Ivalue Infosolutions Ltd.

BP WEALTH

Management Meet Note | **08th June 2026**

Beyond Distribution: Decoding iValue's Business Model and Revenue Framework

We recently interacted with the management of iValue Infosolutions Limited to gain better understanding of its business model, technology positioning and revenue recognition framework. iValue Infosolutions is a technology solutions and value-added distribution company focused on enabling digital transformation for large enterprises across cybersecurity, data management, cloud, and data centre infrastructure. The company acts as a bridge between technology OEMs, system integrators, and enterprise customers by helping design, architect, procure, deploy, and support complex multi-vendor technology solutions. Unlike traditional distributors that primarily focus on product fulfilment, iValue differentiates itself through its deep technical expertise, Centre of Excellence (COE)-led solutioning approach, multi-OEM integration capabilities, and strong engagement with system integrators and enterprise customers. Cybersecurity is its largest business segment, contributing nearly 50% of gross sales, while the company is also expanding its presence in cloud, AI infrastructure, application lifecycle management, and managed services. With over 40% of revenues coming from annuity-based businesses such as renewals, subscriptions, and cloud consumption, iValue is increasingly positioning itself as a strategic technology transformation partner rather than a conventional distributor. The company serves leading customers across BFSI, government, telecom, IT/ITeS, healthcare, and manufacturing sectors, and continues to benefit from growing enterprise spending on cybersecurity, cloud adoption, AI-led infrastructure, and data management solutions.

Following are the key takeaways from the interaction:

Value-added nature of the business differentiates iValue from traditional distributors

Management emphasized that iValue's role extends beyond product fulfilment and distribution. Unlike traditional distributors that merely execute orders from system integrators, iValue engages directly with enterprise customers to understand their technology architecture, identify security and infrastructure gaps, and design multi-vendor solutions tailored to specific requirements. Given the increasing complexity of enterprise technology environments, no single OEM can typically address all customer requirements. The company therefore combines solutions from multiple OEMs and validates interoperability through its Centre of Excellence (COE), where customers can evaluate complete solution stacks before deployment.

This consultative engagement allows iValue to participate across the solution lifecycle, including architecture design, product selection, implementation support and advanced technical support services. Unlike traditional distribution models that typically operate on 3-5% gross margins, iValue achieves over 10% gross margin. Management attributes this premium to its value-added approach, which accelerates profitability and secures deeper customer engagement.

Revenue recognition understates business scale

A significant portion of the discussion centered around the company's revenue recognition framework. Management explained that following a review conducted with its auditors, software and support revenues are now accounted for on a net basis in accordance with accounting standards. Since software licenses are issued directly in the end customer's name, iValue is considered an agent rather than a principal for these transactions. Consequently, software procurement costs are netted off from both revenue and cost of goods sold. As a result, while FY26 gross sales stood at approximately Rs. 2,900 crore, reported revenue was significantly lower after adjusting for software and support pass-through costs. Importantly, management stressed that this accounting treatment has no impact on gross profit, EBITDA, PAT, or cash flows. Gross profit remains unchanged irrespective of whether transactions are reported on a gross or net basis. Accordingly, management believes gross sales, gross profit and cash generation provide a more accurate representation of the company's economic scale and operating performance than reported revenue alone.

Cybersecurity, Cloud and AI-led adoption expanding the addressable market

Management highlighted that the company continues to benefit from structural technology spending trends across cybersecurity, data center infrastructure and cloud-led application management. Cybersecurity remains the largest opportunity area, with industry growth estimated at 18-22%, driven by increasing digital adoption, growing regulatory requirements and the rising complexity of enterprise IT environments. As enterprises continue to shift customer interactions and critical workloads to digital channels, ensuring application availability, data protection and cyber resilience has become increasingly mission-critical.

Sector Outlook	Positive

Stock

CMP (Rs.)	230
NSE Symbol	IVALUE
BSE Code	544523
Bloomberg	IVALUE IN
Reuters	IVAL.BO

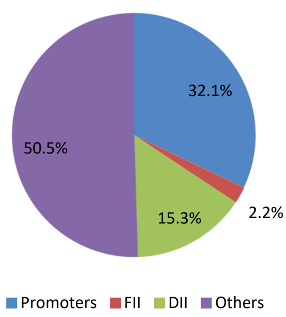
Key Data

Nifty	23,123
52WeekH/L(Rs.)	340 / 207
O/s Shares (Cr.)	5.5
Market Cap (Rs. Cr.)	1,256
Face Value (INR)	2

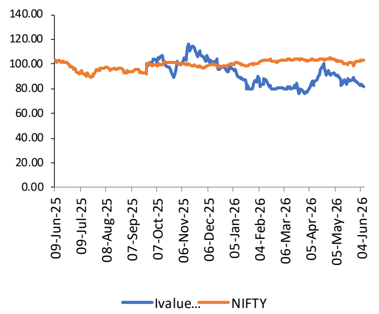
Average volume

3 months	1,17,734
6 months	1,50,508
1 year	3,94,133

Share Holding Pattern (%)



Relative Price Chart



Research Analyst
Sagar Shetty
sagar.shetty@bpwealth.com
022-61596158

The company also highlighted strong momentum in data center infrastructure, particularly around the ongoing transition from traditional compute environments towards GPU-driven architectures. This shift is expected to support sustained demand for storage, networking, security, and infrastructure management solutions, creating incremental opportunities across the company's existing technology portfolio.

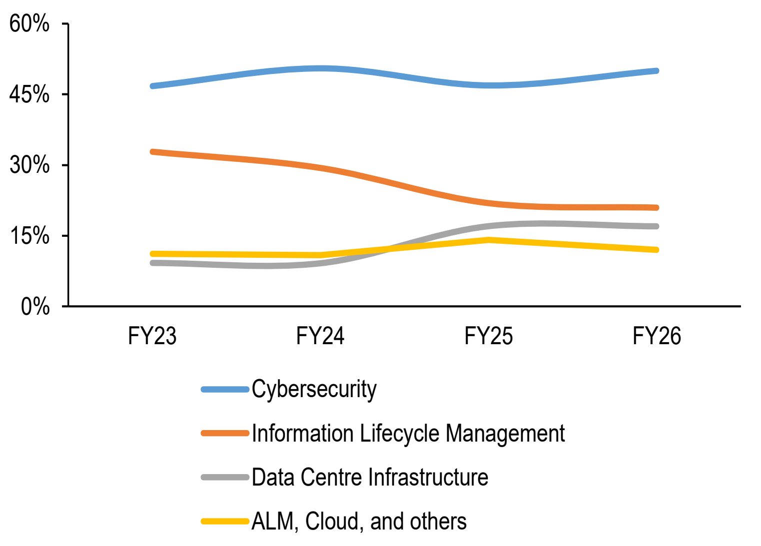
Cloud and Application Lifecycle Management (ALM) remain the fastest-growing areas, with management estimating growth rates of 60-65% from a relatively smaller base. Increasing adoption of hybrid cloud architectures, DevOps practices and application modernization initiatives is expanding the company's addressable market beyond traditional infrastructure and security deployments. Management also views Artificial Intelligence as a meaningful long-term growth opportunity, given that AI adoption increases the complexity of enterprise environments and consequently creates greater demand for cybersecurity, data management, infrastructure, and governance solutions. The company believes its expertise in integrating multiple OEM technologies positions it favorably to participate in these emerging technology spending cycles.

Valuation & Outlook

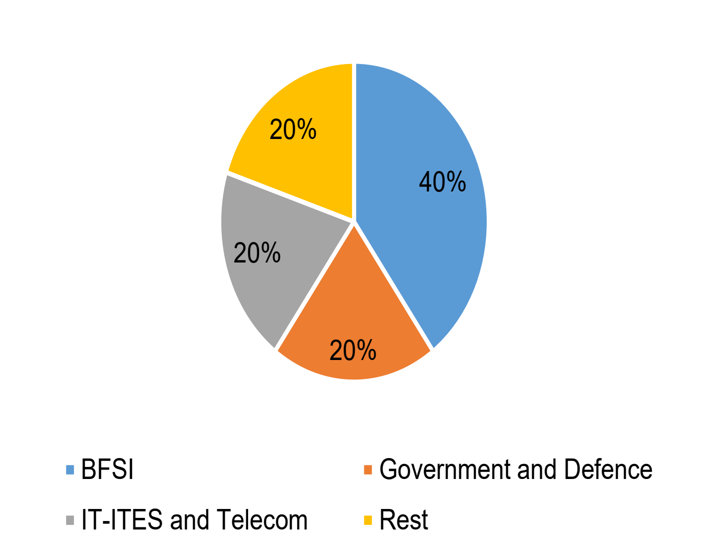
iValue Infosolutions represents a differentiated play on India's accelerating enterprise technology spending cycle, with exposure to structurally attractive segments such as cybersecurity, data management, cloud, and digital infrastructure. Unlike traditional technology distributors that primarily compete on pricing and fulfilment, the company has established itself as a technology solutions enabler with capabilities spanning multi-OEM solution architecture, implementation support and advanced technical services. The increasing contribution from cybersecurity and annuity-based revenues, coupled with a scalable asset-light operating model, supports stronger earnings quality, healthy cash generation and superior return ratios. Furthermore, management's focus on high-value technology domains, disciplined working capital management and prudent risk mitigation provides a favorable foundation for sustainable growth. As enterprises continue to invest in digital transformation, cloud adoption, AI-driven workloads, and cyber resilience, iValue appears well positioned to benefit from these long-term industry tailwinds. Going forward, the company's ability to deepen customer engagement, expand recurring revenue streams and sustain its value-added positioning within the technology ecosystem will remain key determinants of growth and valuation re-rating potential. **We, thus, expect Ivalue Infosolution to generate sustained growth and profitability over the long term, and is trading at a PE of 9.5x on FY27e EPS estimates.**

Ivalue Infosolutions Ltd.

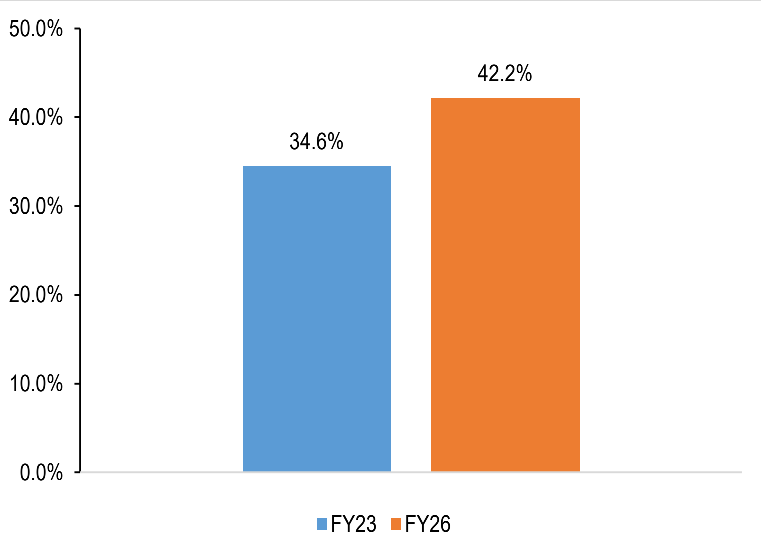
Business Mix Trend (% of Gross Sales)



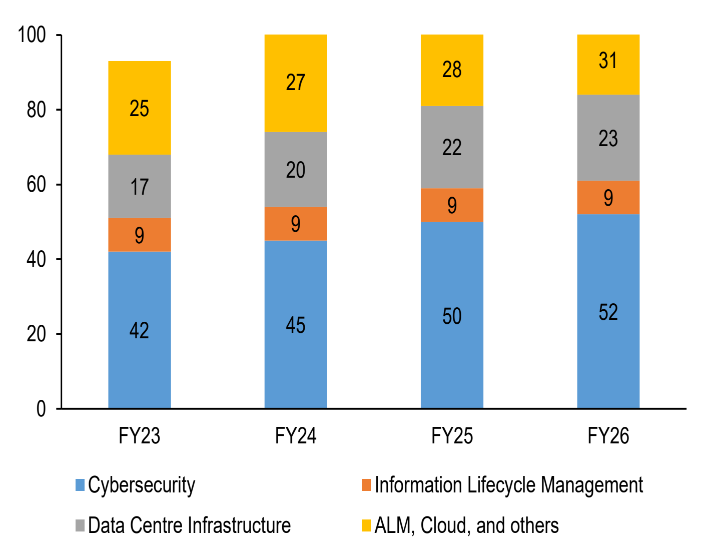
Vertical Mix



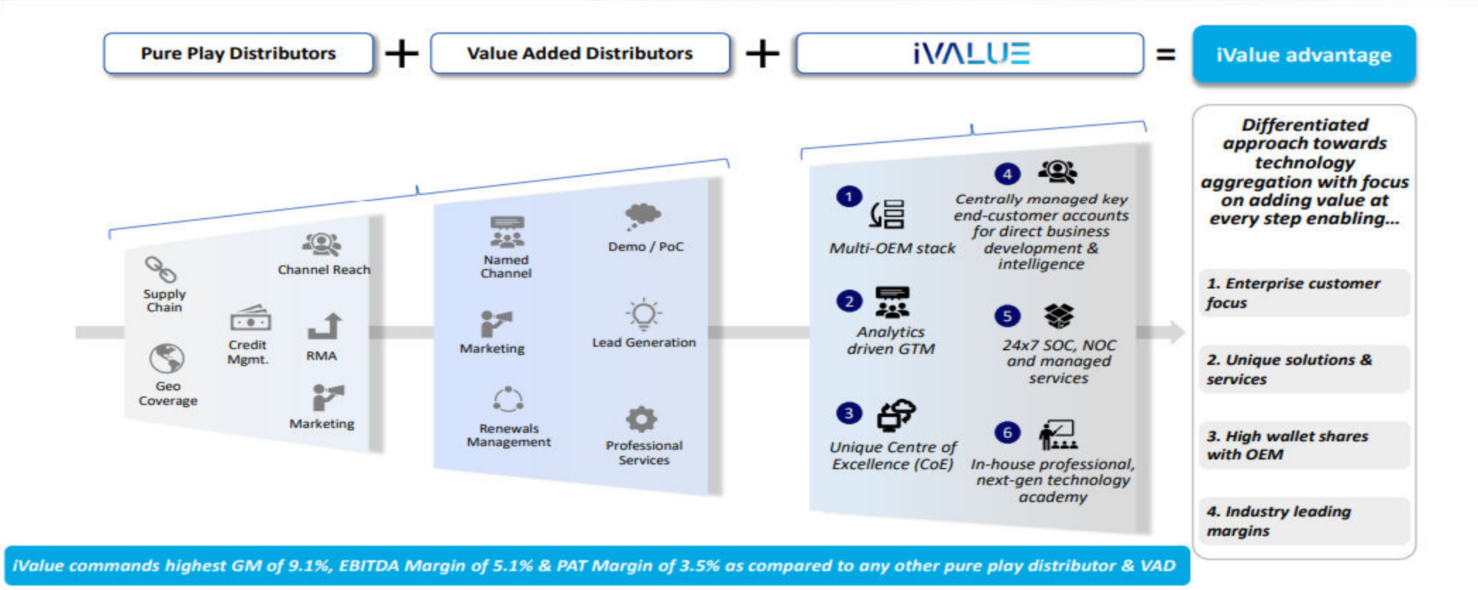
% of Gross Sales arising from SaaS and Renewal Business



OEM Network Expansion



iValue's Differentiated Technology Solutions Ecosystem



Source: Company, BP Equities Research

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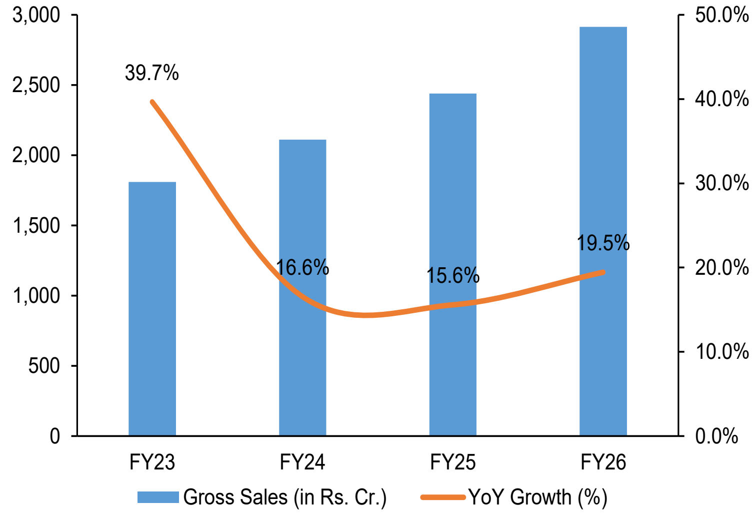
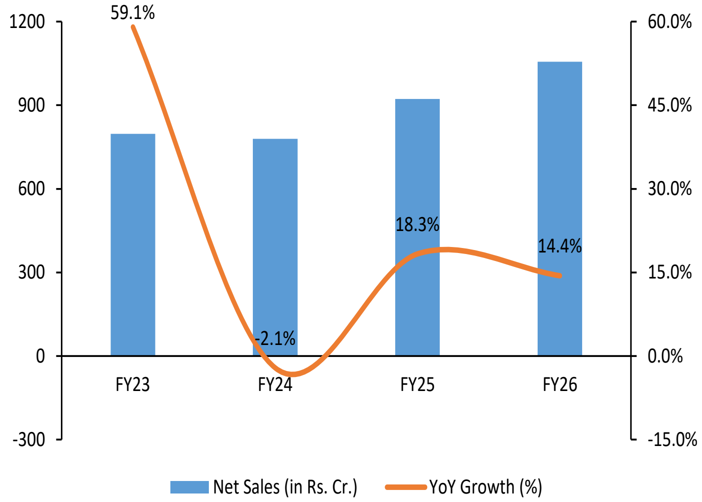
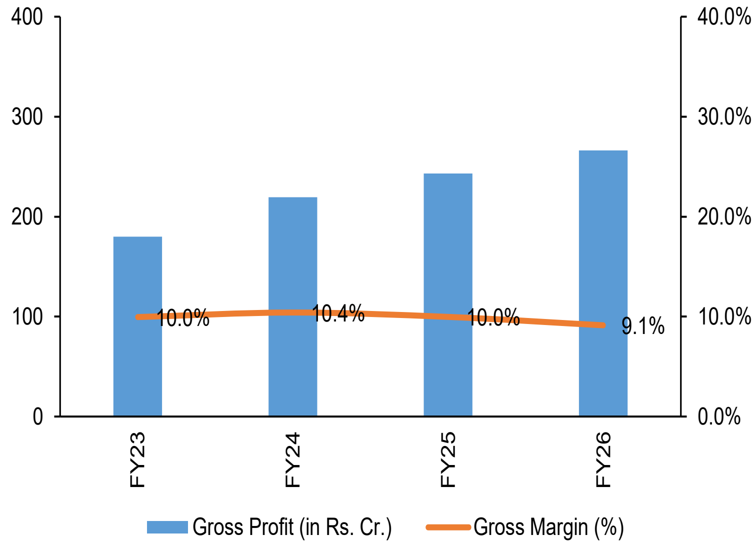
Gross Revenue



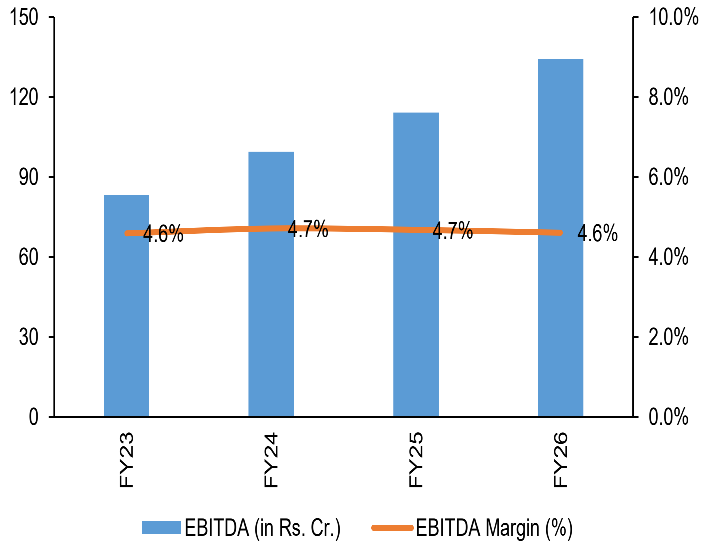
Net Revenue



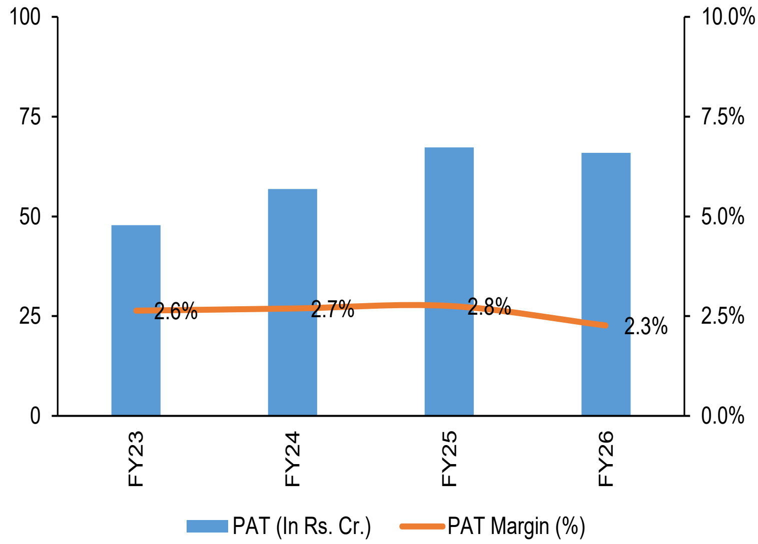
Gross Profit and Margin



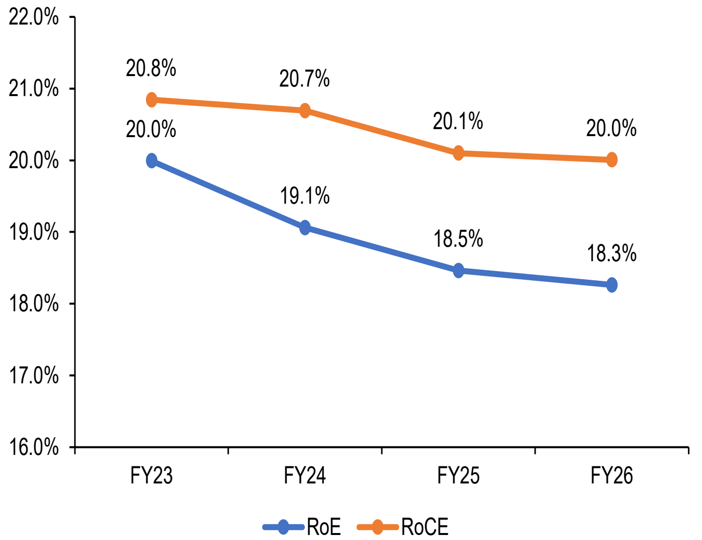
EBITDA and EBITDA Margin



Net Profit and Margin



RoE and RoCE Trajectory



Source: Bloomberg, Company, BP Equities Research

At management's discretion, all revenue figures have been replaced with Gross Revenue when calculating ratios

Ivalue Infosolutions Ltd.

Key Financials						
YE March (Rs. Cr.)	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Gross Revenue	**1,811**	**2,110**	**2,439**	**2,914**	**3,590**	**4,541**
Gross Revenue Growth (Y-o-Y)	*39.7%*	*16.6%*	*15.6%*	*19.5%*	*23.2%*	*26.5%*
Net Revenue	**797**	**780**	**923**	**1,056**	**1,224**	**1,433**
Net Revenue Growth (Y-o-Y)	*59.1%*	*(2.1%)*	*18.3%*	*14.4%*	*16.0%*	*17.0%*
EBITDA	**83**	**99**	**114**	**134**	**167**	**215**
EBITDA Growth (Y-o-Y)	*30.0%*	*19.5%*	*14.8%*	*17.7%*	*24.3%*	*28.7%*
Net Profit	**60**	**71**	**85**	**104**	**129**	**167**
Net Profit Growth (Y-o-Y)	*36.2%*	*17.8%*	*20.9%*	*21.4%*	*24.7%*	*29.3%*
Diluted EPS	**11.2**	**13.3**	**15.5**	**18.0**	**24.1**	**29.9**
-						
EBITDA margin (%)	**4.6%**	**4.7%**	**4.7%**	**4.6%**	**4.7%**	**4.7%**
NPM (%)	3.3%	3.3%	3.5%	3.6%	3.6%	3.7%
RoE (%)	**20.0%**	**19.1%**	**18.5%**	**18.3%**	**18.6%**	**19.3%**
RoCE (%)	20.8%	20.7%	20.1%	20.0%	21.0%	22.3%
Valuation Ratios						
P/E (x)	**20.5x**	**17.3x**	**14.8x**	**12.8x**	**9.5x**	**7.7x**
EV/EBITDA	15.1x	12.0x	10.2x	8.9x	6.9x	5.3x
P/BV (x)	**4.2x**	**3.4x**	**2.7x**	**2.2x**	**1.8x**	**1.5x**
Market Cap. / Sales (x)	0.7x	0.6x	0.5x	0.4x	0.3x	0.3x

Source: Bloomberg, BP Equities Research

At management's discretion, all revenue figures have been replaced with Gross Revenue when calculating ratios

Research Desk	Tel: +91 22 61596138
Institutional Sales Desk	Tel: +91 22 61596403/04

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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Corporate Office:
4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:
24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

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