then Central Bank in Africa which is driving that meaningful change in Africa. The quantum deals are becoming both full deals and we are getting a significant mindshare of the market.

Important deal is in the Canadian bank market in the North American market, so both these deals are interesting deals which i want to highlight.

I want to highlight that our North American I'll take the market story, but Canadian and American market is moving positively in the right direction.

The interesting digital transformation we have done, so one of the first element where we do top 5 bank in UAE when CBX retail.

This is a space which Back-base used to lead, and we can do a contextual experience by bringing lifestyle banking together Using AI data analytics, agile architecture, code agnostic, it is helping the bank to acquire customers at 3 times faster pace than any other bank.

Similarly, we have Second bank in Middle East, which has gone live with the CBX retail and I-turmeric to define how the branch banking and digital system will work. The 3rd element is in North America. This customer has gone live with liquidity.

One of the top 3 banks in India is now live with Wealth cube.

So and so forth, then we have one other large bank in off Spain. We went live in Argentina and Mexico, so that is a small entry into South America. This will get us some knowledge in South America for next 2-3 years, not immediately. Chile we have a footprint in South America.

Similarly, a large financial institution announced IGCB mobile solution with state owned commercial banking. Sri Lanka went live with Capital Alpha, so these are the 11-transformation deals.

These are the Results you must have seen, so I will skip this slide.

Let me run to the qualitative commentary now.

Because this is the presentation when we are looking at it.

Between last 2 years at the time of COVID and post covid now almost 2 years post COVID, this presentation is happening where we are making a significant shift.

So for the last 2 years we were working on a calibrated manner and some more changes are and then December we made a presentation on Technology day 2.

We started looking at $15 Mn as their investment buckets so we are looking for each investment bucket. When we were in July 2020. We were $45 Mn in revenue and then we looked at it. How do we move to 60Mn in revenue? And it took us 5 quarters to reach $60 Mn revenue.

From then and we started in the second quarter when I was speaking to you, we said that we started investing for $75 Mn. Now we have a visibility of $75Mn. We have already crossed 70 Mn$ in this quarter and next. Next, 2 quarters, $75mn is visible to us.

Now at this point of time, we may have to move to the investment of next $15 Mn bucket of 90 Mn quarterly run rate so that's the preparation for the next year for the sustainable growth.

We mentioned on May 22, there are 3 added costs which are going to be there for this quarterly result. First was reinstatement of travel costs post COVID tax rate of around 26% and added costs of platform and R&D in line. So, their 3rd cost was added costs for platforms.

When we are moving to platform, then R&D cost goes up during the early stage of the platform build-ups so when I come to platform, I'll explain what the platform means and how is that revenue. Model platform works. I mentioned about the sales pipeline earlier. In Technology Day 2, we said we have 4 Platform.

On that day we look at Xponent an underwriting platform in US we looked at it. Cash Cloud DTB platform. We looked at it. IKredit 360 and we looked at it.

Loan, sorry IDC code bank open finance banking platform with 300 API 's then we launch and platform for like iColumbus.ai in the first quarter. In the second quarter, we launched Magic Invoice as a platform there's become 6 platform.

Let me take you through what do you mean by platform and what do you mean by product?

So, there are 2 categories of platforms which Intellect has the ability to launch so the first type of platforms are subscription-based platforms. So, when we give a platform, we give it in a cloud. The complete infrastructure, complete technology, accountability of running the platform. Where the bank leased out the technology platform from us on a fixed sum, which can vary from $40,000 per month to 100000 $ per month or $200,000 per month. It can go up to $200,000 per month.

So, this platform leasing will be between $40,000 to $200,000 per month. This is the kind of a platform which is a subscription platform.

So, if we have a 3 category of businesses, if we say B1, B2 and B3 . B1 is my licensed business, B 2 is Platform business, which is an annual subscription model. And then there's a B 3 business which is based on which is also a platform where we offer the platform like GEM, and we charge on the transaction basis of percentage of the business basis. So that's based on the volume of the customer paper use kind of a platform which is a B3 business.

So, B1 B 2 B 3 are the 3 possible revenue lines which we call license link revenue on the 3 B one plus B 2 plus B 3 become licensed links revenue while B one is not recurring in nature only AMC is recurring after that.

B2 plus B3 Plus AMC become my recurring revenues, so these are 2 points. We need to explain what license link revenue is and what is annual recurring revenue. When I mentioned in the beginning the annual recurring revenues are AMC plus B2 which is the annual subscription license plus Transaction license is the B2 plus B3 plus AMC is my 3-revenue stream pool into call annual which is around 741 cr per quarter via did this quarter.

And license link revenue which INR 1100 Crs we did is which is direct license plus B2 plus B3 joint from my license link revenue which is 1100 cr.

Now, after successful running of GEM platform, we are fully in a stage where it's growing quarter on quarter and last year it views much faster. It will not grow at the same pace as last year it grew because that's the time when government sales moves from 30,000 Crs to one Lakh role in a single year and this will grow off 50% to 60% levels.

Now we have picked up Xponent platform which is Based on AI. That is not gaining traction. The revenue is not starting, start building it up. So, in a platform business I need to put up a constant team. So, when you set up a platform, it means you're setting up a constant investment. A typical platform investment for building a platform close to $5 Mn per year.

That's a typical model in US typical platform. When you look at the investment lot of fintech companies are coming with a platform each.

From the cost between $5 - $10 Mn per year on a constant basis on the platform. That's what when we are building GEM we are spending that kind of money on the platform. So that is the axis which is flat axis . If you look at the graph a first period when you are at only 2 customer or 3 Customer, your cost stays 5Mn while your expense will be.

Those 2 revenues will be 1Mn, one and a half million. It will grow step by step and to match it takes 3 to 4 years to match the revenue between investment and what the annual subscription revenue start coming in but when 5 customers because so typically 5 to 7 customers at $1 Mn each will be good to suffice a subscription-based platform investment.

So, once we sign 5 to 7 customers, the platforms could be break even, but then 7 to 20 customers, my incremental investments in the platform are not more than 20%.

It's varied between 10 to 20%, so my RPR revenue per person who is deployed on the platform. Business moves up Multiple times in the platform, story and platform story is the recurring revenue which has got in next 10-year lifecycle value which revolves around the platform.

So that is the 6-platform story versus 10 product story. Now the next question comes to your mind is. Is platform cannibalizing license revenue?

Now for looking at it, we found that there are certain markets we can take certain products and certain markets are suitable for platform and certain markets are suitable for license and certain kind of customers are suitable for license. So, tier one customers are suitable for license while Tier 2 tier 3 customers are for platforms. Similarly, certain markets behaviours are they want to buy license. So, if we intersect this, the platform will be country specific and focused customer specific.

When I'm looking qualitative of the markets I visited, spend some time in U.S. market. This was a concern as the investor you are highlighting. When is the US market traction will be start moving in.

Now this year we have visibility that US will move 50% growth in the US market.

U.S. market we have 2 platforms, one is Xponent which is underwriting platform. We are working with close to 22 prospects in the US market led by iSeec and similarly we have iGTB platform.

Which we are having a close to 24 prospect we are working with IGTB on the second platform so U.S. market our strategy of platform is now starting getting cut traction and that is giving us a confidence that in U.S. market which was just going slow in first 5 years of a journey where we kept on making a lot of investments in AI machine learning data. Now I started paying off because the product that we have is there one of the unique products in the market and that platform gives magic submission, data and underwriting platform all integrated, and which can be implemented in less than 3 months' time or on board the customer 3 months' time using the AI machine learning cloud technology.

Similarly, Canadian Market we invested the full kit investment in Canadian market and that has started delivering results. Canadian market has got all the Intellect Suite products including treasury. Even for banking products in the Canadian market, so Canada is becoming a wholesome market for Intellect.

In Europe, if I come to Europe, we discussed about Europe last time. What is selling in Europe? Europe is now looking at the new investments coming in Europe now. First, the good news is that they are now looking for modernising their old systems, a legacy which is a 40-year-old legacy. They are looking to upgrade that, and they are upgrading with an extraordinarily strong architectural mindset.

So, the difference in Europe and other parts of the world is Europe like German focus or French focus UK focus our focus architecture. And because we are focused, Intellect products are designed for open finance, composable and contextual platforms. And then we have the ability for micro services to be composed across core lending and credit card. These 2 combinations, one on domain combination of 4 lending and credit card and on other side, we have a data AI, machine learning, cloud, micro services, cloud compliance.

The number of prospects is increasing every day. Rajesh can take you through the journey, but his hands are full, his capabilities are full. There he needs to add the capacity very quickly in that area, and especially after we got a reference one another reference client going live in Germany with the open finance platform first of its kind, which has gone live while my competitor may say that they have open finance, but we may not have a reference site for going live. This Funnel is moving better.

In UAE, 7 out of 9 Top banks are our customer. Now we are expanding. Saudi market is doing very well. We have 5 customers in Saudi. So, this year or so on Europe side, our focus will be Germany setting up a newer operation in Germany and France, in Middle East Saudi will be our expansion.

Africa market is growing on the back of quantum. It is bringing leads from various unique country. Sometimes they are very fascinating country. We are some of it. I have some time I don't even know the name of those countries. Before getting RFP, so it means it's coming by the pool of the quantum.

They are approaching us and then we are going to those markets because we don't have those connections like Mauritania or Madagascar. We didn't have any connection, it came from that side, so there's a particularly good news that when products start getting the cooling effect.

Similarly, all the product lines are operating in Africa market.

APAC, we did an excellent job in last 5 years.

So, we have 9 banks in Vietnam as a customer, 9 banks in Philippines, our customer 7 banks Malaysia 4 in Indonesia.

Now, this is a time when we need to start looking for deepening our relationship. So, we shifted our office in Vietnam as a centre that how we can do the business impact from the implementations we are doing in Vietnam market and how we deepen the account, kind of a model in APAC.

In India, obviously, as you all know we are present. We manage the critical infrastructure, whether it's RBI, whether it's a GEM, LIC, or AMFI.

9 of the top 10 private banks are using our technologies.

Sri lanka we have some presence not getting impacted with the turmoil in Sri Lanka. Bangladesh, we have a Sonali bank partnership. Now we are looking for more entry into Bangladesh.

So, this is about market analysis. Well, last time somebody wanted to know, what are the market footprints, so answering question individually I tried to put all the slides for all the markets in this time as a qualitative.

The other thing which is happening on the product side or data platform? Yes, in machine learning platform now we are start getting it in monetization phase of it, so last 3 years it took to build this platform. So, first platform which is there is DOC 2 API where we have a contextual using CDR graph technology. We can read lots of value in document reading our accuracy across periods. If you had 10 pages of document and you must contextualise between first page and 7th page, our technologies can do it, which many other AI technologies are page by page technologies it can read any context from any doc, PDF, document.

Now we are using that technology to go to market. We use this technology from Magic Submission for underwriting platform. We are using the same platform for Magic invoice, and we are using the same technology for iColumbus.ai for LCS and guarantees document with their so Doc2API, 's underlying platforms. It is a one-time investment but we are building in multiple use cases for looking at.

Then our data platform now we started spending some time on that. Go to market of data platform.

We found that or we are such multi question search is incredibly unique. Search combined with big data in Mongo DB and contextual algorithm.

So, for next quarter launch for complex risk requirement of large banks and insurance company in area underwriting and risk.

The 3rd platform or 3rd technology is what we are working with. Integrated banking platforms and PBCS is creating a demand In the market, especially in Europe.

Quantum, as you mentioned, it's a consistent winner. Xponent, the platform, is gaining momentum. I mentioned digital transaction banking is our core cash cow for us with Microsoft Azure Partnership. Now we have started doing prospecting name prospecting.

With the increased interest rate scenario, liquidity management system is now getting a lot of RFPS now, and Wealth Cube is moving from 3 buckets of the products P1 , P 2, P 3, But it's moving from P 3 bucket to P 2 bucket and IDC is moving from P 2 bucket to.P1 bucket.

So that's how that this transition is happening.

Other slides, you can go through how the analyst readings are there, which is each analyst is covering our product. So, Intellect is now in the top 3 players in core. Banking between thought machines, Temenos and intellect. Many RFP 's we are getting qualified in that area. We need to increase the ability for presales and partnerships. So, these are the 2 things which is our core agenda

Thank you very much

Praveen Malik

Thank you, Arun. Now the platform is open for the questions, please click on raise your hand to ask your question. The first question is coming up from Mr. Mohit Jain of Anand Rathi Securities. Mohit you can ask your question. Please unmute him.

One was this QnQ drop in SaaS revenues. So, what happened there? And if you could give us some split on if it is pure SaaS license or is it SAS license plus Saas implementation?

Arun

Why did that drop in did not drop in Saas?

Mohit

Sir, in dollar terms, there is a drop on a sequential basis.

Arun

Quarter 4 to quarter one OK.

Mohit

Q4 to Q1.

While we were thinking sat through any seasonal fluctuations.

In some region.

Arun

No, no in transaction based. That's why I classify 2 platforms. One is a transaction-based platform. They'll be fluctuation in transaction-based platform while the.

Annual subscription-based platform, they will not be dip.So, direction is that.

Mohit

So, we are looking at this 1160, this is total, is it? That's why.

Mohit

119 that is right, that is correct. So that. Marginal dependence. GEM Quarter 4 we have a higher volume

Mohit.

OK, so that was one now. Second was on your margin outlook. Now what you have spoken about is there could be a 3%-point drop. It's in R&D and other things, while if you look at it from a YY perspective, they're already a 3% drop, so what we are referring to is from Q one margins. We may decline. Or is it? The comment is more related to Q 1 23 Vs.Q 1 22.

Arun

Yeah Q 123 versus 22 so we have. We are reinvesting our margin for platform and learning, so our margins will be in the bracket of 22 to 25% bracket, not 25 to 30% bracket which we were earlier are targeting.

Mohit

22 to 25. Sir, that's the steep drop from 25 to 30.

Arun

25 to 30 to 20 -25 and with the 5% we are investing; we are investing margin investment. We are doing. They're not raising any capital for the platform learning.

Mohit

So that was like and 3rd I think you were used to giving us this capitalized amount, which is missing in this quarter's presentation.

Arun

Yes, capitalised amount is mentioned like 35 Crs mentioned in a I start there in presentation. We'll just look at 35 per user. It's around equals.

Mohit

So, your capitalized amount has also gone up by the same quantum in that proportion.

Arun

On the 3 investment I mentioned, the platform as a R&D investment so capitalized investment, so we apply only. So, if we are 6 platform, our investments are close to between 25 to $30Mn Plus product investment

So total investment. We are only capitalizing less than $20,Mn investments. So total capitalization investment when we are saying from the beginning is around $20Mn.

This was mentioned in an earlier call also, but not the exact number was not given because that time we didn't have the budget approved. Now the budget approval of the capitalization is through. So non 140 Crs which is around at current currency rate it will be close.and 18 to $19mn $

Mohit

So, this amount is INR. Is that correct, or will it fluctuate depending on the exchange rate?

Arun

It also there are people in international product managers are sitting in UK or in USA.

Mohit

OK, next was on the ARR. While I heard your comment, I was not sure what is included in the ARR which you have shown.

So, if you could just help me understand that part.

Arun

ARR is which is annual recurring revenue which consists of a platform. We say B 2 platform which is annual subscription revenue B 3 which is a transaction subscription plus AMC.

Mohit

So, platform subscription plus platform transaction plus AMC.

Arun

That's right

Mohit

implementation, these are not included in this. And you multiply that with 4 to give us a picture on.

The annual basis.

Arun

That's right.

Mohit

Perfect Sir and last one.

Arun

When we are giving LTM.

We are giving LTM now. We're not even giving forecast number. We're not multiplying it, we are reverse. Now we are giving a more correct picture of LTM because LTM is available.

So, the number that you have given in on slide 11 is LTM number, not annualized, not quarterly analysed.

Let him.

And not a quarterly analysis because that time last year game we analysed and that was a question raised by one of the investors that why won't you give LTM?

That will give you the better picture.

Mohit

Right and so. Finally, US is looking up the from the currency record. Developed markets are finally coming through so you have given this growth target etc.

Any percentages split like how small or large are we in the US currently from where you expect this?

50% growth

Arun

Not, right now ?

Mohit

Approximation will do, Sir.

It is mild right now and I think it will go better, but the US is catching up and company entering US. Last time you said last year you were looking for Europe so the story over here is calibration, curated, calibrated.

Growth country by country product by product country. Now getting last time you had multi order question on US.

What is happening on US?

S&I didn't have a risk on Friday.

There it is for last many quarters. I had that question. But yes, good to see. Finally, you guys are moving there.

If I didn't answer, I didn't want to tell you, so anything wrong on any hopes of that nature. I told you I didn't. We didn't have a time. We are working on it so now.

The results are. There now the visibility is clear. I can Speak to you.

Mohit

No perfect sir so FY23 hopefully. We'll see more growth in US. And last was our gross margin, which is a linked question. But when we improve our growth rates in the US, should we expect gross margins to improve during the year?

Arun

Not this year FY 24 you'll see significantly improved this year. I think platform investments are higher. We must invest up front on that now we must invest up front on POC 's. So those investments go up in a cloud platform business.

Mohit

OK. Sir, I was referring to Gross adjusted for R&D excluding R&D investments.

But FY 24.

Arun

And but some improvement will be there in gross. But still Pocs investments.

Sometimes it goes into delivery investment. If you book the POC all into sales and marketing, then there will be gross margin improvement, so I'll just say.

Mohit

No, no, the current norm is.

Fine, we are used to having this right.

Arun

OK.

Mohit

Alright, Sir, thank you very much and all the best.

Praveen

Thanks Mohit. Next, we have Mr Vivek Charoria for HNI.

Please unmute him, Vivek, please ask your question.

Vivek

Yes Sir, thank you for the opportunity. So, this quarter we saw a sharp jump in the pre EBITDA number 390 Crs INR to 425 Crs INR

Do you think the bulk of the jump is behind us, or should we expect a similar quantum testing as we move from 70 to, say, 80Mn or $85Mn ? How much would the cross?

Drop for every say 10% growth in revenue.

Arun

I've got the numbers , cost numbers in lumps $15mn brackets, so our cost with the opportunity available at costly woke up in Q 2 is not an end of the cost increase which you are seeing, it will be Q2 also will be the higher increase the new fresh intake is. Also, there at count. Also, we are planning for the $90Mn number. So, this quarter will have increase. Q 3& Q 4. for salary increases Travel increase but yes, traveling fees will not happen in this next quarter. Travel increases of pre COVID level now come to the almost 80% level in Q1.

20% differential will happen in Q 2, so these are 2 places the Q 2 pass fail increase, but new headcount cost in Q 2 will go up

Vivek

So, this new headphone cost? Is it in preparation for the 90Mn? What I'm trying to understand is so I'm guessing we'll be in the investment phase for another quarter or 2. Would that prepare us for a 90 Mn$-run rate? Or I mean every quarter will? so say by Q 3 our cross structure should be aligned to 90,000,000. I'm just trying to understand when the operating leverage can play out.

Arun Jain

Now if you play last year Q2 costs, number went up by something I don't remember the number, but there was a when I had a call on October the number went up, so Q 2 & Q 3 number went up, 2 quarters number went up on the salary cost. That was the time when we were preparing from 55 $Mn to $75Mn , so that $15 Mn. Jump, as seen in this quarter, so in 3 quarter later you've seen the jump.

And that number got accommodated and, bottom margin is around 21.6%.

This time though, 3% is a drop compared to 25%, which is normally in industry which happened.

Which is the talent cost increase and the travel cost increase. So now whatever we do in Q1 Q 2 cost increase will service us for the next $90Mn Run rate.

Vivek

Sir, any colour on the top line growth? Or are we seeing any headwinds in Europe or other parts? And what is it 2 to 3 year outlook? I mean, are we still hoping to hit 100 million 100 in the next 8 to 10-12 quarters? I mean some colour and how confident are you of achieving that? Or is it only a case where we need to just Increase the capacity to service the demand.

Arun Jain

Demand is there. Healthy demand is there. A market is looking for privacy-built quarter the wave.

We saw last quarter, 1 or 2 deals here and there, say Ukraine Deal 2 deals so. Because of Russia, we dropped on it. Otherwise, we have. We are seeing a positive traction right now in Europe and America, so now I've given the commentary country by country , so I'm not even given a general commentary of advance market. So based on that you can make it out that 100Mn$ quarter on quarter. I think all of us are looking for 8 to 12 quarters to get into 100 $ Mn per quarter. So that trajectory we are working on Management Manish, Rajesh, Banesh

3rd Business (iseec) of banesh has started delivering substantial results. So, after last quarter, if you look at it, in 2019 we spoke that GTB is now got 100mn$. Then we said GCB will now work for next 2 years. Now then GCB started giving significant result, now it's a time, then look for, which is a 3rd business started delivering results from this quarter onwards with Xponent underwriting, AI, machine learning strategy.

So, 3 orders of 4 businesses. We look at it and have started giving large throughput. Now we must spend.

I mean iRTM, but it's going as per a very calibrated structure so.

Vivek

So just one last question, so just trying to understand this once again, So, while we're in the investment phase, our margins will be depressed as you said in the 21 to 22 to 25% band.

But when we're at 100 million run rates in the next 2 to 3 years, I'm guessing the margin should be much higher than that? Or would that be wrong, presume?

Arun

At 100 $ Mn level they should come back to 30% 35%.

Attend another level.

So, so that still stands correct.

Right?

Arun

Yes.

Vivek

Thank you so much.

Praveen Malik

Thanks, Vivek. Next, we have Ankush Agrawal from Surge capital.

Ankush

Hi, thanks for taking my question. Congratulations on a great set of numbers. So firstly, what I want to understand over here is that when you say that you will be reinvesting 4 to 5% margin to support platform revenue growth.

So, can you talk a little bit more over here? Like where is this investment going? Is it going on the sales and marketing front or is it going in the product R&D and you know, for how long you expect this to continue?

Arun

Ankush you should just understand when any platform is created like Naukri.com gets created or you take the easy.com that gets created when you create a platform.

Initially you put up a full kit team. You look it up, put up a few architects for their few designers for it so, it's the first test. Then you put up a full go to market team.

Marketing team so the money goes in all the 6th dimension of a business from brand to end customer to leadership to IP to execution and finance capitals. All the 5 fixed capital which we call belief as a framework.

All the 6 areas the investment goes in so that and that investment in a platform. As I explained it's cost $5Mn typically for a platform on an annualised basis initially the revenue.

Half 1 Mn to 1 Mn in the first 2 year or 112 years.

Right?

And when it crosses $5Mn with 7-8 customers then we can.

Ankush

Oh, OK.

Yes, sure.

So, then you know if we are saying that we are not investing in these products and these are going to add to the top line so you know, would you be saying that you know our outlook for revenue growth which was you know earlier at high teens to about 20%? That would increase substantially since we are now investing in additional platforms.

Arun

If we can do any product company so one point is product company, 20% growth is equivalent to 30% growth of services Company because

Ankush

Right?

Arun

Will tell revenue.

Right, that is fine. That is still 10 what I was asking is, you know, earlier we had a framework.

You know that high teens to 20% growth and then you had this margin outlook of growing to 30%. But now since we're investing more into the added platform, so shouldn't that add more revenues and then increase?

Not applying outlook because you know now, you're investing more.

Arun

And wish I stayed there like in LTM. We have 29% growth in LTM, but I still calibrated the business at 20 percent.

So, we may get higher number, but you still say 20% is the calibration of the witness.

Ankush

Yes, OK, so with this 20% growth that kind of saying and with the added investments so profitability would at least grow.

You know at that rate, or it will be much lower than that, because earlier we are guiding, you know X growth in top line and then you know a higher growth on the bottom-line front because of the margin expansions and all that stuff. But now things are investing more. You know who you knew, the higher growth obviously is not going to come because now invest in 45%.

But would it be much lower? Would it be like at least still what the top line is growing?

Arun

Margin number will go higher than the top line in this quarter. It was a change of the quarter, so this quarter number should not be reference number because this is a 26% tax.

Ankush

No, I'm not talking about this quarter. I'm taking it from the comment that you're in one invest 45% of the revenue, so that would obviously, and that is going to be continued for a couple of quarters 80s.

So, since for example last year FY22, I think we did about 20 of them in the OneNote 4-5% more so.

That would put a lot of pressure, obviously right.

Arun

No, Ankush you've seen last year you look at the numbers. It moved from 20% EBITDA to 28%

So, there is running leverage. Play also happened. So, 4 to 5% when we are investing back right? That operating leverage lever between the top line and bottom line as a product company will always have that advantage. Today is the talent cost, which has gone up in the industry.

But once it's cooling down, that impact will not be so much in 23-24, so margin will improve.

Going forward, it will bring faster and higher than the top line growth.

Ankush

Yes, I got it. So, we're saying that you know, even though you are making this much investment, there is an element of operating level and that could push on some.

That's it.

Ankush

Yes, so lastly just on the use of cash. So now we have more than 500 cr and you know obviously we had distributed some 100crs to the AIF investment, but that is going to be in the future.

It will be more, you know, piece by piece. So, any thought on how we're going to use this scale, because historically we've mentioned that.

We are not so much interested in inorganic growth, and we are still going to generate a.Lots of cash.

This year as well. So, any thoughts on that?

Arun

It's still sufficient, or it's a one quarter cash. We have 531 cr currently, venue, 558 Crs cash. I think the product company need this many cash as a bucket to reserve. We'll talk about it when we cross 1000 Crs cash.

OK, so you want to keep some 5-600 crs cash is what you're saying.

Arun

Yes,

Ankush

OK, OK, I'll get back in the paper for the question. Thank you.

Praveen Malik

Thanks Ankush. Next, we have Mr Moez Chandani from Centrum broking.

Moez Chandani

Yes, hi good evening, Sir. So, my question was on the employee benefits and on employee attrition. So, are you seeing a decline in the employee attrition both on the senior level as well as the junior level?

But that's one, and secondly, are you also, I think you mentioned that you're going to hire a lot more people this year.

So, can you just give us an idea of how much is the hiring expected to be this year as opposed to what it was last year

Arun jain

OK, so the 2 questions you asked rather. 3 questions you ask first is attrition level yes, we are seeing the pattern. It's dropping since May onwards. You know the start-ups issue started happening it's dropping now. Attrition is dropping. Attrition is second question.

You ask about, Senior level attrition for us is less than 10% from last year, even yes, last Year we didn't have a senior level attrition.

I think we have an extraordinarily strong culture to the team there. That's not a concern last year. Also, attrition was in the bucket of 2 to 5 years bucket that is because we may not supply them the global opportunity of going to send them to one body shopping assignment. So that's the area where we are now refilling back with a strong module of fresh engineers and creating a Fintech engineer program for that, that's an attrition exact number for this year. How much we need to recruit. I think that plan is not fully worked out. It will be in between. Last year I thought we would have done 800-900 so this year will be similar number may be there.

I think we need to work it out with the platform. Right now, that room study. So, I'll come back.

As of now we are not found. Will take some time to form that another one or 2 months from there.

Moez Chandani

Sure, thank you for that, Sir. And when are the salary increases being rolled out? If you can just remind us.

Arun

In our case it's the major load of salary is happening first quarter and second quarter and, but it says quarterly cycle, so we don't have a one single cycle. We have a rotation cycle.

Moez Chandani

Sure, and the salary increases that are being pulled out this year are in line with what was last year. Or are we doing better in terms of salary increases.

Arun

This year is higher than last year.

Moez Chandani

All right, thank you so much.

Praveen

Thanks, Moez

Next, we have Mr. Aman Thadani from Solidarity. Please unmute him.

Aman, ask your question.

Aman Thadani

Hello, can you hear me?

Thank you for taking my question . My first question is can you help us understand the target addressable market basis? The products that we have in each business division

Arun

Yes, so when I look at the market, I told you about each product, so I took you through the market presentation deck. And look at it. Which products are relevant in which markets? If you just go back to that presentation, I think yes, I don't repeat the same.

Aman

Size of each market or on each product that how much can we do for our transaction business or how much can we do for our core banking business?

It's the size.

That would be off at each market.

Arun

Yes, we are not announcing how much revenue per product per market, so that's what we don't announce its overall number. We cannot. We don't want to do that for our competition, so we don't.

Let's see.

Add all those numbers.

Aman Thadani

Yes, yes.

So, my second question is the products that we offer to banks so did banks replace the existing software with ours? Or did we make an add on software which they're using above the legacy software?

Arun

They do both those things some of the time when we have complete digital transformation, we replace the existing banking product.

And then we do a specific platform. They act as the periphery solution, and they coexist with the existing solution. So, both those things are there.

Aman

Can you help us break this down? Like what proportion of our revenue would be? We are replacing someone and what proportion it would be that we are offering something completely new.

Arun

how will it help here?

I also don't track it.

How will it help you to forecast?

So, I think we don't.

Do over analysis of the numbers so.

Aman

OK, so that is it. My from my side. Oh, thank you Sir.

OK, thank you.

Praveen Malik

Thank you, Aman. Next, we have Mayank Babla from Dalal & Barocha.

Mayank Babla

Thank you for taking my question or Sir, I understand the early part of the call. I missed your commentary. You're going to, you know, spend this year for this product and R&D.

So, what was the amount that will be routed through P&L and what would be capitalized? Could you just like elaborate on that?

Arun

Yes, typically if you look at 6 platforms, then $25 Mn - $30Mn between 25-30Mn$. We expect the investment in all the buckets. So, but we are capitalizing only small piece of it as our capitalization amount is staying in less than $20 Mn. It will be close to 18 and a half, will be the investment in the capitalized amount. Rest of amount is expenses out in sales and marketing or expense out in R&D or software development expenses. All the 3 heads we get expensed out.

So, almost 70% amount is expensed out for 30%. Amount is expensed out

Mayank

OK Sir, got it, that's all from my side.

And best of luck, Sir. Thank you.

Thank you, Sir.

Arun

Prabal would you like to summarise

Prabal

Yes, of course.

See there are couple of things you know. We have discussed lot of numbers and questions from investors, I think, there are just few points which I would like to leave you with. You know in a quarter like this, which is quite a pivotal quarter in many ways.

Remarkably like 2 years ago, in July 2020 when we started on a new journey and the results are something which are there for you to see. So, this is also pivotal in that sense, and I think Arun has spoken a lot about. The big crux of the crux of this quarter, which is Journey from product to platforms and that is fundamental in this entire journey of product stack to products, to platforms to ecosystems. You know in that entire journey, this is which, we are highlighting today is very, very fundamental. The important thing for all of us to understand and appreciate is that you know the company as we have showed earlier is built on 4 fundamental pivots.

And we continue to remain. One on this on these guiding principles and foundational blocks, so to say, and I'll just highlight those 4 in a moment so that you know, we all have mutual understanding.

Before fundamental pivots are one that we are an IP led company And monetization of IP through new and innovative business models is something which is the core DNA of this organization. And that is what creates value.

And being a young company, of course, our priority stays to populate the market with their IP 's so far it has been product. Now it should be products and platforms. So, this is the fundamental of an IP led business..

Important pivot is that we will continue a path of calibrated growth with predictable profitability. So, we will grow, but we will grow in a calibrated manner in selected markets ,in our chosen accounts and so on and so forth. And with a predictable profitability.

The 3rd one is that our growth with respect to competition will always be market leading.

So, we do not want to give numbers of 25%, 30%, 20% all of that. We have said that the organization is geared up for 20% types of growth. But it will be market leading depending on where the markets are. The world is not in a good place as all of you know, so therefore, but we will be market leading with respect to our competition.

This growth will require continuous investment in the IP. And in the business to keep the technology contemporary and ahead of the curve, right. We talked about this in length in the technology day and I think this is the 3rd important pivot that they'll be market leading growth.

And that growth will require continuous investment right. And 4th important pivot especially important pivot is at this growth and investment. People will not be capital diluted. So efficient capital allocation will be the cornerstone of our growth strategy, which we have mentioned earlier, and we continue to do so. There will be no capital dilution.

But the moment you put all these 4 in a bucket in terms of a strategy, it becomes obvious that to secure a future in terms of the new opportunities which are coming in their marketplace in the current context it is platforms. Investment for that will necessarily have to come from the existing cash flows.

And that is the point which Arun was making that you know, the trajectory which we have talked of a Ebitda so far of 25 to 30% that trajectory

Will get compromised because we will use about 4 to 5% of that and put it into the bucket of investments. Now it will be 22 to 25% of their efforts. That is the the crux of this entire.

So, if we appreciate this fundamental precept, we will know that the company is going to create the institution which we have always talked about.

We are on a certain path which we have chosen for ourselves and it's all about the choices we've made. Now we see massive opportunities. In the platform player, which I think Arun mention that and which is really an extension of you know the solutions to ecosystem play, which we had outlined.

So before this current state what it does for us.

Just to give you a benchmark is what it did for I-Flex. In 2008-2009. Since then, the I-FLEX has not grown significantly. If you have seen they've not grown at all in many, many years, but look at their cash flows, their margins.

It all is a result of that phase of IFLEX from 2007 to 2009.

I think, and I dare say, that you know, we are being a young company.

We are creating revenues and avenues for future flows from this platform.

And most importantly, it does not cannibalize the existing revenue streams because the large banks, as mentioned tier one banks will continue to the usual license route and all of that. So, we are creating new opportunities to avenues growth by monetizing.

I think this is a very fundamental shift and a fundamental or fundamental importance to understand.

And so, therefore financials you have seen both why? Why only why? As well as we have been healthy on all parameters, the pipelines speak for themselves like 600 Mn to 800 $Mn in one year.

He's saying a lot. He's saying a lot.

And the average deal size of course has gone up, and all of that.

So therefore, I think we are on the chosen path within the choices we have made and sticking to the part of you know, making a sustainable business.

Which is the value creation being there?

Thank you.

Arun

Praveen any speaker.

Praveen

Yes we have few questions. Can we have ?

Mr Rohit Balakrishnan from I thought please ask your question

Rohit Balakrishnan

Yes, hello Sir, am I audible.

Yes, yes otherwise.

That's great.

Praveen

Please go ahead.

Rohit

Thank you for the incredibly detailed presentation, Mr Jain, I just had it was answered but just a couple of clarifications. One was the part that light's part that you explained towards the margins is it. So, to understand this, is it the right way that from H2 FY23 or probably Q 4 FY23. The margins will be back to what they were. Let's say I mean to the to the earlier guided range and from there. On that the margins will see an expanded part, as you explained that whatever platform that I mean, platform revenue that.

Is that the right way to think about it?

Prabal

Yes, absolutely. So, the thing about.

It is in in.

Still see the choice which we had. Now. let's just step back for a moment. The choice which we had now is because of this emerging platform play, which is showing a lot of traction. If we did not invest properly in this area, we could have remained at 25-26% margin very easily.

But that is not the wisest thing to do.

So therefore, we are creating avenues for future growth apart from product license. Product license stays. I mean that is something which will remain. But these are creating different avenues with the same IP and that is the beauty of an IP, lead model at the end of. But obviously there will be a glide path. And there will be a, you know, just that's why I gave the example of I -Flex in the 2008 and look at it today. I mean Nope and yet cash flows, right so?

Being a young company like ourselves, our priority is obviously to populate the market with as many products and platforms as we can in the next few years.

So, the aim and the ultimate sort of goal at the end of all this would be when we reach a certain mature phase, we'll have enough populated Products and platforms in the market which will give those cash flows? Yes, absolutely. Whether it's you know one year or whether it's one and a half years or 2 years, that that's a moot point Depending on how? Because you see today we have faced with 2 things. The entire industry is faced with cost increases, we all know that.

Plus, we are opening after COVID that also we know. Plus, we have this platform opportunity. So, all 3 are coming together and that is the reason you see this, you know this minor recalibration of the EBITDA path which we have talked about.

Rohit

No, no, no very well explained, Sir. Again, thank you.

Much so the second question was so now the subscription. Or now we what we call this platform is about 116 Crs this quarter, so one question that I had was, so we don't show GEM how much it is.

But I'm assuming that GEM will come from Contract renewal So just I mean just.

Qualitatively, can you share like a what? Is there any risk on that part for it to sort of? And I mean I don't know how much you can share in terms of how much quantity in terms of quantum it is there, but as an investor and I just wanted to get that part understood from you from a risk. But if you let's say somewhere in number 24 if my understanding is right that that revenue is going to come for the contract is coming for renewal.

Yes, he's asking about.

Unfortunately, both announce it and just not right in a confrontation with the government. So unfortunately, what questions are asking, we cannot answer right now.

So just if I can sort of, I understand, Sir, I mean. But if you can give you if you can give some qualitative commentary in the sense that my context of the question is that.

It's difficult to build it up anywhere.

Arun

This platform, so once you design the chances of extension are higher. Substantially higher that TCS has a passport office, so unfortunately, I cannot show it, so I'll leave it at that, right?

Rohit

OK, sure. All the absolute best, Sir. Thank you very much.

Praveen

Thanks, Rohit. Next, we have Mr Rahul Jain from Dolat

Rahul, please ask your question.

Rahul Jain

Yes, can you hear me?

Yes, thanks for the opportunity. Just wanted to understand and sorry to hop on the question which has been asked here.

The need for the investment on the platform side.

Is it also led by the volume demand in the market and where some of our past the power and the progress to win 4 of our existing products may not be as sharp as we may need to, and that's why there is this sudden need for investment?

All this you think is a logical investment which any R&D company has to do as part of the business equation.

Arun

Rahul, how many companies are entering to US market with a platform from India, even Europe. It's exceedingly difficult. 20 years mark platform is coming from India. Europe companies also on a big organic basis, not inorganic and acquiring and bought the company.

These investments must have a big opportunity in Europe and America to leverage using platform and building a recurring revenue stream.

It's Such a big opportunity. your company has built up.

Rajesh has built up. Manish has built up. which is a need to be supported by that?

And this is getting supported from the margin redeployment, not by capital generation. A 4% margin redeployment is very normal for any business decision from board levels.

Rahul

Right, right, and, just to extend the thought in terms of, as you, as you said, the kind of product which is relevant for that market. So, if you could share your thoughts on how the current product would compete with the likes of. Have seen which product like mumbo or thought machine or.

You would say that., this kind of products

Arun

Rajesh, only take up the question . Yes, competition with the thought machine, and sure.

Rajesh

I think let me before answering that question.

I've been listening to this conversation. Let me give you a little bit of business commentary. Spatially looked from a retail banking or a core banking perspective.

Yep, I think the way we are looking at the market is really if you look at our products right, we have 3 products quantum We talked about it right, so a very specialized product that we built for central banks on the on the back of our win on RBI, right? And in the last 4. Quarters we have 10 deals on Quantum.

Right, so that's the kind of momentum we are seeing, and that's the kind of momentum when we say that Arun talked about the pull being generated.

Today we have called for opportunities right where we don't have to go and sell, we are getting pulled in by that demand that we have created from a product perspective. So that's about Quantum. It's a leadership product. It's going from strength to strength. We have made a lot of progress in in Africa, middle east we recently won. I think it's in the news the Saudi Crown Prince has talked about this new country. We have won the quantum banking deal for new So, it's.

So, we are seeing a phenomenal momentum in quantum. We are now seeing some growth in quantum even in advanced markets.

So, in the in the coming quarters, hopefully we will be able to take quantum to even advanced markets, so that's on our first product, which is quantum, the second product which Arun talked about which is moving from Phase 2 to phase 1 is our code banking product and you saw in the list of deals one we want 4 deals last quarter on the Core banking. As a product That's again, if you compare if you go and look at what temenos is winning, or Oracle is winning we are in the same league from several wins perspective or we are also seeing momentum on lending.

You saw 4 more deals were announced where we won or lending so from a product perspective, we have a noticeably clear strategy.

We are focused on quantum. You want to take it all IDC is a on a hyper growth, trajectory now and lending we want to take now? Let's talk about platform so what we have done is we have from a retail banking perspective we have 2 platforms. One is of course created 360 platform which is typically targeted towards Europe, and we have an open finance platform which is again targeted in Europe. This is a platform which Arun talked about which has the breadth of code lending and cards.

We are in a unique position to offer that and what we are seeing in the market is that many European banks, regional banks as well as large banks are looking at modernizing their platform. So, we see we are in a helpful position in that and if we specifically talk about Europe, we are in the large 5 deals we are in the last 3 and guess Who are our competitors in all these?

5 deals, right?

It is temenos, it's Intellect and it's Thought Machine

So, we are now in the same category as a temenos and a thought machine where Temenos brings the functional depth it brings the brand name.

It brings a lot of references, thought machine is building a cloud native architecture. What we are bringing is the width and the depth as well as the latest architecture. So, I think many of these deals we are seeing a lot of competition happening between us, temenos and thought machine. Some of the deals thought machine add some of the deals we are ahead, some other deals, seminars, add, but it's a net fight in many of these deals in Europe that we are seeing.

So, I think that's what I would like to say. Yes, if you look, look back and see Temenos Capital Day presentation you will see that even Temenos has recognized us as the second is coming closer to them from a winning deals perspective. So, I think that's where this platform story.

The open finance platform story of Europe and the i cloud 360 platform is fitting.

Good momentum in the European market.

Is what we are seeing both in UK as well as continental Europe.

Rahul

Right, OK? So yes, appreciated the colour and sorry if I can ask one more.

You know, just to some of the entire thought processes what, I found is that we are getting into newer market. We are getting better acceptance in the market for that offering we are coming up with new offerings which also expand their market scope and positioning.

And then we are also getting a lot of proactive deals because of the kind of offering we have now when we have this kind of accelerated thought process.

In terms of the revenue potential and we are also investing more than.

More in the business somehow the margin comment is noticeably clear, which is getting aligned with this kind of thing I thought that you have, but somehow the growth comment is not reciprocating the same enthusiasm. I think somebody else also asked about this but is it somewhere like the real advantage of all this exercise will come much later than in the recent year, and that's why you are trying to not give that kind of review right now, or this is more about being conservative in general.

Arun

Whatever you interpret is fine

That's OK, but we are seeing our LTM is 29%.

We, I think calibrated growth. We had designed the original 25% growth. We don't give a Guidance, so we told guidance we stopped giving, but we're seeing how the business is designed and we are sharing.

9 principles with Prabal shared and I am sharing what interpretation you want to have it. It's your call as analyst. What you want to look at it.

Right, so, and then 29 per cent growth we have proved in last LTM so Community can be better. It will be good for the investor, but there there's no point of looking at it.

And my competitors are not doing more than 5% 7% single digit growth in my entire product journey. If I'm growing 20%. I'm incredibly happy and if you 25, 26, 27% happening.

Lucky to have everybody on the same page and we have many strategic deals on the table. We have 15 strategy deals on the table.

It is dealing more than $10Mn.

Deal it can change the colour of the growth differently, but there's no point of until the time we win.

The 15 deals of the nature which are now getting us into 10 Mn$ to 100 Mn$ Range, so we are fighting in many deals which is more than $50Mn after RBI division. We are now getting to 50Mn, 100 $,Mn deal fights with temenos then with thought machine so.

We already until you choose, but specific number to put it. I think you don't want to put. We said what is, what is. What is my design principal design principle is 20%.

And the rest of it is interpretation. What we succeed.

Rahul

Thanks a lot, that that's quite interesting, thank you.

Thank you.

Yes, this is.

Praveen

Can we take couple of more questions?

Arun

This is already 630. Now you can just take the question by writing.

OK.

So, one last question we can take at least.

Just last question

Praveen

Yes, the last question Ashish Das from Sharekhan, Ashish, can you quickly ask your question.

I said, am I audible?

Praveen

Yes, yes, please go ahead.

So, thanks for giving opportunity or 2 questions. Yeah, I understand you stopped giving the revenue growth guidance, but at the starting of FY23 you mentioned 20% but now you stop the guidance. OK, that what is that reason? And second, last quarter when you commentary you mentioned that you are entering into 3 new markets, and you want $10Mn per country in next 3 years. Now you entered the US. So, Is that outlook still remains Yes, that's right. It's the same outlook we can get now Saudi and France and now.

we're looking at Germany so that commentary stays, so the guidance we've never given in guidance. We always said designed the business for calibrated growth. But it's understood as guidance. So, which is, OK? Its understanding is there? That's what we design the business because.

Uh, there could be difficulties in license revenue. Sometimes we can win in an exceptionally large deal and still is so other quarter we may not win.

A large deal, so it's not quarterly.

Then we are looking at them as a growth chart in Lt and we can ensure that it will be 20% design.

Ashish

OK, that makes sense. Yeah Sir, yes OK.

Thank you.

Sir, thank you so much.

Praveen

Thanks Ashish

So, since we have many questions, we request everybody to please do write to us any questions which we might not be able to take because of the shortage of time.

And thank you, all of you for attending the call. Thank you so much. Now we can close the call.

Thank you