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November 13, 2026

National Stock Exchange of India Limited
The Listing Department,
Exchange Plaza,
Bandra Kurla Complex,
Mumbai – 400051

Trading Symbol: **IVALUE**

BSE Limited
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400001

Scrip Code: **544523**

Subject: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript

Dear Sir/ Madam,

The Transcript of the discussion on the Company's Unaudited Financial Results (Standalone and Consolidated) for the second quarter and half year ended September 30, 2026, presented during the analyst meet held on November 05, 2026, is attached herewith and is also available on the Company's website at https://ivaluegroup.com/en-in/investor-analyst-corner/

The analyst/investors meet commenced at 06.30 P.M (IST) and concluded at 07:42 P.M. (IST) on November 05, 2026.

You are requested to kindly take the same on record.

Thanking you,

Yours Sincerely,

For iValue Infosolutions Limited

LAKSHMAMMANNI Digitally signed by LAKSHMAMMANNI Date: 2026.11.13 19:57:30 +05'30'

Lakshmammanni
Company Secretary and Compliance Officer
Membership No. A51625

iValue Infosolutions Limited

“iValue Infosolutions Limited

Q2 FY27 Earnings Conference Call”

November 05, 2026

MANAGEMENT: **MR. SUNIL KUMAR PILLAI – CHAIRMAN AND MANAGING DIRECTOR**
MR. KRISHNA RAJ SHARMA – EXECUTIVE DIRECTOR
MR. SWAROOP MUVVALA – CHIEF FINANCIAL OFFICER

MODERATOR: **MR. PRATIK JAGTAP – E&Y, INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day and welcome to iValue Infosolutions Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pratik Jagtap from E&Y Investor Relations. Thank you, and over to you, sir.

Pratik Jagtap: Thank you, Yusuf. Good evening, everyone, and thanks for joining Q2 FY27 Earnings Call of iValue Infosolutions Limited. The results have been mailed to you along with the investor presentation and it will be also available at www.ivaluegroup.com. In case anyone does not have the copy of investor presentation, please do write to us and we will be happy to share it with you.

To take us through the results today, we have the top management with us, Sunil Kumar Pillai, Chairman and Managing Director; Krishna Raj Sharma, Executive Director and Swaroop Muvvala, Chief Financial Officer. Sunil will start the call with brief overview and business update, and then Swaroop will take us through the financial performance for the quarter. Then we will open the floor for Q&A session.

Before we start, I would like to remind you that anything that is mentioned on the call that reflects any outlook for the future or which can be construed as a forward-looking statement, must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual reports that you can find on our website.

Having said that, I will now hand over the call to Sunil. Over to you, Sunil.

Sunil Pillai: Thanks, Pratik. Good evening, everyone and thank you for joining us for our Q2 and H1 FY '27 earnings call. We have completed the first half of FY '27. Q2 was stronger than Q1 on a sequential basis with gross sales increasing to INR 731.6 crores from INR 641.2 crores. At the same time, our H1 gross sales stood at INR 1,372.8 crores, approximately 8.1% lower than the corresponding period last year.

We want to address this performance directly and put it in the right context. Our business has a meaningful exposure to large enterprise opportunities. The timing of a relatively small number of large transactions can therefore influence the reported performance of an individual quarter or half year. Last year was also an unusual comparison period.

Our Q2 of FY '26 included a large transaction of approximately INR 150 crores, which created a higher base for this year Q2 comparison. This is an important factor, although it does not change our focus on improving execution and converting the opportunities available to us. The decline is visible in some of our key business segments as well. Cybersecurity, which remains our largest business, declined 8.7% year-on-year in H1.

Information lifecycle management also had a softer first half with sales declining 48.1% year-on-year. We recognize that these are important business for iValue, and we are not discounting these movements. Our priority is to understand the timing and nature of the opportunities, strengthen engagement with our OEM and channel ecosystem and improve conversion. At the same time, there are encouraging indicators across the portfolio.

Data center infrastructure grew 39.7% in H1, while ALM, that is application lifecycle management, cloud and others together grew at 27.2%. Our annuity-led business continues to provide a degree of recurring visibility. The broader opportunity set is also expanding as customers increasingly look for integrated solutions across infrastructure, cybersecurity, cloud and applications rather than isolated products.

Looking ahead, we see reasons to be more constructive about the second half, particularly Q3. Our tracked funnel has increased to approximately INR 6,900 crores from INR 6,150 crores a quarter ago. Some of the larger opportunities discussed in our previous call have progressed and are closer to conversion.

As always, the funnel is not the same as booked business and conversion and execution will be critical. However, the scale and maturity of the opportunities gives us a stronger basis for H2 outlook. Within cybersecurity, the threat environment and the growing focus on data protection and regulatory readiness, including DPDP, continue to create customer conversations and opportunities.

In ILM, we are seeing signs of traction improving while global delivery cycles are becoming more and more predictable. These developments are encouraging, but we will remain focused on translating them into orders and revenue. Talking about annuity business, our annuity business is another important element of the model.

It represented 53.5% of H1 gross sales and grew 16.1% year-on-year, supporting revenue visibility and the continuity of customer relationships. We will continue to build this component while pursuing larger solution-led opportunities. We are also continuing to invest in our international presence.

Our engagement across ASEAN markets, including Thailand, the Philippines, Vietnam as well as the CLM region is progressing through active discussions with OEMs and ecosystem partners. These are markets where we see opportunities to extend our solution-led approach over time.

As we enter H2 FY '27, our priorities are clear: convert the opportunities in the pipeline, execute the larger transaction expected in Q3 and Q4, maintain margin and working capital discipline and continue to build a more predictable annuity-led business. Based on the opportunity pipeline and the seasonality of our business, we are reiterating our full year guidance of 20% growth in top line and 20% growth in PAT over the previous year.

We remain conscious of the first half performance, but equally focused on the opportunities ahead. We believe the second half provides us with an opportunity to improve our performance, and our teams are aligned around converting that opportunity into results. With that, let me hand

over to Swaroop. Before handing over, I would like to wish all of you a very Happy Diwali and the compliments of the season. God bless you all. Thank you very much. Over to you, Swaroop.

Swaroop Muvvala: Thank you, Sunil. Good evening, everyone, and once again, a warm welcome to the earnings call of Q2 '27 of iValue.

At the outset, I would like to highlight that our business is driven by large enterprise customers. The purchasing decisions are typically budget led and deal closures tend to be skewed towards the second half of the year. Consequently, quarterly performance can vary depending upon the timing and size of these large deal closures. With that as a context, let me take you through a quick summary of our consolidated financial performance of Q2 and H1 2027.

Our consolidated gross sales for Q2 '27 stood at INR 731.6 crores. This is 14% growth over Q1 '27. However, this is a decline of 17.6% as compared to Q2 FY '26. For H1 FY '27, our gross sales stood at INR 1,372.8 crores, which is down 8.1% as compared to INR 1,494.2 crores of the previous period. The year-on-year decline reflects the high base of last year, where we executed one large deal in Q2 '26.

Our gross profit for Q2 FY '27 stood at INR 70.2 crores, which is up 35% sequentially over Q1 FY '27. However, this is down 2.8% on a year-on-year basis. Gross margin percentage is 9.6% of gross sales in the current quarter as compared to 8.1% of the previous quarter. The Q2 gross margin includes one-time benefit because of a specific large high-margin deal. Excluding this impact, the normalized margins for us would be around 8.9% for Q2 '27 and 8.6% for H1 '27. For H1 '27, the gross profit stood at INR 122.3 crores. This is 7.8% up year-on-year, with the gross margins improving up to 8.9% from 7.6% of the last year.

Coming to our business mix. Cybersecurity remains the largest or the biggest segment for us, contributing approximately 48% of our total revenues. Data center infrastructure contributed 19%, ILM contributed 14% and ALM, cloud and others contributed 19% in H1. Quarterly and YTD growth details are anyways mentioned in the presentation for your reference.

Our annuity sales stood at INR 437 crores in Q2 FY '27. This is up 17.8% year-on-year, representing approximately 59% of our gross sales. For H1 '27, the annuity sales stood at INR 734.2 crores, up 16.1% year-on-year, contributing to 53.5% of our gross sales. The growth in our annuity business has been supported by continued focus of our dedicated teams on renewals, along with growing contributions from SaaS-based offerings. The increase in annuity contribution provides us greater visibility and predictability to our business.

Our operating EBITDA for Q2 '27 stood at INR 31.3 crores, up 54.7% sequentially over Q1 '27. However, it is down 29.8% over Q2 of last year. For H1 '27, the operating EBITDA stood at INR 51.5 crores, which is down 14.7% year-on-year. The operating EBITDA percentage is at 4.3% of gross sales for Q2 '27 and 3.8% for H1 '27.

Profit after tax for Q2 '27 stood at INR 23.4 crores, which is up 48.7%. PAT margin is 3.2% on gross sales and 12.2% on net revenue. For H1 '27, PAT stood at INR 39.1 crores, which is down 2.4% over the same period last year.

This Q2 or H1 had a couple of one-timers, which I thought we should highlight to you so that it will help you in analyze the financials in the right way. The company has sold one of its vacant land, which it possesses. This resulted in a gain of around INR 3.7 crores. This has been included as a part of our non-operating income.

Operating expenses also include a onetime write-off of around INR 4.4 crores receivable from a single partner of ours. A partner has defaulted on our payments, hence, we have taken a prudent call to make appropriate provisions in our books.

Moving on to the return ratios and balance sheet highlights. Net working capital stood at 48 days as on 30th September 2026. The same during September 2025 was 46 days. The cash adjusted for debt stood at INR 124 crores. Our ROCE is at 24.7% for Q2 '27 and 22.9% for H1 '27.

Our pipeline as of this quarter is at INR 6,900 crores as compared to INR 6,149 crores of last quarter. This is almost a 12% increase over the previous quarter. This gives us confidence that we will achieve our guidance growth of approximately 20% growth in top line and 20% growth in PAT for the full year as compared to the previous full year.

As we have consistently highlighted, our business should be looked over a full year time frame rather than individual quarters given the timing of the large deal closures. Last year itself was an exception to the normal seasonality with some large deals coming through in Q1 and Q2. Historically, these large deals have been more skewed towards Q3 and Q4. We continue to remain focused on profitable growth, margin discipline, efficient working capital and making a healthy balance sheet.

Thank you. Wish you one and all a very Happy Diwali in advance. And with that, I'll hand back the call to the moderator for Q&A.

Moderator: Thank you very much, sir. We will now begin the question and answer session. The first question from line of Vinay Menon from Monarch Networth Capital. Please go ahead.

Vinay Menon: I just want to ask, are there any early indicators for Q3, which you can see, which show that there is some improvement and which you can give in terms of color of how Q3 could look like?

Swaroop Muvvala: Thanks for the question, Vinay. Our business, as we said, is dependent on large deals. And in the previous quarter also, we spoke about that we are working on a few large deals. As Sunil has mentioned in his opening remarks, these large deals are moving positively and becoming closer to conversion. So that gives us a lot of confidence. That is one.

Second, if I look at the billing, which has happened so far in October and the billings or the bookings, which we have for the next two months, which can be converted into billings in this quarter, broadly, this number has already exceeded the number which we have done for the entire quarter of Q3 last year.

This means we are in the right direction, given the fact that with 45 more days in the quarter, excluding this week for the festival period, is still there live in the quarter, we are getting a good amount of confidence that Q3 would be a better quarter as compared to Q3 of last year.

Vinay Menon: Okay. And in terms of, just to break down the numbers, first half, annuity has been quite good. And if I assume the similar kind of run rate for the annuity, then we would require at least INR 600 crores, INR 700 crores of sales per quarter to reach that 20% guidance. Now I just want to understand, is this going to be mainly large deal led or are we seeing a better pipeline conversion because that 30%-35% does not add to that number. So, are we seeing a higher pipeline conversion for us?

Swaroop Muvvala: As I said, these large deals generally are binary in nature. So effectively, the conversion, if you take for a smaller period of time, which is 6 months, can appear to be on a higher number more than 35%. That is one.

Second, the annuity business, which we said at 53.5% for H1, we believe that by the end of the year. It would be around 50%, plus or minus 1% here and there. Large deals and net new deals will be added more in Q3 and Q4. And hence, probably the percentage of annuity business will come down, while there will be a growth in the absolute figure for annuity over the H1 and H2.

Sunil Pillai: And just to add here, Vinay, this is Sunil here. One more point here I want to call out is that see what is happening is that in H1, there were customers who had some budget constraints. So what they have done is that they have gone for renewal rather than going for an upgrade and tech refresh. So that has given a spike to the annuity renewal business.

Vinay Menon: Okay.

Sunil Pillai: Some of the customers didn't have the budget or rather it was exceeding the budget, so they decided to just renew it and not do a tech refresh. So, they have moved it to maybe the subsequent year.

Vinay Menon: Okay. Got it. And in terms of last few weeks, we've seen a lot of the cybersecurity incidents happening globally, even including Indian banks and enterprises being hit. So, there are a couple of like SOC now virtual patching, these kind of themes are emerging in the cybersecurity space. Do we see any of this positively impacting us at least not Q3, maybe from Q4 onwards, could there be a lot more enterprise spend, which could come in at the year-end in terms of budget?

Sunil Pillai: Yes, we do see an uptick there. But the only thing is that we will see the results in the next financial year because I don't think so customers are going to change their budget outlook for this year, the middle of the year. We are not seeing that trend. While they have aspirations to adopt to new technologies and even protect their environment business and all, but I think it will get pushed to next financial year.

Vinay Menon: Okay. And in terms of other expenses were elevated. Was that because of the write-off, which is included in the Q2 numbers?

Swaroop Muvvala: Yes. If you see my other expenses, it has grown up by almost 35%. But if I remove the one-timer, this will come to around 15% or 18%, which is in the normal course.

Vinay Menon: Okay. And just any color on what this was because see, in terms of our receivables, we didn't have any long-term receivables as such. So what went wrong? And was this an Indian client or was this anything which happened abroad?

Swaroop Muvvala: Okay. Just before I answer that, if I remove this one-timer, my operating expenses would have grown by 18%, which is in the normal course. I just wanted to clarify that. Now coming to this question, yes, this is an Indian client where it has happened like that. It is a one-off case where the partner was unable to make the payments, and we had to agree for a settlement with a lesser amount. Hence, it is something which is not collectible. The balance amount is not collectible, and we had to write it off.

Moderator: Thank you. The Next question is from the line of Jatin Chawla from RTL Investments.

Jatin Chawla: Greetings for the festive season. The first question is, I think last quarter, you were mentioning that because of the AI-related and the surge in hardware-related costs, there was decision-making, which was getting postponed. Have you seen that starting to change now, which gives you confidence that you could kind of do really well in the second half and meet your full year guidance?

Sunil Pillai: One of the primary reasons that we are seeing is that, customers while they are awarding or they are declaring who is the partner who has won the deal, but they are taking and pushing it by at least 2, 3 months, and they are negotiating very heavily after even the deal is structured.

So, in RFP and all somebody becomes L1 or H1. After that also, customers have been negotiating and they are prolonging it. So, we have been seeing a trend that way. So it is basically because of the negotiations that the customer are doing with the SIs, system integrators.

And that is actually delaying. So that is one of the causes. And this could be potentially because budget and within that, they're trying to fit in and they know that all the component prices have gone up. We are not into that business, but we know that the component prices have gone up. So maybe because of that, they're trying to balance it. So heavy negotiation on the other side, all the sides rather.

Jatin Chawla: Do you see that leading to margin pressure?

Sunil Pillai: We have been able to sustain our margin outlook. But yes, there is definitely a certain level of pressure that is coming on the margins because obviously, the entire ecosystem has to take it. It cannot be that OEM expects that we also help them to cope up with that negotiation and all. So sometimes we also have to come forward, but in our case, it has been very rare, but then yes, we do.

Jatin Chawla: Got it. My second question is on the ILM business, that is 48% decline. And I think the lumpy deal that you had in Q2 was more on cybersecurity, not on ILM. So what is causing this large decline? Is it driven by some large OEM exit? What is really driving this?

Sunil Pillai: ILM piece actually is one of our OEM, which we represent their business has slightly been lumpy. We see a greater outlook for Q3 and Q4 for them as well as for us. But yes, there has been an aberration in this case, one of our very large OEMs. It has got pushed to Q3 and Q4, most of it.

Swaroop Muvvala: Just to clarify on this specific point, what we trying to say is, some of the deals of this large OEM in ILM, which we thought will be closed in Q2 for reasons which we have spoken in the last quarter also saying that the budgets have moved from ILM to DCI, has resulted in deferment of those deals. And we are seeing those deals opening up more for us in Q3 and Q4, not just for us, the deals opened by the customers in Q3 and Q4. And we believe that the outlook for ILM in Q3 and Q4 will be much better than what we have done in Q1 and Q2.

Moderator: Thank you. The Next question is from the line of Vibhav Khandelwal from Laburnum Capital.

Vibhav Khandelwal: On the quarter. I wanted to understand with the possibility of some acquisitions at the OEM level, are we seeing any introducing any new products to offset that potential loss? And a second part to that would be with respect to where it is, any early signs that you're seeing of any revenue pressure or anything of that sort because of the consolidation at the OEM level?

Sunil Pillai: Vibhav, yes, definitely, there is a consolidation that has happened from our offering, some of the OEMs have got been bought over by other OEMs, and that consolidation has taken place. But fortunately, we have not taken a hit yet. But in the due course of time, definitely, that could be a potential. But then however, we have taken a cover and we have other OEMs signed in the similar space, and we already have a funnel running for that.

Vibhav Khandelwal: Understood. So you don't expect any revenue or margin loss because of that happening?

Sunil Pillai: We don't see that now.

Vibhav Khandelwal: Okay. Understood. And second question would be on the INR 4 crores to INR 5 crores roughly that you mentioned that were written off this quarter because of the default of the payment. Any expectation of that recovering or do you think whatever's gone is gone and we move forward?

Swaroop Muvvala: I think, unfortunately, it's the latter part. We have written off, it's like a settlement and then we have written it off. Otherwise, we had to fight for a much larger amount for much larger time and all that stuff. So in the best interest of the company, writing off this was the best thing for us.

Vibhav Khandelwal: Understood. Got it. And I know you sort of talked about it, but generally, regarding the 20% revenue and PAT growth guidance number, I appreciate the fact that this business is difficult to track on a quarter-to-quarter sort of basis. Any reason to not give the guidance at all? I mean, because generally, that could lead to an issue of expectations from the investors end?

Swaroop Muvvala: I think we are giving a directional guidance of 20% growth in PAT and 20% growth in top line. But if we have to be more specific, more zero down on the guidance, as I said, our business is dependent upon deals and one deal here and there can always happen.

One deal which we thought we'll do on, say, 31st of March can move into 1st April and the entire quarter will change. This is not a services business, which is highly what you call as uniform in this nature. Hence, we always prefer to be giving broad directional guidance. Maybe in Q4 of Q3 call, when we talk about it, we'll be pretty much there by the end of the quarter, I mean end of the year. So at that point of time, we might be able to give a much more narrow guidance.

Vibhav Khandelwal: Fair enough. And if you were to sort of retain that guidance, that would, I think if my numbers are correct, roughly imply doing INR 2,100 crores of revenue in H2 that would sort of imply a 50% type growth in the second half of the year. Are you confident of doing that the component price increase that sort of issue? Is that like a potential risk?

Swaroop Muvvala: Let me give that in a different color. First, let me answer the question, are you confident? Yes, we are confident. But how we always said that our H1 to H2 ratio is around 40% to 60%, 40% in H1 and 60% in H2. So, in this H1, we have done around INR 1,372 crores. If I go by the same 40%, 60% ratio, I will be doing INR 3,430 crores full year, which is both around almost INR 2,000 crores in the H2 as well as a 50% growth in the H2. In both ways, it is happening like that, and it will continue to happen.

Vibhav Khandelwal: Fair enough. And one more small question, if I could squeeze in. If you break up your gross sales this quarter by annuity and non-annuity, I think around INR 295 crores was the number that was non-annuity led. So that's a sort of fresh deal or fresh revenue, if I may. This number, generally, we've tracked around north of INR 340 crores every quarter. Any reason why this quarter, the non-annuity portion of the business was slightly on the lower end?

Swaroop Muvvala: That is exactly what Sunil has explained. Certain deals where after the customers awarding the deals as well, they are starting to negotiate and they are starting to discuss more, that is one. And second, because of the price increases, the customers are also trying to rather than going for an immediate refresh, are extending the renewals for some small portion of time or some small period of time so that they can use the budgets for the other expensive things.

Vibhav Khandelwal: Understood. And just one more thing is confirming the sort of slight increase in gross margin that we've seen in this quarter, 8.1% in Q1 FY '27 and 9.6% this quarter. So is that primarily because of mix because I think we've done a higher portion of cybersecurity this quarter?

Swaroop Muvvala: Two points. One, as I said, this quarter, 9.6% is a one-off thing. If I adjust it for one large deal where I had an exceptionally high margin, this 9.6% becomes 8.9% for the quarter. And the 8.9% for the half year becomes 8.6%. Yes, if I compare with last year, last year H1, I did 7.6%.

Now I'm doing 8.6%, which is almost 100 bps, which has increased. Two reasons. Last year, my Q1 was very low. We explained to you the reasons why last year Q1 was very low for us in our gross margins that we have covered a lot of it. And second, we are also striving continuously and negotiating harder to ensure that our margins are increasing and the mix is also supporting

us. It is not the cybersecurity mix, but the fact that we are selling a solution and a multi-OEM solution stack since the quantity of that is increasing, this is also helping us.

Moderator: Thank you. The Next question is from the line of Gokul from BTH Capital.

Gokul: Yes. So, I just want to understand, is there any impact of forex in this quarter on our margins?

Swaroop Muvvala: We actually hedge all of our payables and then we take the cover accordingly. But however, on a quarterly basis, when we report the numbers, there will be an M2M impact based on the forex, which is as on the 30th September date. You have to readjust all your receivables, payables and the forex which is there. Based on that, you can see that there is an impact of approximately INR 1 crores hit on the P&L this period, which is predominantly because of the M2M. You can see that as a part of our cash flows.

Gokul: Got it. And in terms of employee expenses, we've seen an increase of some 28% this quarter. I just want to understand, have we taken hikes here or have we increased headcount? Could you help us understand this one?

Swaroop Muvvala: So rather than looking at on a quarter-to-quarter basis, if you look at on a half year to half year basis, our manpower cost has gone up by 15%. Last year, H1, it was around INR 35.5 crores. And this time, it is around INR 40.9 crores. This is a 15% increase over the last year. Two things have happened.

We have got in the right talent, and we have filled in multiple roles, which we wanted to do for growth, which are required for growth. That is one. Second, we also have said in the last call saying that we have made investments in terms of people in our international business, especially in the ASEAN region.

That also is out of this INR 5 crores, which has increased, almost INR 1 crores to INR 1.5 crores comes from there. And the third is we have our annual appraisal cycle starting from 1st July, and the average appraisal hike which we have given was around 8% to 10%. That also was the reason. So, three reasons. One is the increase in the manpower. Second is investments in the ASEAN countries. And third is the annual appraisal, which has happened. All these three has resulted in a 15% increase as compared to last H1.

Moderator: Thank you. The Next question is from the line of Avnish Tiwari from Vaikarya.

Avnish Tiwari: These incidents, which are happening, Sunil, if you can help us understand, what kind of discussions, what kind of business opportunity for you, it might unravel? Will it be like buying more of the same products and services to more subscription or a new kind of products and solutioning for which your role become even more important because that may involve tying up with different kind of OEMs. I know it will happen next year, but if you are part of initial discussions or something you have seen in the past, whenever such kind of technological issues have come up, how they have eventually percolated to your business?

Sunil Pillai: Avnish, You're right, actually. If you're talking about the recent 4-5 instances that we see and one that has striked Europe and even India is concerned about it. If you see that all those attacks, whatever has happened, cyberattacks that have happened, are all of different, different forms. It's not the same thing that has happened everywhere. If you see the recent Central Bank of India issue that has happened or SBI you take or others you take, these are all the public domain data that I'm talking about.

If you see that, it is all very differently, what you call, they have been breached. And I'm sure the customer will do a forensic about it. They have been talking to multiple agencies to figure out what happened exactly, and I'm sure that they'll plug it in. They are talking to us. I will not be able to divulge too much of information, honestly speaking.

But it's more than what I can read, honestly. What we get to hear in the public domain is far less than what actually is the fact or whatever the reality is. So they are engaged. They are talking to us. We are talking to them. We also go to them after hearing the news and all those things. And there is a level of engagement that is happening.

And that is also changing the sentiment because to be very frank, I was expecting one deal, and that all got a little postponed again because of an incident that has happened in their organization also. And these things keep happening, and I think that it will happen more. How much our customer is protected, breach is likely to happen.

It is the catch-up game that everybody is doing with AI around and with the way the what you call the global chaos that is happening, definitely, there is going to be a certain level of breach, and that is going to be an opportunity for us. I wouldn't be able to pinpoint that, while we know where the opportunity lies.

I will not be able to pinpoint that which segment of, like, we have cybersecurity, while we call out cybersecurity as a motherhood statement, but there are a lot of other solutions and what we call products and solutions within that. So maybe we'll not be able to tell that right now. But in the near course of time, I'm sure that we will be able to pinpoint, which are the solutions that we'll be going.

Avnish Tiwari: Right. And this hardware cost inflation, which has constrained the budgets and which is causing some deal delays as well as some customers to go for renewals rather than new purchases. When these hardware constraints come down, you think this spend pattern, let's say, the customers who have deferred the decision and gone for renewal, then we should see that coming up in next year if hardware costs stabilize? Or do you think it typically a multiyear?

Sunil Pillai: Yes. So you're right. There are customers who have completed 5 years, 6 years and all, and they're supposed to do tech refresh and all. So they just postponed it from today to maybe tomorrow. And the likelihood is that they have to do that tech refresh because that is what you call the best hygiene is the government say. They have to do that. Probably they would have just deferred it this year because they would have gone for some heavy hardware purchase and

because of the price escalation, probably budget constraint. So, it gets moved to the subsequent year, but they have to do it.

Avnish Tiwari: So, FY '28 can have two tailwinds. One from this incidents causing more spend for different products or same products, more consumption and other one could be that the deferrals which have happened because of hardware, that could also come in. If both of these come in, then it could be a stronger year for you, fiscal '28.

Sunil Pillai: Yes. So the tailwind is besides this, that will be much more than that because with the new technology that is coming and the way the market is moving, I see a larger tailwind for all of us.

Avnish Tiwari: Okay. The last question. This OEM consolidation part where you are not seeing anything right now, but have you seen that in the past whenever your OEMs have consolidated, has it come and taken a toll sometimes?

Sunil Pillai: Yes. We have seen it so many times in the last about 18-19 years. We've seen it many times.

Avnish Tiwari: So how do you prepare for it?

Sunil Pillai: See, actually, this doesn't happen suddenly, these things don't take place suddenly. It's not that overnight, it happens. We get to know. We are well entrenched in this market. We have our way to analyze our way to find things, let's say, the U.S., Europe, Israel, whichever market it is we get to know things slightly in advance. So we prepare ourselves before that. So this incident doesn't happen suddenly. That's what I wanted to say.

Avnish Tiwari: So, is it that you have to manage?

Sunil Pillai: Yes, it takes about a year's time. So by then we get to know within the first 3 months itself, we get to know the issue. So then we take care. We are much more prepared for such instances.

Moderator: Thank you. The Next question is from the line of Hitaindra Pradhan from Maximal Capital.

Hitaindra Pradhan: So just wanted to get some color from you on the cybersecurity segment of ours. So if I understand the solutions that you provide can be on the network side or it can be cloud-native solutions. And what I hear is that the medium-term growth is kind of premised on cloud-native solutions?

So if you can correct my understanding if I'm not getting it right, that the future growth will come more from the cloud-native solutions. And if that is true, then how are you positioned to capture that growth? Is it directly provided by the AWS or all these cloud providers as a bundle or we are needed to facilitate our clients? And how are the adoption rate of those solutions in our Indian BFSI clients? If you can give us some background and some more color on these things?

Sunil Pillai: Yes, cloud adoption is there. It's in a hybrid model. And you may be aware that we are signed up with one of the hyperscalers, not all three, but then we are one of them. And that is the

business that is a growing business, and we are scratching the surface yet. There is much more to do in that space, and we have put all our energy and we have enough and more resources to meet that. That's the source of business that is coming. And we are running a specific motion around that, and we'll be seeing some instant results in the coming quarters.

Hitaindra Pradhan: Okay. And sir, that would be part of our cybersecurity segment only or it will be part of our ALM and cloud segment if we implement or we provide those solutions? Any cloud-native security solutions we provide, that will be part of cybersecurity only?

Sunil Pillai: See, most of our OEMs are cloud-ready solutions they have. So that is one piece of the motion that we run, but then we run another hyperscaler motion wherein we talk about workloads being moved from on-prem to on cloud in a hybrid model. Those are the activities that we do currently. But to answer to your question, yes, just that cybersecurity and all will come in there. Eventually, it will come in and we will be part of it.

Hitaindra Pradhan: Okay. And just to again touch up on the guidance, like if I calculate further, I mean earlier participant articulated it like what we need to do in H2. So, in cybersecurity, we need to somewhere like clock INR 1,500 crores in H2. And that kind of implies 55-35 sort of mix between H2 and H1.

And I know that you have mentioned this is more large deal oriented, there can be lumpiness. But there can be some stress that develop on the BFSI side as well and that can delay or defer it. So are you confident to do a convert it? And when can you see the pace kind of ramp up? Will it be more Q4 event or Q3, we can see more progress on this?

Sunil Pillai: I will not be able to take any further delay because we have already taken that in H1. But yes, we are very bullish and positive about Q3 and Q4 in terms of those deals.

Moderator: Thank you. The Next question is from the line of Rahul Kumar from Vaikarya Fund.

Rahul Kumar: Just one question on the large deal traction, as you mentioned earlier. Typically, in a year, how many large deals do we do actually? And let's say, basis the existing pipeline or discussion going on, how many large deals do we plan to do during this fiscal?

Swaroop Muvvala: We define large deals as something which are greater than INR 100 crores. Generally, in a year, we will have at least 2 to 3 deals, which we, which are more than INR 100 crores. If we see our current pipeline, we are working more than 6 to 7 deals, which are large in nature. Some of them, as Sunil mentioned, are at a stage which are closer to conversion, which means that the partner with whom we worked on has been called out as the L1 partner. And then the other documentation works are happening.

After that, we are highly confident that we'll get purchase orders from the partners so that we can convert them deals into billings. So around 5 to 6 large deals are something which we are working. The good thing is in Q1 earnings call, we spoke about it saying that we are working on 5 to 6 large deals. We have not lost anything major and all those deals are still in pipeline, which gives us confidence that we should be able to achieve our H2 numbers.

Rahul Kumar: Okay. Understood. Second question I have was on the gross margin front, I think given the context of a bit more pricing pressure from the clients. So last year, which we did around 9.1%, right, which included some impact of rupee depreciation, etcetera. Do we assume that this is sort of a stable rate going forward as well in terms of gross margin?

Swaroop Muvvala: For the short term, let me talk to you about this year, FY '27. I think we will be around that number. That should be a right estimate for us, if not slightly more than that. That is point number one. For a longer period, yes, the pressure on gross margins will be there, especially in our core business in mature products when we sell. That is where the portfolio game comes in, where we offer any services along with that or we offer any niche products along with the normal stack, which is there and geographical expansion, which you are talking might also support us in higher gross margins.

Rahul Kumar: Okay. Understood.

Swaroop Muvvala: So just to conclude, what I mean is on some cases, there will be a pressure. And these elements will help to offset the pressure and total margins would be still between 9% to 10%.

Moderator: Thank you. The Next question is from the line of Bijal Shah from RTL Investment.

Bijal Shah: My question is a bit macro. So, sitting outside the security industry, whatever news we are reading, feels like an avalanche. I mean that every day, some critical infrastructure is being attacked. And sitting outside, we feel it must be inflection point for your industry. I mean, probably clients would be actually running to you to upgrade their security system?

But when I hear your commentary to two questions which were asked on this regard, it looks like a small tailwind. So, is it that sitting outside, we are probably thinking that this is a much larger event and in reality it is not really that much or you are just being conservative and , I'm not asking for a growth rate for FY '28 or second half, but it should probably increase your growth rate in the coming years materially?

Sunil Pillai: Yes, you're right. No, we are not being conservative, first of all. I'll just clarify that we are not being conservative at all. On the contrary, we have been watching these instances and we know. In fact, it is much more than what meets the eye. That's what I want to tell you. The information which is coming in the market it will come only that much, but it will be much more than that sometime.

Some customers may say, some customers may not say. But then what we know is that it's much more deeper than that such instances. Customers do have all the technologies, customers do have all the checks and balances, they do that. In spite of that, certain incidences do happen. None of usis insulated from all this, but these instances do happen.

So it's not about the incident happening, how one reacts after that incident that happens. That's what matters in today's scenario. And our customers are absolutely to be very frank, their IT team, their IT department is absolutely geared to handle those kind of incidents and absorb those shocks.

While as a governance or as a matter of policy, you need to bring this news to the market, hence, they bring it. But that is a part of the policy and necessary to bring the news to the market. But however, that department is well entrenched and in fact, they are aware of what things have happened. They find those things, they plug those issues. There are so many features in the technology.

Some features may not have got initiated and that gets initiated. So implementation plays a very major role. There are SIs, there are very good SIs. There are very good customers who looks at those implementations. Some customers may miss it.

Hence, the breach happens. But if you implement a solution very well in your system through good SIs, which are available in this market, I'm sure that these kind of breaches can be stopped. Some here and there aberrations happen where the implementations may not have been done properly for whatever reason, that's known to them. And that's when the breach takes place.

Bijal Shah: Sir, if I understood you correctly. So you are saying that it is like implementation issue rather than the number of software which are being bought issue. So it may not be such a big tailwind for your business. Is that what you are saying? Or people are actually not buying those software, which has been suggested by SI and now we should see that software demand should come, which I could not understand between the two?

Sunil Pillai: I'll tell you. Yes, let me just try once again. So the market that we address the enterprise market, mature market that is customers are aware of. But at times what happens is that if there is some feature is not initiated or some implementation is not done properly, that's when the breach happens. Otherwise, most of our customers are well placed and well trained to handle this kind of shocks and they are able to absorb it.

It happens in this market. It is always a catch-up game, as I told you. Hence, we are in business, and we'll always remain in business in cybersecurity because of this, the nature of our business, the nature of the threat also. The threat landscape keeps changing and the security landscape alongside will also keep changing. And that is where the business opportunity lies.

Bijal Shah: So, has AI amplified that threat? I mean, the idea is that AI had a nonlinear impact on the threat, and that should result in much higher software purchase for cybersecurity. So is that assumption misplaced? Or you should see some uptick in growth? You have been talking about 20% trend growth over a period of time. Can that see an uptick because of the AI-related threat coming in?

Sunil Pillai: AI definitely will give us an uptick in our business. And as you very rightly mentioned that has it amplified? Yes, it has amplified in fact, AI brought the threat closer to customer. What could potentially happen in a year's time or in 2 years' time and all it started happening immediately. That if a person with a malicious intention who wants to breach a particular network, which if somebody has to take about a year's time would take about 1 month or 2 days.

So AI has helped rather to get closer to the breaches that could potentially happen. So yes, in that way, yes, it gets amplified because AI has the potential or the people who uses the same AI to breach into anybody's network has the potential to do that quickly. They don't have to wait

for a long time. Now that also gives us an advantage where we'll have to put that. That's the reason there is a lot of security for AI, AI for security that we keep talking about has been there, and we have been talking about it.

Today, what has happened is that people are still it's like COVID when it happened. In the first place, none of us knew that how to handle it. We didn't know what it is doing. AI the same thing. I consider it that way. I am sorry to use raw analogy, but I had no other choice to tell the COVID because this happened with all of us. So AI is in a similar way. If you see cloud, when people used to talk about cloud, it was very loosely in the initial days.

We never understood what exactly cloud was that people were talking about. AI is in a similar thing. Customers are grappling with the situation to understand that the potential of an AI, what it can do. We all understand that it can create a catastrophe. But how, where, when and all that no one knows. And that's where the customers are getting ready. They're learning it. They are doing POCs in their environment, and they're trying to see that what are the guardrails that they can put and they can potentially mitigate the risk of an AI being used to breach their network.

Bijal Shah: Okay. And one small question. See, you talked about a bit of margin pressure at gross margin level given the budget issues. But however, in the longer term, we were expecting a 25 bps improvement in EBITDA margin. So how to think about that improvement in EBITDA margin in context of your commentary on gross margin?

Swaroop Muvvala: Quick points on that. As we said, while we are seeing a pressure or we will see a pressure in gross margins on our core business, there are other avenues wherein we will try and improve our gross margins so that the net effective gross margins in the medium term continue to be between 9% to 9.5%. That is one. When the gross margins continue to be 9% to 9.5%, there is always an operating leverage available in our business.

I think in the previous call or the one before that, I have mentioned that we see at least 70% of the incremental gross margin moving into EBITDA directly. So that will continue in this year as well when you take the 12-month period and in the near future. That will help in resulting an operating leverage, whereby we can enhance our EBITDA by around 20 to 25 bps in the medium term.

Moderator: Thank you. The Next follow-up question is from the line of Vinay Menon from Monarch Networth Capital.

Vinay Menon: Just one thing. How big an opportunity could DPDP be for us? And is there a regulation from government that in DPDP to work with local OEMs? And if so, are we looking to tie up with some local OEMs over the next 6 to 8 months?

Sunil Pillai: Vinay, thanks for the question. Yes, we are already in the space. We have already been picking up deals. We have picked up some marquee deals, the contract is being signed. I can't name it right now, but these are really marquee deals. One would look up to picking up such deals. So we are already tied up and we were way ahead of the curve before the DPDP thing came up. We had planned this well.

We had technical resources ready for this kind of environment. And we were quick on our feet to get into this space. We are doing pretty well in this space, and we see a great opportunity lined up in Q3 and Q4 also and going forward also. You asked for the timelines, yes, there are certain timelines guidance given by the government of India, and that is helping us. So, November is the timeline, but most of the fintech companies have to go.

In fact, all those you, me, we all have to be ready with this. Maybe it has not come to the corporate yet, but then we also have to be ready. We ourselves are DPDP implemented. So, everybody has to be implementing it. So this is going to be a ramp-up. We have a lot of Indian OEMs already, and it is Make in India. Government is promoting and it's beautiful space to be in for the next 2 years.

Vinay Menon: Okay. And how would working with an Indian OEM be a little different to a global OEM? Because with global OEMs, these are large players. Obviously, they're working with across that. But Indian OEMs will be a large opportunity for us because maybe they are newer scale would not be that great. So how do you see that space evolving versus a global OEM?

Sunil Pillai: See, we do see global OEMs, but then I think that I'm very happy to say here that the Indian OEMs have taken over the global OEMs, at least in this space. And the Indian OEMs are doing far better than any of the global OEMs right now. And in fact, there are a lot of Indian OEMs who not only catering to the India market, they are also catering to the Middle East market. And these are all, you need to align with the policies of that country, and you have to recoup by those regulations. And Indian OEMs because being in India, they know the regulation is easier, but they are also starting doing for Middle East.

Vinay Menon: Okay. And one last question, with about INR 124 crores net cash. Any plans for dividend or any acquisitions on the horizon?

Swaroop Muvvala: Vinay, we have spoken about it in the previous quarters, and we have mentioned it saying that we will use this financial year to find a suitable target for acquisition. In case we don't do that, probably in Q1 of next year, we will do a capital allocation call.

Vinay Menon: Okay. And are you like leaning towards dividend, buyback? Any color on that?

Swaroop Muvvala: That we can decide based on how the Board advises, whether it will be a dividend or a buyback or a bonus or whatever it is.

Moderator: Thank you. The Next question is from the line of Vibhav Khandelwal from Laburnum Capital.

Vibhav Khandelwal: Sunil, one broader question. If we look at the sort of numbers that are coming out of your OEMs, if we look at generally players like Palo Alto and similar peers, especially the organic growth numbers that they're doing. So I think they are like 30%, 40% if we look at the numbers that they're doing in gross sales terms?

I'm not assigning any blame, but just trying to understand how the ecosystem works because do you see that growth ever translating to India? Is it fundamentally a different market? I'm just

trying to understand the whole AI leading to higher spend on cybersecurity things that we keep on hearing and thinking about. Some of that, of course, seems to be visible in the numbers of the global OEMs. How does that translate to not only iValue, but this a broader Indian landscape?

Sunil Pillai: Yes. So again since you took a name, I would reserve saying much more than what I can because I don't want it to be framed by our competitive outlook because we are not with Palo Alto, we have not signed with Palo Alto, we don't carry them as our portfolio.

Vibhav Khandelwal: Yes. I was just asking more broad. I just took a name just to understand that.

Sunil Pillai: So yes, I understand that Vibhav, I appreciate your question. But since you took a name, then I have to be a little careful about because I don't think so my comments should impact any of a large entity like Palo Alto or not. But nevertheless, they are big, they are sizable in India also. They're pretty doing well.

But I think that as we see a larger opportunity with the product lines that we carry. And that is a space that we see. We don't want to be a bull in a Chinese shop. So we have our own unique proposition with our technology OEMs, and that's what we propose to the market, and we have been doing well in that space. We have enough and more headroom to grow in that space. While Palo Alto, with due respect to them, yes, they are doing pretty well and excellent good work.

Vibhav Khandelwal: Sorry, I think my question was more not regarding Palo Alto, but general, even of the sort of OEMs you carry, the kind of sales that they're doing in the West, typically, and if we compare that to what's happening in India, generally, at least from my vantage point, I could be wrong, there is some difference in the kind of growth that's happening in West for cybersecurity sales versus what's happening in India. I'm just trying to understand not for Palo Alto, but this broader cybersecurity landscape. Any fundamental reason why that sort of gap exists in the first place? Am I missing something?

Sunil Pillai: Yes. So, if you understand Vibhav, India is, from a global perspective, about close to anywhere between 1% to 2% of the overall revenue, global revenue. This is from OEM to OEM, but then typically it is 1% to 2% is what we have been seeing it from a global perspective.

And the growth over there and the pricing. So, what happens, most of the OEMs will have a separate level of pricing for India market and Asia market because, you know, that we are a highly price-sensitive market from market perspective. And so, the price that runs in U.S., Europe and all is very different from the pricing that we run here.

It will be easily about close to 25%, 30%, 40% lower than the market in U.S., Europe. And the market size. India is a growing market still. And if you see the adoption level is very high. So, if you have to compare U.S. market with the India market, I think that will not be a very comparable one right now. But in India also, most of the OEMs are growing in the similar what you call, anywhere between close to 15% to 30% - 40%.

Krishna Sharma: Vibhav, this is KRS. Just to add on what Sunil said is saying, per user realization of value is much greater in the West than the Asia side. Yes, maybe towards us as a bunch.

Vibhav Khandelwal: Fair enough. I think that was fairly helpful, a little bit to get broader thoughts about what happened in the industry. Happy Diwali to you and your family.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Krishna Sharma: Yes. Good evening to all of you. This is KRS. Thank you for your continued support and the trust placed on us. We value the time which you have spent today with us on this earnings call and wish all of you a very happy Diwali.

Moderator: Thank you so much, sir. On behalf of iValue Infosolutions Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

Sunil Pillai: Thank you, gentlemen.

Swaroop Muvvala: Thank you, everyone.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.