

**iValue Infosolutions Limited****(Formerly known iValue Infosolutions Private Limited)**

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CIN: U72200KA2008PLC045995|GST: 29AABC18601B1ZW

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November 17, 2025

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

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

Trading Symbol: **IVALUE**Scrip Code: **544523**

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

Respected Sir/ Madam,

The transcript of the discussion on the Company's Unaudited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 2025, presented during the analyst meet held on November 11, 2025, is attached herewith and is also available on the Company's website at <https://ivaluegroup.com/en-in/investor-analyst-corner/>

The virtual analyst meet concluded at 7:30 p.m. (IST) on November 11, 2025.

You are requested to kindly take the same on record.

Thanking you,

Yours Sincerely,

For iValue Infosolutions Limited

Lakshmamanni
Company Secretary and Compliance Officer
Membership No. A51625



iValue Infosolutions Limited
Q2 FY'26 Earnings Conference Call

November 11, 2025

**MANAGEMENT: MR. SUNIL PILLAI - CHAIRMAN AND MANAGING
DIRECTOR, iVALUE INFOSOLUTIONS LIMITED**

**MR. KRISHNA RAJ SHARMA - EXECUTIVE DIRECTOR,
iVALUE INFOSOLUTIONS LIMITED**

**MR. SWAROOP MUVVALA - CHIEF FINANCIAL
OFFICER, iVALUE INFOSOLUTIONS LIMITED**

MODERATOR: MS. ASHA GUPTA, E&Y LLP, INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the iValue Infosolutions Limited Q2 FY'26 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand the conference over to Ms. Asha Gupta from E&Y LLP Investor Relations Team. Thank you and over to you, ma'am.

Asha Gupta: Thank you, Rayo. Welcome everyone and thank you for joining First Earnings Call of iValue Infosolutions Limited for Q2 FY'26. 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 with you.

We have with us the top Management of the company, Mr. Sunil Pillai – Chairman and Managing Director, Mr. Krishna Raj Sharma – Executive Director and Mr. Swaroop Muvvala – Chief Financial Officer. Mr. Sunil will start the call with brief company overview and business update and Swaroop will take us through the financial performance for the quarter and half year gone by and post that, we will open the floor for Q&A session.

Before we start, I would like to remind you that anything that is mentioned on this call that reflects any outlook for the future, or which can be construed as 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 the SEBI and subsequent annual reports that you can find on our website.

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

Sunil Pillai: Thanks, Asha. Good evening to everybody. I am equally anxious and excited for this call because this is my first call after the listing. So, a warm welcome and thank you for joining our first earnings call following our listing on the BSE and NSE.

Trust me, it is indeed a proud moment and a significant milestone for our team at iValue considering that we come from a very modest background. So, let me begin by extending my sincere heartfelt gratitude to all our new shareholders who have restored their true trust in us by motivating us through their participation in our IPO. Thank you once again for sharing and believing in our dreams. This listing is a validation of our team's relentless hard work and ever-growing demand for our technology solutions that meet the evolving digital journey transformation challenges of the market.

We are happy to share that last quarter, that is Q2 of FY26, has been the best quarter in iValue's 18-year's history, reflecting the strength of our business model and execution excellence. And as Asha mentioned, our CFO Swaroop will be happy to walk you through the financials in detail.

Since this is the first call that we are making, we thought that it would be prudent and useful to start with a quick overview of who we are, what we do and where we are headed to. For some

of you, this may be the first interaction with us, while for others who met us during the pre-IPO roadshow, this could be a quick recap for all of you.

So just to give you a recap, the team at iValue started together in the year 2008, a journey to build a specialized and unique value proposition for its OEM, SI, that is system integrators and end customers. As we all came from a strong cybersecurity background because of our previous work experience, it was logical that we specialized and created a value around the security domain in iValue. We never thought of creating any differentiators then but just focused on delivering the best technology, solutions and services experience. Become a trusted advisor and Technology aggregator for us of cutting edge technology. Over time, we developed ourselves as a critical link between OEM, system integrators and customers, thus bridging the gap between technology and market requirements. So honestly speaking, we never thought of creating any differentiators, just focused on our area of strength and we continue to foray into that space. And you will notice that as we continue in the cybersecurity space, because we come from that background, we realized that there were more and other avenues which are very close and adjacent to the cybersecurity market and then we forayed into those markets immediately. And the four technology segments or rather five technology segments that we cater to is Cybersecurity, then we have Information Lifecycle Management, Data Center Infrastructure, then Application Lifecycle Management, Hybrid cloud solutions and of course Services. These are the five segments that we identified, and we identify ourselves with and we started the journey and we are today talking to you about this.

Rather, I will cover about these 4-5 technology segments in detail when we speak about the latest buzzword called AI, which is actually reshaping our lives and our outlook towards digitization. While I've been getting a lot of requests about talking about AI and I've been advised to also mention about AI on this call, wherein how it is helping us or how are we looking at this AI transformation that is happening in the market. I will cover it up before I close my call.

So, if you see over the years, we have established ourselves and sustained the reputation of enabling customers to foray into their digital transformation journey through an integrated portfolio of solutions. So what differentiates us is or rather what truly specializes us is our ability to go beyond pure play distribution. We combine technology distribution with solution design, integration and lifecycle support, allowing customers to focus on outcomes. Over the years, this approach has helped us build longstanding relationship with clients, system integrators and OEMs and in fact, many of them have been with us for more than a decade now. We operate in a space where relationship, technical expertise and execution reliability creates strong entry barriers for others. So our strong network of OEMs and system integrators combined with domain expertise and customer stickiness serves as a natural moat for our business. Over time, this ecosystem driven approach has allowed us to build steady recurring demand patterns.

Well, that said, like most enterprise IT solution providers have many businesses around, our business also follows a natural rhythm of IT spending cycles. With larger deployments and budget closures typically towards the yearend, our second half of the year is the highest in terms

of revenue contribution. This seasonality is an integral part of our industry dynamics and will continue to reflect in our quarterly trends. Having said that, like over the medium term, our growth is expected to be driven by increasing enterprise investment in cybersecurity, hybrid cloud and data center modernization. While over the long term, we see potential for margin and profitability expansion as we continue to scale our annuity-led and service-based revenue streams. In fact, Swaroop would be happy to cover that in his presentation. Our annuity revenue is almost close to over 40%-45% of our gross sales.

We will also not shy away from expanding into the adjacent geographies because we want to take our knowledge, we want to take our technical prowess to these adjacent geographies. So, we cover the Southeast Asia market and we will foray into those geographies. We are doing well there. We will continue to invest and grow that business in that new geography. Our focus for sure will remain on sustainable, profitable growth rather than near-term volume expansion. So, we will focus on growth. We are emphasizing on profitable growth. That is what we have been doing it for last so many years and we will continue with the good work.

So, as we look ahead, the global technology landscape continues to evolve rapidly. There are a lot of things that keep coming every 3 - 4 years. Now, the buzzword that I just spoke about is AI. artificial intelligence. Or assisted intelligence. So, besides the twin priorities that we have in terms of digital transformation or cybersecurity, which will remain as central to enterprise IT spending, we are seeing AI coming in and creating a new sense of rather new markets and opportunities that is opening up for us.

Just to draw a parlance and just to give you a perspective about how we look at AI and how is it the market outlook changing because of AI. If you see the Data Center Infrastructure, which most of you are aware of, over about \$100 billion is expected to be invested by 2027 in modernizing data centers just to support AI workloads. Because AI, for some reason or for reasons best known to it because of the technology or because of the algorithms and the way it is written, it requires a high-density computing power, advanced cooling, and a robust networking. Today, India has about close to 1,200 megawatts of data center capacity. And trust me, it is almost 97% which is occupied, nearly full. And this is projected to grow about 8,000 megawatts by 2030. So, every new build or retrofit creates a multi-billion dollar opportunity for the market. And we also play in this market. So, we are also envisaging that there would be a great business opportunity in this area for us.

Followed by cybersecurity, which is the mainstay for us, because of AI adoption growth, so do the threats. If anybody has gone through it, last year, 72% of the organizations faced AI-powered cyber-attacks. So, it's not that AI is being used by only us. AI has been used by the vested people also, people with vested interests rather. With many seeking attacks, it's doubling or it's rather tripling. Companies are investing in AI-driven security solutions such as predictive intelligence, automated response, extended detection tools. So, there's a lot of investment that is going into the cybersecurity market. And if you see, the cybersecurity market in India, which was \$3.3 billion in 2025, the projected growth is about \$20 billion just because of AI being around us by

2032. This is the figure that has been in the public domain. So, a need for protected data, AI models, and digital assets, so AI is creating a new opportunity for all of us.

Coming to ALM and Cloud:

AI is transforming software development and cloud further. It can reduce coding time for a developer by 30% through automated testing, intelligent code review, and predictive analytics. This is what AI is doing for them. That means you're faster to the market. Your turnaround time with development activities become faster. Now, these development platforms are growing at 36% as an annual rate. So, enterprises are increasingly moving workloads to the cloud to support AI, creating opportunities. That's the reason you'll find that Digital Native or Cloud Native, a lot of startups coming in that space. And this new ecosystem must be supported. We see a great opportunity in this phase too.

Having given that, what is the advantage that we have? While we have an Information Life Cycle also, because of the DPDP and the governance GDPR, or prevent data drift and secure AI models. ILM is also going to play a significant role. We feel that that side of the business also would enhance because of the lot of analytics and a lot of storage capacity that it's going to take. So, AI actually is an opportunity for people like us. And having said that, the competitive advantage that we bring in, we consider one of the top five who understand the AI space. And we are one of the top five who can integrate solutions around infrastructure, security, and data management and application life cycle management. We are one of the top five who can integrate, who can talk this narrative, who can articulate this to the market. We go to a customer who wants to take this journey towards using the AI. We are the ones who are there available to talk, who can talk about all these parameters to the customer. While we have expertise across BFSI, healthcare, manufacturing, government, and enterprise customers, we can bring that knowledge, bring that KT (knowledge transfer) to the customers who are taking an AI journey. We have end-to-end services like consulting, implementation. We do managed services, that helps customers to look at us, a system integrator to fall back on us in case they need any support.

Given that center of excellence that we keep talking about, the center of excellence to test and validate solutions does reflect the impact of technology solutions to the decisions that an enterprise customer would make. That means they can validate, they can see the impact of the technologies that we suggest through our center of excellence, and they can take a meaningful decision or meaningful budget they can draw from their board or CFOs.

Last but not the least, to cover the attrition or to hold the technical expertise that we developed, we have an in-house talent development group training academy, which we will continue to do it. We are running the sixth batch. We have already got about 140 people, of which 90 people are already with us in iValue. And we are scaling them up with new skills around AI and all. So by the time this burst happens, we are ready in the market, not only with our narrative, but also with technical expertise and services around those AI.

So given that, this is a great forum that we see that AI is going to become a great, great advantage for all of us. And to sum it up, Q2 FY'26 has been an exceptional quarter for us. We are excited about the road ahead. And we remain confident of continuing to deliver strong value for our customers, partners, and our shareholders.

With this, thank you very much once again for listening to me patiently. Let me hand it over to Swaroop to share the financial updates. Over to you, Swaroop. Thank you very much.

Swaroop Muvvala:

Thank you, Sunil. Good evening, everyone. Once again, thank you, Sunil, for helping all of us get a recap on iValue and the outlook which we are looking in the AI space.

To start with, I would like to call on saying that this has been one of the best quarters and half years which has gone by. And we have recorded one of the strongest quarters with great amounts of revenues and profitabilities. Our gross sales for the quarter stood at around Rs. 887 crores which is a 37% increase year-on-year. And this is the highest ever gross sales in a single quarter. This is a clear reflection of our strong momentum across all our business. This was possible because it was not just because of one tech segment or the other growing, but all the four tech segments of ours have grown. We have seen a tremendous amount of business or growth coming from the DCI space, supported large deals across BFSI and government verticals. Cybersecurity, which holds around 48% of our total business, has also grown significantly.

On a gross sales basis, our H1 FY'26 stood at Rs. 1,494 crores. This is a 33.6% growth on a year-on-year basis as compared to H1 of last year. On a net basis, our net sales stood at Rs. 329 crores for Q2 which is a 52% growth on a year-on-year basis. For H1, the same net sales is Rs. 557 crores, which is a growth of around 35% on a year-on-year basis.

As I mentioned before, all the four tech segments grew on a double-digit basis. Cybersecurity, which constitutes around 48%, grew by 29% year-on-year in H1, while the DCI, which continues to be a key growth driver for us grew on 71% on a year-on-year basis.

Another interesting point which Sunil has mentioned is the annuity business. Annuity business, we have always been speaking that it contributes around 40% to 45% of our gross sales. In this quarter and this half-year also, it contributed around 42% of our total gross sales. And this annuity business grew by around 39% in this H1 as compared to the last H1.

Before moving on to any other points with regards to the PAT and balance sheet ratios and all that stuff, I would like to take a moment to clarify on gross versus net accounting, which we always see in our financial statements & which we have disclosed in the presentation as well which we have disclosed and all that stuff.

As a technology enabler, iValue offers comprehensive solutions to its customers to meet its requirements across all the four tech segments. These solutions consist of hardware, software, and related services. Hence, as a Company, we are offering integrated solutions, but not as a standalone point sale of hardware or software. However, as per the recent interpretation of

accounting standards, we have been advised to consider only gross margin on the software as a net revenue, while hardware continues to be accounted on a full sale value basis. If you refer to slide # 16 of the investor presentation, which we have uploaded in both stock exchanges as well as our website, you can see that we have reduced the cost of purchase of software from both gross sales as well as gross purchases to arrive at net sales as well as net purchases. With this, our gross margins are computed and gross margins whether on gross basis or on net basis remains the same.

Since we have touched upon the gross margin, talking about gross margin, in Q2 FY'26, our gross margin stood at Rs. 72.3 crores. The gross margin percentage has improved by more than 130 basis points in Q2 FY'26 as compared to Q1 FY'26.

Our operating EBITDA for Q2 FY'26 stood at 44.5 crores which is a 44% growth year-on-year basis. And for H1 FY26, this is Rs. 60.4 crores which is a 31.7% growth as compared to the previous H1.

PAT for Q2 FY'26 stood at Rs. 29.7 crores. This is a 57% growth year-on-year basis. And for H1 FY26, this is Rs. 40.1 crores which is a 42.9% over the last H1. The entire growth in business and the PAT have come due to strong growth in sales and a very good operating discipline, which we have been able to achieve in this quarter.

Moving on to certain return ratios and balance sheet figures:

Our working capital has marginally improved. The networking capital days has marginally improved by one day and we stand at 46 days as on 30th September 2025. The same networking capital days as on 30th September 2024 is around 47 days. Our adjusted ROCE has improved significantly. For Q2 FY'26, it stands at 41.6% as compared to 27.8% as of Q2 last year. The ROE stands at 23.5% versus 18.9% a year ago. This all reflects an improving capital efficiency and strong profitabilities.

Overall, to summarize:

This was an excellent quarter for us with record-breaking growth in both sales and profitability. And as a CFO, I'll be happy to say that we have achieved this without putting additional pressure on the working capital as the networking capital days have remained constant. This performance reflects the steady demand, operational discipline, and raising share of our annuity-led business. We believe that our focus on digital and hybrid multi-cloud offerings and expanding our partner ecosystem, we will be able to maintain this scale for the future as well.

Thank you once again for joining us. I'll hand it over to the moderator to take Q&As.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from Baidik Sarkar from Unifi Capital. Please go ahead.

- Baidik Sarkar:** Gentlemen, good evening and congrats on your amazing results and calls. A couple of questions. Could you perhaps quantify the amount of commercial pursuits under conversation as things stand today? I understand you guys don't disclose an order book as such, but I'm trying to get a sense as to what the sense of as to what is the sense of commercial opportunity that is under consideration today and how you see that unfolding over the next couple of quarters given that your execution timelines are quite smallish. So, if you can try and quantify that and then I'll come up with a follow-up question.
- Swaroop Muvvala:** Good evening, Baidik and thanks for your questions. This is Swaroop here. The order pipeline, that is what we call it as, pipeline or funnel is what we call it. This consists of all the opportunities in pursuit. The entire order pipeline which we are working on currently would be in the range of around Rs. 2,500 crores which we are working in Q3 of '26. This is a number which we keep on adding up and we always internally measure how we can move from a prospecting stage to a commit stage and commit stage to a billing stage. This happens in a journey. Some of them we win, some of them we lose. Some of them will be closed in this quarter and some of them will be deferred to subsequent quarters.
- Baidik Sarkar:** If you were to kind of contrast this with a similar number same time last year, what would the relative number be?
- Swaroop Muvvala:** I don't have the previous year number readily with me. I can get back to you on that.
- Baidik Sarkar:** Just as a sense of ballpark, I'm just trying to slot this number Rs 2,500 crores and how that's moved relatively. It's okay if there's an error of judgment here, but I'm just trying to see how this number has moved over the last two quarters?
- Swaroop Muvvala:** One thing I can say is there is a growth as compared to the last year, but how much is the growth quantified? I honestly don't have an exact number or a ballpark number at this stage. I can get back to you.
- Baidik Sarkar:** Sure. And when you made your comments on the net annual recurring revenues, did you quantify it? I might have missed it.
- Swaroop Muvvala:** Yes.
- Baidik Sarkar:** Can you help me with what that quantum was?
- Swaroop Muvvala:** Both in the presentation and my commentary I've spoken about it. Just to repeat it, our annuity business contributed to 42.3% of the overall gross sales in H1 FY'26. This grew by 39.2% in this H1 over the last H1.
- Baidik Sarkar:** Right. And how do you see this mix changing over the next couple of quarters? I'm asking this in the context of the change in interaction from interim to more SaaS-related sales. So how do you see this evolving over the next couple of quarters?

- Swaroop Muvvala:** The way we look at it is like this. We constantly, as I said in the Rs. 2,500 crore pipeline which we have, there is a lot amount of new business as well as the annuity and recurring business. We would like to keep this number at anywhere between 40% to 45%, thereby we don't lose the focus on the new business as well. Some of the OEMs are shifting their model to a subscription-based model and that will have an impact on this. But in the near term, we see this number to be in the range of 40% to 45%, having a marginal growth upwards. But on the absolute figures, it will be going in lines or in fact faster than the overall growth and the gross sales of the Company.
- Baidik Sarkar:** Alright. Thank you, sir. Best wishes.
- Moderator:** Thank you. The next question is from Lakshminarayanan from Tunga Investments. Please go ahead.
- Lakshminarayanan:** Gentleman, a few questions. I want to understand what's the revenue visibility you have for the year and what is the band of PBT margin you like to operate? The second question is in terms of billing, I want to understand billing or revenues. For the last six months, I just want to understand what is the mix in terms of enterprise versus system integrators? That is one way. The second is what is the mix in terms of government/BFSI/enterprises? And the last question is how to think about the operating cash flows? How does it work? Would it generate positive operating cash flows at the end of the year because I see that the receivables have actually stepped up for the first half? These are my questions.
- Swaroop Muvvala:** Thanks, Mr. Lakshminarayanan. Just going by the questions what you have, the last one you have asked about the cash flows. The Company's net operating cash flow for the period ending 30th September 2025 is negative Rs 30 crores. But this is a significant improvement as compared to the previous year. Previous year, same time, we had a negative cash flow of around Rs 60 crores. Historically, this has been the trend where at the end of Q2 you will see a negative cash flow but the collections and the business everything improves in the Q2. Thereby, by March you see a positive cash flow. As of now, we believe that by the end of the year we will see a positive cash flow. And historically, we have been operating our cash flow from operations to be at 60% of our PAT and this year also should be in that line firmly. That lines as well. That is one. The second question which you have asked with regards to the mix of the enterprise customers and the system integrators. Most of our business is directly built with the system integrators. We reach out to the end-users as a part of our GTM strategy but the billing happens to the system integrator. This quarter is also no different. We have been servicing our end customers through the system integrators only.
- Lakshminarayanan:** Is it above 90% or in the range of (+80%)? Can you just tell me what is the mix?
- Swaroop Muvvala:** It will be more than 85%. Some specific transactions we might reach out to the end-customer based on the specific needs of the end-customers but on a transaction count it will be more than 90% from a volume perspective. In case of dollar amount it will be between 80% to 85%.

- Lakshminarayanan:** And the other questions in terms of your mix between government, BFSI and non-government, non-BFSI enterprises and then your revenue visibility?
- Swaroop Muvvala:** We don't track this as a part of our normal KPIs but we will have this information we can get back to you on the specific split of government and BFSI. Having said that the Q2 and H1 have come on a strong backdrop of both BFSI and government growing for us and firing for us. So these two will be the lion's share contributing close to around 65% of my total business. I can get back to you on the actual bifurcations.
- Lakshminarayanan:** And the first question in terms of revenue visibility you have for the year or is it any one-off or actually resulted in a strong revenue growth for the first half? Just want to understand the revenue visibility as well as what is the PBT band at which you normally like to operate?
- Swaroop Muvvala:** Yes. On that I think Sunil has touched upon the fact saying that Q2 has been a strong quarter at the same time, historically our H2s are stronger than H1. Even this year we believe that H2s are going to be better than H1. With regards to specific numbers regarding the revenue or billing or PAT or anything I don't think we will be giving any number guidance in this call right now, but we believe that we are directionally moving towards what we have anticipated at the beginning of the year what we have budgeted what we have planned.
- Lakshminarayanan:** Usually it is what? One-third and two-thirds, in the first half and second half I believe or it's like...?
- Swaroop Muvvala:** In terms of gross sales it is around 40:60 and in terms of EBITDA it is around 35:65.
- Lakshminarayanan:** Got it. Thank you so much. I will get back in the queue.
- Moderator:** Thank you. The next question is from Balaji from IIFL. Please go ahead.
- Balaji:** Thanks for taking my question and congrats on great numbers. My questions were mostly on the numbers part. If I look at the gross margin for 1H, on the gross revenue it was about 9.3% in 1H of last year, it has come down to 7.6% this year. I would like to understand the reason behind that? The second question is again on 1H, we have seen a 10% decline in other expenses. Was there any one-off in the base year? So those would be my two questions.
- Swaroop Muvvala:** Thanks, Balaji. Yes, the gross margins as you see we had pricing pressures in Q1 especially with the dollar continuously appreciating and rupee depreciating some part in the ecosystem had to take it. We were able to recover from that very strongly in Q2. If you see between Q1 and Q2, our gross profit as a percentage of gross sales has gone up by more than 130 basis points. We believe that this trend will continue or this momentum of positive uptick will continue in Q3 and Q4. Historically, our gross margins have been always better than the H1 gross margins because of the strong volume of business and some amount of backend rebates and other things which we have received from our OEMs.

Moving on to the next point which you have asked with regards to the expenses, there is a 10% decline in the expenses in H1 compared to H1 of last year. As we said there is a lot of operational discipline which we have brought in, and also there was a one-time cost which we had last year which was predominantly pertaining to our annual event which we do, it is an annual celebration as a team which we do it. We have changed the format of that annual celebration into a more regional format this last year resulting in close to around Rs 4 crores of cost saving. And this is the model going forward. So this expenses which you have seen here are sustainable cost. Just to clarify on that.

Balaji: Got it. So basically, just to get your right on the second question, you basically said that while 1H this year doesn't have any one-offs because of the event that you held last year, the other expenses if you exclude that would have been closer to around Rs. 25.5 crores or something and effectively that would have meant that the EBITDA would have been higher to the same tune which is around Rs. 45.5 crores right, roughly?

Swaroop Muvvala: Yes. What it is, it is not a one-off event in the last year alone, let me clarify. Until last year we did that format. We have changed the operational structure this year going forward. For the last 10 years we have been doing like that and only in this year onwards we have changed it. Because as we grow in size, as we are moving more than 500 people, it is too cumbersome to bring all bring all 500 people at one place and do an annual celebration. So we thought it we will do a regional celebration.

Balaji: Got it and all the best.

Moderator: Thank you. The next question is from Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Good evening, team. Thank you so much for taking my question. Firstly, congratulations on this stellar listing and a great performance. So I just wanted to chew your brain a bit, it is regarding margins. So I am a bit new to the Company. So I get it that we are enablers and there is a difference in gross and net sale accounting. But with cybersecurity being 50% of our revenue, what margin do we have in general in that business as a standalone, if you could help us out in that?

Swaroop Muvvala: Thanks, Darshil, for your question and thanks for your regards with regards to our performance. As I mentioned in my commentary, iValue offers comprehensive solutions to its customers. This solution across all the four tech segments, be it cybersecurity, be it DCI, be it ALM and be it ILM, across all four. So when we sell a solution, we sell a solution which spans across all these four technology segments. And the margins hence uniform across all the technology segments. Cybersecurity as a gross margin which is 100 to 150 bps more than the average, whereas the typical ILM will have something like 100-150 bps lower than the average cost margin.

Darshil Jhaveri: Okay, fair enough. And so just the other thing, like sir, we have grown up our office substantially, but when I just see that it feels grown our sales by around 35%, the PAT growth it is just

translating to around 20 bps. So what kind of operating leverage do you see going forward and how will that go across as we enter H2?

Swaroop Muvvala: Just to clarify on the numbers, gross sales on an H1 basis have grown up by 33% and my operating EBITDA gone up by 31.7%. Not sure where the 20% number came from?

Darshil Jhaveri: No, I mean as a percentage, right? So I get your absolute growth. Like I think our PAT margin is 2.7% if I could, I hope that number is correct and last year H1 it was 2.5%. So that is where I was coming from. So, 2.5% growth in sales but a 20 basis points growth in terms of our overall PAT margins. So just wanted to know like how is operating leverage in our business generally. So, what I would want is, our margin would maybe go a bit faster or is it the scale that normal sales growth, profits will be in those range only, right?

Swaroop Muvvala: Yes. I understand your question. Our business, as Sunil has mentioned in his remarks is a bit seasonal in nature. Where H2 is much higher than H1, whereas all the cost which are below the gross margin, be it the employ cost or the other administrative expenses are more or less straight line in nature. I will not say that it will be completely straight line in nature, administrative expenses will be more in H2, because of our business being more in H2. But if you see at an EBITDA level the percentages of EBITDA of H2 will be significantly higher than H1. This is from between H1 and H1 this is the perspective. Going forward, the way we see is, we have done decent amount of investment to cover our revenue requirement or gross sale requirements for at least 12 to 18 months and more. And hence we don't see any substantial increase in investments from our side our expenditure from our side in the next 18 to 24 months per se. This will help in generating an operating leverage which can flow down to the bottomline very much. If you see this year, the incremental gross margin which is there, almost 80% of the incremental gross margin has flown into as an incremental EBITDA.

Darshil Jhaveri: Okay, that helps a lot sir. And just my final question, so the industry that we are in is growing a lot, a lot of applications and new kind of technologies are coming in. So overall maybe like a bit on the longer term, how do we see our growth like can we sustainably grow at 25%-30% year on year because that's how fast things are changing. So, you know any kind of long term guidance that you would like to give?

Swaroop Muvvala: I'll address this question in two parts. One, with the growing technologies how we are handling it? Second, what is the growth which you are looking at? You have seen two co-founders in this call, Mr. Sunil and Mr. Krishna Raj Sharma. There is a third co-founder, Mr. Sriram. He runs the strategy office of iValue. His job is to identify all the upcoming technologies which are there, which will properly complement our offerings which are there today and then try and sign up with them. In that regard, we always continuously work on expanding the bouquet of offerings which we have and thereby our revenues and gross sales. That is number one. Second, if you see we work in four technology segments which is cybersecurity, DCI, ILM, ALM and cloud. All these four technology segments are vast oceans by themselves and are all sunrise sectors which are seeing a good amount of growth in the sectors happening right now. The industry report

which we have published as a part of our RHP prospectus clearly tells that these are poised to grow at around 15% to 16%. Historically, our track record has been to grow at least 500 bps to 600 bps more than or faster than the industry average because of all the value additions which we bring. If you refer to our presentation which we have made and uploaded right now, you can see our key strengths which are there, which are our differentiators as well. Hence, we believe that we will be able to grow faster than the market, point number one. Two, the market itself is growing at a decent pace, much faster than the average GDP of the country because of the industries with which we are in.

Moderator:

Thank you. The next question is from Pranav from Rare Investments. Please go ahead.

Pranav:

Hi, sir. Thanks a lot for the opportunity and congratulations for great set of numbers. Sir, I just have two questions. First of all, what is the reason of seasonality in revenue? Because I would assume that data center security etc. is ongoing and not really linked to volume kind of revenue, that is one. And second is that whatever portion that you have said is an annuity business, why is that less than the quarterly net revenue that you have? So that is more than the quarterly net revenue, net of the sale of licenses and hardware etc. and if in that revenue, that is annuity revenue, is there an increment built on per year? So is it every year if we go up by 4%-5% or something related to inflation, how is that going to pan out in existing customers? Thanks a lot, sir.

Swaroop Muvvala:

Let me take the second question with regards to the annuity first. So let me explain you the business model how we work with. We work with large enterprises and support them in their digital transformation journey. We offer solutions in these four technology segments. When they work with the system integrator or with iValue per se, they talk to us on a total cost of ownership of the entire offerings which we have and this will be spread for five years or six years based on the customers' requirements, how it is and all that stuff. Now when they have taken, say suppose myself and the system integrator along together will negotiate a deal, suppose with \$1,000 for five years. Approximately \$600 is built in year one and \$10 is built in every subsequent year for the next four years or \$100 is built in the next every year for the next four years. What I'm trying to say is this 10% will be considered as a part of my annuity or recurring business while the 60% will be considered as a part of a net new business. Irrespective of the fact whether I have worked with this customer in the past or not and whether I have worked with the system integrator in the past or not and that is where my annuity is computed. And if you see the numbers of my annuity in H1, my annuity has been this year is around Rs. 632 crores. The same last year was around Rs. 454 crores, which we have seen a significant increase of around 39% year-on-year. Now second question with respect to why is it more than the gross sales or net sales is what you have asked. I'm honestly not clear on the question. Can you just clarify the question once again so that I can just answer that?

Pranav:

Yes sir, you have reported net sales also for the quarter. And you have reported annuity also. And the way I see it is that the annuity income was around I think Rs. 370 crores in this quarter.

Swaroop Muvvala: Yes.

Pranav: And the net sales that you have reported in this quarter was around Rs. 329 crores.

Swaroop Muvvala: Yes.

Pranav: So, if it was annuity then that should have been not in the licenses etc. that you sold and Rs 370 crores should have been a subset of Rs 329 crores. That's what my understanding was but I might be wrong.

Swaroop Muvvala: I'll I clarify it, I got it. So what happens is we have also reported something called as a gross sales which is Rs. 887 crores for the quarter. This Rs 370 crores is a subset of that gross sales. Now for the purpose of net sales how do we do that. From the gross sales we reduce the cost of purchase of all the software and allied services. All this annuity deals predominantly software and allied services. Now if Rs. 370 crores is the annuity business only the gross margin of this Rs 370 crores is included in Rs 329 crores. Roughly that would be around Rs. 37 crores or Rs. 38 crores. Around 10% I am taking for the sake of computation and calculation ease of it. It is not the exact number. So, if 10% is the gross margin at which the annuity business works Rs 329 crores consists of Rs. 37 crores of annuity revenue.

Pranav: Understood sir. Thank you, sir.

Swaroop Muvvala: Thank you.

Moderator: Thank you. The next question is from Pritesh from Lucky Investments. Please go ahead.

Pritesh: I wanted to check what will be your longer CAGR growth rate?

Swaroop Muvvala: So as I mentioned addressing a previous question here we have been historically growing at least 5% to 6% points more than that of the industry and we believe that in the next 2-3 years we will be in line with that.

Pritesh: So your industry growth rate is a plus 15% right and you will grow 5% more than that.

Swaroop Muvvala: I will leave that for you to comprehend.

Pritesh: Okay. Thank you.

Moderator: Thank you. Next question is from Srinivasan from TIA. Please go ahead.

Srinivasan: Hi sir. Thanks for the opportunity and congratulations for the great set of Q2 numbers. My first question is, I understand that you are positioned beyond distribution like solution design integration and all. Suppose if marketplace distributor has the same OEMs and SIs, how do you protect your margins?

Swaroop Muvvala: Thanks, Mr. Srinivasan for this question and thanks for your regards on the results. iValue as a company has been there for 18 years and in the last 18 years every year we have been growing on gross sales. There was not a single year where we have de-grown on either gross sales or on net profit for us and all these so called as the broadline distributors and system integrators have been existent through these 18 years. We as a company have always find a niche for ourselves by focusing on only four technology segments not broad basing us going to commodity based segments like endpoints or laptops or something like that. We have not done that. We have focused only on the four technology segments and we have constantly developed our skills in that, created knowledge as a barrier for someone to come and eat our wallet share and grown on that and we are confident that we will continue to do that and maintain our nicheness and maintain our growth.

Srinivasan: Thank you and my next question is, you said that you have a long-standing relationship with OEMs as well as system integrators. So, what is your top 5 OEM concentration in Q2 and any new OEMs added in this quarter?

Swaroop Muvvala: Every year we will add around 8 to 9 OEMs. In that line we have added around 3 OEMs in the H1 which we have done in this half year which has gone by. That is number one. Second, our top 5 OEMs contribute around 60% to 65% of the wallet. I do not have a precise number. I can just come back to you. Around 60% to 65% of our total business comes from the top 5 OEMs. And third, more than 75% of the system integrators with which I work are repetitive in nature on an annualized basis.

Srinivasan: I see, and what is the plan to broaden your system integrators without diluting the SLAs?

Swaroop Muvvala: As I said, we work with a lot of system integrators. I do not have the current year number, but last year FY'25 we have worked with more than 800 system integrators, and we were able to sustain this without diluting our margin. Out of the 800 system integrators, we will have large global system integrators, very big national system integrators and then small regional players. Depending upon the opportunity, depending upon the value addition opportunity which we have in each deal, we participate in the deal along with the system integrators. If it is a pure play commodity, we just back off and do not participate in the transaction.

Srinivasan: Which vertical is actually driving your sales going forward? Is it as you articulated AI-based security or a multi-cloud solution or hybrid cloud?

Swaroop Muvvala: What Sunil has tried to explain is AI has been an integral part of all the four tech segments which are there. We see AI participating in cybersecurity, we see AI participating in DCI and all the stuff. Coming to the growth drivers which you have seen, last two years DCI has been growing strong for us and this year also we see that DCI will grow. However, the base is small, the contribution is small, but it still continues to grow and continues to be a growth engine for us. DCI stands for Data Center Infrastructure. And with regards to the line of business, our business has been driven by what you call it as BFSI and government vertical, we had a strong momentum

in the Q2 and H1 from these two verticals and we believe that this will continue for the rest of the year as well.

Srinivasan: Thank you.

Moderator: Thank you. The next question is from Kunal Ochiramani from Alpha Alternatives. Please go ahead.

Kunal Ochiramani: Hi sir. Congratulations on a good set of numbers. I just wanted to understand what is the core competency that we have as a distributor in this business. As I understand there are a lot of players, maybe more than 10 times of our size. So just wanted to understand what is the value add do we give to our customers? Why will our customers stick to us? Secondly, as I am very new to the business, in layman terms, if I understand, first, so antivirus as a person, I used to buy it from shops. And similarly, banks and all other institutions buy cybersecurity as a product from you. Why will it not prevent Intel or Dell to reduce their distribution cost and sell it directly and make it very seamless for the institutions you service to going down the line, 5-years, 10-years down the line. So what is the competency do we have in business and why will distribution business grow further? These are my two fundamental questions.

Swaroop Muvvala: Thanks Kunal. Thanks for your question. Let me put it like this. You said regarding antivirus which you used to buy from a shop in the past, now you no longer go to a shop or to a provider to buy antivirus. The same story applies to us as well. The same set of founders in this previous avatar sold antivirus. When it came to iValue, since it has been commoditized, they have never sold antivirus. So, what I am trying to say is as the products and offerings get more and more commoditized, we back off from them. We don't do them. That is one.

And second, one of our key strengths and uniqueness has been selling a solution, never a single point. So that is the reason we do not call ourselves as a distributor. We call ourselves as a technology enabler and the least we call ourselves is a value-added distributor. The day the differentiation or the value which we bring on to the table becomes negligible, as you rightly said, there are very large distributors, and they can have us finished off within no time.

Coming back to the key strengths which you have asked, we have mentioned this in our presentation or the differentiators in our presentation. I will recall that for everybody's knowledge once again. We are a set of value-added distributors or technology aggregators not spread across and everywhere. We are focused only on four tech segments which we believe are the growth engines for us as well as sunrise sectors for the country as well. We provide multi-OEM solutions rather than a single point or a product sale to them. We have been a choice of OEMs because we have something called as a customer life cycle approach mechanism where we know at what stage which customer is there in his digital transformation journey based on past experience working with him so that we will be able to do a targeted sale rather than a carpet bombing with regards to offering of the OEM solutions. Our COE which we and our tech resources, more than 50% of our entire manpower are tech certified. These help us in providing

the right offerings and explaining the right details of the product to the end users and the end customers. As I said, the COE, it is a multi-OEM COE which not many people can brag about, and this helps us to offer uniqueness in terms of the entire GTM process and the sale process. It gives the confidence to the end customer and the system integrator to take a quick and more confident call when they are making a purchase with us. We have been working with various system integrators as I mentioned, global, national, and regional. Along with them, we work with end customers who are large enterprises. We are the only what you call the tech enabler or a system integrator who is there on the street who has an end customer practice. We have 100 named accounts where people are always in touch with, understand the nuances in that account, the way they are going on, how their application journey is happening in these enterprises, and then try and work on opportunities, identify opportunities, and work on opportunities at a much early stage than any other system integrator or a distributor who is there on the street.

Most importantly, the team. We have the leadership team who are there in this industry for more than what you call it as three decades and they have been working in this industry. They bring a large set of knowledge as well as relationships which cannot be taken away overnight. And finally, all these differentiators have proved us on a good financial track record stating that we operate at the highest gross margins and highest EBITDA margins and highest PAT margins as compared to any other distributor who is typically there. The value additions which we offer to our customers are recognized and that is showcased in terms of numbers, in terms of growth, in terms of margin percentages. Trust, I have clarified you, Kunal?

Kunal Ochiramani:

Yes, sir. And secondly, in your opening comments, you said that there is a room for margin expansion in this business. And also, you said that Rs 38 crores out of your Rs 320 crores is reported as a recurring revenue. So just to understand it very clearly, this recurring revenues would be how longer are the contracts so that we can understand the order book in terms of for how many years you would get the recurring revenue for the 44% of your revenue. And secondly, for the margin expansion, how it can grow in how many years?

Swaroop Muvvala:

The margin expansion which I have spoken is with regards to the operating leverage. Given the fact that we have reached a certain threshold size and the way in which we are growing, we believe that the expenses both in terms of manpower and other expenses will not grow at the same pace as of the gross sales growth. They will be growing at a lesser pace than that. And hence, we are having certain room for operating leverage. That is point number one.

With regards to the net revenue and the annuity business which are there, I would request you to consider the annuity business as a percentage of gross sales because that is a true representation of our business. Rather than talking of 10%, it is actually 42% of our total gross sales. Third, the annuity business is a resultant of a multi-year TCO-based sale which we make to our end customers. Generally, each opportunity is for around five years. And every year, we have newer opportunities coming up like this. And historically, we have seen this annuity business around 40% to 45% and we believe this year also it will be in the same range.

- Kunal Ochiramani:** Sir, if you can give some guidance in terms of margin expansion for how many basis points it can increase every year or what will be the peak in terms of operating leverage in terms of EBITDA and PAT margins for our business?
- Swaroop Muvvala:** How do I say this? We have an external IR and they have advised us not to give any guidance.
- Kunal Ochiramani:** Thank you, sir.
- Moderator:** Thank you very much. That was the last question in queue. I would now like to hand the conference back to the management team for any closing comments.
- Sunil Pillai:** Thanks to all of you. It's been a pleasure interacting with all of you today. I love the questions that you all have asked. In case you all have got anything, you can reach out to E&Y. They are our IR. You can reach out to them and I'm sure that they would be happy to answer all your questions if anything is left out. I have my other partner, Krishna Raj Sharma also on the call. I would leave the next two minutes to him so that he can say thank you to all of you. Thank you.
- Krishna Raj Sharma:** Thanks, Sunil. I think it was a fast call. Thanks to all of you for logging in and encouraging us that we are in the right business. I think I would like to close this call with a comment that we always look forward for all advisors which come from all of you and make the business better and give the best from us. Thank you. Thanks a ton.
- Moderator:** Thank you very much. On behalf of iValue Infosolutions Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

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