

Pick of the Day (Short Term Delivery Call)

Company Name: Newgen Software Technologies Ltd.

NSE Code	NEWGEN
BSE Code	540900
Market Cap (Rs cr)	17,208.0
Avg. Trading Vol. in lakh (5 days/30 days)	8.4/9.3
Avg. Delivery Vol. in lakh (5 days/30 days)	3.6/4.1
Promoter Holding (%)	28.1
Pledge (%)	-

CMP (Rs)	1,256.0
Accumulation Range (Rs)	1,243-1,268
Target (Rs)	1,381.0
Upside Potential (%)	10%
Duration	3 Months

Source: ACE Equity, SSL Research

Newgen Software Technologies Ltd is predominately a software product organization operating in the B2B segment. The company derives revenue from the sale of software licenses. It derives 60% of its business from license fees and the remaining 40% from services, implementation support etc.

Investment rationale:

A R&D focused company: The company is a R&D driven organisation which focuses on software product development. It has 32 years of experience and is operating in 17 verticals primarily in Banking & FS, Insurance and Government. The company has filed 45 patents with 24 patents already granted. It's a highly competitive business. The deal size ranges between \$ 0.7 to \$ 2 million.

Diversified revenue base: The company has a diversified revenue base with evenly spread across different geographies. India/EMEA/USA/APAP (Ex-India) contributes 31%/32%/22%/15% revenue as of 9MFY25. It serves large enterprises in the areas of Banking, Insurance, Government and others. Banking and FS account for 71% of revenue.

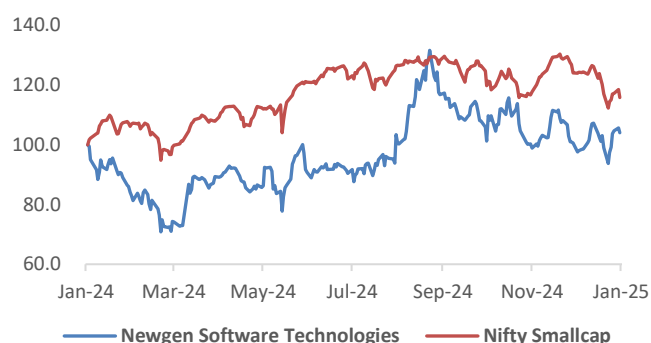
Delivered strong performance during 3QFY25: The company delivered strong performance with revenue growing 17.7%/5.5% YoY/QoQ to Rs 381.1 cr while EBITDA/PAT grew 40.6%/30.3% YoY to Rs 108.0 cr and Rs 89.0 cr respectively. The growth velocity was seen across the markets. It witnessed substantial increase in licenses sales up 70% YoY. The company has added 15 new logos in 3Q and 36 new logos in 9MFY25.

4QFY25 to be the best quarter; Guided for 20% growth in medium to long term: The management expect 4QFY25 will be the best quarter for the company both in terms of growth as well as margin. The management has reiterated that growth in long term shall continue to be 20% plus. BFSI will remain a key growth driver. In USA, the BFSI discretionary spending is picking up and management expect few deal closures going ahead.

Valuation: For FY24-FY26E, we expect Revenue/EBITDA/PAT to grow at a CAGR of 23.8%/24.7%/25.1% to Rs 1,907.7 cr/ Rs 448.3 cr/ Rs 393.5 cr respectively. At CMP, the stock is trading at a P/E multiple of 56.6x/44.7x of its FY25E/FY26E earnings respectively.

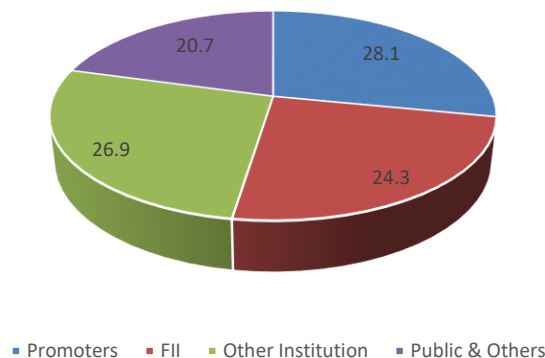
Key risks: Macroeconomic challenges; Cross currency risks; Operates in a highly competitive market.

Stock Performance



Source: ACE Equity, SSL Research

Shareholding Pattern % (Dec'24)



Source: ACE Equity, SSL Research

Why Now?

Sr. No.	Parameters	Score
1	Recent financial performance (management guidance, return and margin profile, growth and cash flow)	✓
2	Overall corporate governance (Promoter pledge, credit rating, audit qualified opinion etc)	↔
3	Recent stock price movement-worst is over for stock, all negatives in the price (valuation, 52W H/L, below average PE etc)	✓
4	Beneficiary of recent macro and industrial developments (Regulatory, Fiscal/Monetary policy, favourable industrial outlooks etc)	✓



- Neutral



- Positive



- Negative

Duration of recommendation: Short to Medium term

* Please refer to our call guide mentioned below.

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
21 Oct 2025	1,258.0	1,475.0	BUY	Closed at Rs 1,487.0

Call Guide:

The above recommendation is meant for short term investment purpose with holding period between 1-90 days and target upside upto 10% (+/- 0.5%). The recommended price is previous day's closing NSE price (except the stock only listed on BSE). In case of gap-up opening the call is termed "Not Entered" only if stock price does not come within +1% of previous close price on the day of call; partial profit is generally not advised; Call can be rationalized (changed) by Fundamental team at their discretion; generally to average or exit at loss (cut-loss strategy).

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Short Term Call

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