

Virtual Galaxy Infotech Limited

H2 FY 2025 Earnings Conference Call

June 20, 2025

Moderator: Good afternoon, ladies and gentlemen, and welcome to the Earnings Conference Call for H2 FY '25 and FY '25 of Virtual Galaxy Infotech Limited, VGIL.

Founded in 1997 and headquartered in Nagpur, Virtual Galaxy Infotech Limited is a SaaS product focused company engaged in providing core banking software solutions, IT solutions, ERP implementation and customized software solutions development, IT services for the BFSI, ERP and e-governance domains. The company is primarily involved in the development, customization, installation, and implementation of software applications, along with comprehensive cost implementation, support, monitoring and maintenance services for the delivered solutions.

Let us begin with the introduction of the Management Team:

We have with us today Mr. Avinash Shende, Promoter – Chairman and Executive Director and CFO.

Also joining us today is Mr. Sachin Pande – Promoter and Managing Director and CTO. Mr. Shende oversees operations and finances at Virtual Galaxy Infotech, while Mr. Pande drives technology and business development for the company.

At this moment, all participants are in the listen-only mode. Later, we will conduct a question-and-answer session. At that time, you may click on the Q&A tab to ask a live question. Please note that this conference is being recorded.

I would now like to request Mr. Sachin Pande – Promoter and Managing Director, to give his opening remarks. Thank you and all to you, sir.

Sachin Pande: Thanks a lot. Good afternoon my esteemed investors and analysts. Myself, Sachin Pande – Promoter and Managing Director and CTO of Virtual Galaxy Infotech Limited.

I warmly welcome you all to Virtual Galaxy Infotech Limited's very first investor and analyst virtual meet since the whole successful listing on the NSE platform, May 19, '25. We are truly grateful for your interest and support as we embark on this new chapter as a publicly listed company.

About Virtual Galaxy Infotech Limited, I would like to inform that it was founded in 1997 and has since evolved into a reliable technology partner specialization in hybrid SaaS and enterprise software solutions for BFSI, e-governance, ERP and other sectors. Our portfolio includes flagship products such as e-banker, IBS-ERP, E-APMC, V-PAY or digital payment, V-SOC our security operation center, Loan Originating System, E-Autopsy last but not least. With multiple bank branches and a team of 329 skilled professionals, we are committed to innovation, quality and scalable growth.

Our leadership team, I would like to take the opportunity to introduce the core leadership behind Virtual Galaxy Infotech Limited. Mr. Avinash Shinde – Promoter, Executive Director and CFO and Chairman, who leads our financial strategy and investor relationship with great expertise and integrity. Myself, Sachin Pande – Promoter, Managing Director and Chief Technology Officer at Virtual Galaxy Infotech Limited.

I am responsible for shaping the company's vision, driving technology innovation, and leading business development initiatives. Together, our leadership team brings decades of experience, a clear vision, and a hands-on approach to drive Virtual Galaxy's growth and value creation.

Today's agenda, in today's meeting I have briefly touched upon our company journey, Mr. Avinash Shende, who is Promoter, Chairman, Executive Director and CFO of the company, will share a brief overview of the company's financial performance for the Fiscal Year '24-'25, highlighting our strong business and solid performance across the operations. We look forward to an engaging discussion, your valuable insights and continued partnership as we build on our success and scale new heights together. Thank you for joining us.

Avinash Shinde: Now, please play the presentation.

Moderator: Yes, sir.

Avinash Shinde: Welcome all on behalf of Virtual Galaxy. As Sachin informed that this is our first ever investor meet after our successful IPO. So, I am happy to present you the Virtual Galaxy in a very short way. Next slide please.

So, this is a short financial snapshot of a company that how our story begins. We are now a more than 27 years old company. This is a 28th annual report basically we are presenting. More than 150 clients we have, around 350 employees we have. More than seven products are in our portfolio. We have various quality certification like ISO and CMS we have. And I am happy to inform you that this year we have achieved a very good growth with all your support from Rs. 61 crores to Rs. 120 crores, with the descent PAT of Rs. 32.11 crores with an EBITDA of Rs. 55 crores. So, this is around approximately you can see we have double the revenue this year. So. our team has worked meticulously to achieve these figures. Sachin ji's contribution is very, very important to this, bringing the business to the next layer. Next slide please.

So, we are a very innovative company. Next slide please. This slide is for myself and Sachin ji. So, we were basically technocrats, first generation entrepreneur. We have started our journey since our college days and both of us are having the engineering degree in computer technology. And then we did our MBA and started this company immediately after engineering. We did MBA while doing business. So altogether, around 30 years of experience myself carries, 30 years of experience Sachin carries, and our team is also very, very qualified and experienced one. So, all together, more than 60 years of experience we two bring in to the company. Next slide please.

So, it's our Board of directors. We have a very renowned board of directors, Mr. Asit Oberoi, who is a veteran banker. He has served various banks, he has more than 30 years of experience. Last he worked as a CEO of YES Bank, from where he has retired and now guiding us for doing the various businesses. Mr. Jaideep Pawar is also very well qualified and he is from the Harvard University. And his name is very well recognized in the fintech industry of India. So, he is on various board and various advisory committees of the fintech ecosystem. Ms. Bhanupriya is qualified CS, company secretary. She is working in the smart city. Mr. Ayush is a professional advocate and practicing in Nagpur High Court. So, this is a very renowned and very qualified board we have. Next slide please.

This is our product portfolio. We have a very good and comprehensive product portfolio for BFSI and e-governance activities. So, with respect to BFSI we have E-Banker which is our core banking solution. Then we have virtual V-PAY as supporting E-Banker. Then we have a loan originating system which is also supporting to our E-Banker system and we are providing this product to the various fintech and banking ecosystem. Then we have IBS as our ERP product which has been installed in various sugar factories, service industry, and same product carries in the government as well.

So, a lot of digital transformation and the government end has been done through this IBS product. Then we have E-Autopsy software for postpartum department of various government hospitals. We were also asking of this product throughout the Maharashtra and other states as well. Then we have a cyber security product, V-SOC, at our premises and we are providing various cyber security solutions to the existing and new clients. This is all about the product portfolio of Virtual Galaxy. Next slide please.

So, we have a captive data center at our end and our applications are hosted on our data center. So, this is required for providing the SaaS kind of services to our various clients. Around 40% of our revenue comes from this SaaS business. So, this is very, very important. We provide data center management services, disaster recovery management services, cloud services, and along with the cyber security solutions as well. Next slide please.

This is a snapshot of our renowned clients. We have Reserve Bank of Malawi as our client. Then we have Dar es Salaam Commercial Bank which is listed in Tanzania which is our client. Then

Malawi Agriculture and Industrial Corporation which is 100% subsidiary of Reserve Bank of Malawi. We have given them integrated solutions at that client. Then we have various international clients across various banks into Africa, particularly in Tanzania and Malawi. And we are trying to grow more into Africa. We are trying to reach pan-Africa region. As well as we are also planning to reach in various developing countries as well.

This is another snap of national presence. We are present in the 15 states of the country right now, various state cooperative banks, district central cooperative banks, and urban cooperative banks as our client, including Mizoram State Cooperative Bank, Goa State Cooperative Bank. So, we are present in the length and breadth of the country. Then we are doing various government projects also like Maharashtra State Welfare Board, Maharashtra State Agriculture Marketing Board. We have done various government projects and we have done various basically World Bank projects as well. So, this is a snapshot of our clients. Next slide please.

So, this is revenue, so we will come in question and answer. So next slide please. So, as I have informed that the initial slide I have given the snapshot, so we will discuss in the due course of time next slide. Next slide please. These are all core strengths, various core strengths. We are one stop solution provider. We provide all of services to the client including, with respect to BFSI you can say the core banking solution, then loan management system, then digital payment, and then cyber security and hosting their applications on our data center and disaster recovery sites. So, we are a one stop solution for all the customer needs. So that is you can say a big USP for our growing revenue.

Then we have a diversified business across all those verticals. Like I already informed that we are into core banking solutions. We are into ERP solutions where we are serving to various industries and various government departments as well. That is why we have a diversified revenue stream. And I am very happy to share that the customers which we onboard for our services and products are very, very sticky in nature. And I already said that we have customers more than 10 years also. And more than 20 years also some of the customers are more than 20 years as well. So, say, whenever we provide our solution to the client, we always take care of the client and provide them the latest solution and technology to them so that they will be always with us. Next slide please.

So, these are basically, then we have various quality assurance and quality certifications that products our very qualitatively very strong and will provide very, you can say, rigid and quality products to our clients. As already said that myself and Sachin are experienced promoters, you can say, and we have senior management team also which has a vintage of more than 10 to 15 years. And that the team is home grown, home grown team, and all leadership team is vintage over 10. Next slide please. So, these are the key strength, another key strengths, so we will skip that slide. Thank you.

So, we are basically willing to scaling into the new heights. Now also willing to grow around 70% to 80% year-on-year, that's what basically our target is. So, a whole virtual relationship team is working meticulously to achieve the targets and achieve their goals. Next slide please. This is the equity capital structure, so you can skip that slide.

This is all about short introduction of Virtual Galaxy. Thank you very much. Now we will be opening a question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Thank you. Our first question comes from the line of Ansh Nissar from Ansh Partners. Please go ahead. Mr. Nissar, your line has been unmuted. Please unmute your line from your side and go ahead with your question please.

Ansh Nissar: Hi, sir. Good afternoon. Thank you for the opportunity. I would like to ask you like, can you give me an update on the order book of the company.

Sachin Pande: We have around Rs. 50 crores of order book right now.

Ansh Nissar: Okay. And could you tell me like how many are executed, how many orders are pending, any information on that?

Sachin Pande: Can you come again please?

Ansh Nissar: I am asking, can you tell me like how many orders have been executed or of what value, and how many orders are remaining?

Sachin Pande: What I have informed is that these are new order which we have in our hand.

Ansh Nissar: Okay, new orders are Rs. 50 crores, okay.

Sachin Pande: Yes.

Ansh Nissar: Okay. And my second question is, how do we plan on growing, like as you mentioned you want to grow from 70% to 80% year on year, so what plan do you have for that?

Sachin Pande: So, we have a very robust plan and our team is working very meticulously. Our marketing team also and sales team is also working very hard to achieve the target. And we are confident that with the past history we will be definitely achieving the target which we have set for our team and our company.

Ansh Nissar: I understand, sir. But sir, could you give me like around guideline or rough idea as to what you are planning?

Sachin Pande:

Yes. So just want to add to that thing that's handling the business development, actually we right now have presence in 15 states. We are going to increase to, these geographies will be increased. The product which is already giving us, the sales team and that the centralized team is already in the process of increasing to grab those opportunities. Apart from this, in the domestic side we are also targeting the e-government projects as well apart from the BFSI segment, right? Adding to that, we also would like to add the new geographies, particularly, we are focusing more on the African side.

Now this is very virgin market and there is a good chance of winning because the competition which we face is basically from the European and other big names which are there. However, being there mid-sized with a focused and innovative product, we are capable of handling that competition and most of the time we are bidding and winning the contracts as well. So, either the contracts were coming from the World Bank funding projects or even from their own source. But wherever there is a good competition, we are usually excelling in that and getting orders. So, trying to reach there and getting ourselves ahead in the competition, that is what we are right now looking for.

So, this is the innovative way we are approaching to the influencer and then various decision makers explaining more about the product, being we are in B2B kind of business you know very well. And there is a customer references also which are helping us a lot because of our good relationship and vast experience with them and the product robustness what they are experiencing. We got good references also from our customers. The other customers usually do the site visits and all. We make sure that every store is unturned and that is what we expect through which we are expecting a good growth in the business. The product itself is a very good readily available product which can be rolled out quickly. And collaborations are also there with various partners in various regions.

Avinash Shinde:

Further answering to your question, sir, we are also going into the India market, which is like Rajasthan, Uttarakhand, Uttaranchal, Odisha, Jharkhand, which are untapped market in terms of the digitalization. And there are certain aspects which as in company's policy that various departments we are trying to get that we should get the work orders. So absolutely we got a good funnel, the name funnel in Indian geography as well. So, by and large, I mean, we will definitely shift our focus from these 15 states to at least 25 states or 30 states per say. And from four or five countries of the other side, we will try to fetch at least the 11 or 12 countries of the African market. The ASEAN market also we are trying. Just because of little geopolitical situation surrounding over there, so that's why. Again, I mean, we had done a good call with a reputed client in Israel. Unfortunately, the war kind of situation is there and because of that it is not converted yet. So, there is no firmness on that, but in future going definitely you will see that Virtual Galaxy is not only limiting to India and it will be one of the best, finest company in BFSI segment serving clients across the globe. Thank you.

Ansh Nissar: Thank you so much, sir. Just one last question, is it possible to meet the management, like have a meeting with the management?

Avinash Shinde: Yes, of course. But the team and the management is travelling till 30th of this June and 7th probably we are just preparing some calls and everything. So, 15th of July onwards we can have one-to-one meeting. We are creating one corridor where we will send all the invitees, dignitaries that we will have the boot camp sort of where we can have one-to-one meetings in a company premises. And we are also planning to have a Analyst Day out which is I think just 25, 30 days away after the AGM of the company. So, I think, sir, you can participate in that Analyst Day out and you can take office tour, the premises tour, the technology side of the aspect and you can meet the people.

Sachin Pande: We are very happy to host you, yes.

Avinash Shinde: Yes, in Nagpur we are a very good host.

Sachin Pande: We are happy to host you. Even it's an open invitation to all of you to come down to our office and have a look at it.

Avinash Shinde: It's your office, sir. It's your company. We are more than happy to host you.

Ansh Nissar: Thank you so much for the kind words. And thank you for the time. All the best to you guys. Have a great day.

Avinash Shinde: Thank you so much for joining us. Thank you.

Moderator: Thank you. Our next question is a text question from Naitik M with NV Alpha Fund. The first question is, how do we book, recognize revenue under the SaaS product and software sales revenue?

Avinash Shinde: So, the business which is recurring nature is definitely a SaaS revenue. And the order one-time revenue and the new orders we receive in the company is the one-time sale for the company. That is the method which we are identifying either as a SaaS way and one-time way.

Moderator: The second question is, what percentage of revenue came from the MI state in FY '25? And how do we plan to reduce dependence of single state?

Avinash Shinde: Thank you. So, see, since our company is dealing with the cooperative segment, the cooperative segment itself has a very good presence in the Maharashtra, around 30%, 40% of the cooperatives are in Maharashtra. Out of 1,545 urban cooperative banks, around 550 banks are in Maharashtra itself. But we are not dependent on the Maharashtra, definitely we have a presence in 15 states of India and we are trying to increase to around 20, 22 states in India. And as I have already informed in my presentation that we are present in the Mizoram state as

well as and Goa state as well. So, we are also focusing on the Seven Sisters of the country and in the western part of the country as well, which is well developed with respect to all cooperatives and all these things. So, definitely we are trying to reach more states and trying reducing the dependence from the state of Maharashtra. Sachin, you want to say something?

Sachin Pande:

Yes. I just want to add more on this what Avinash ji told you more about the property sector. This is also now getting another thing due to focus from the honorable Home Minister and the cooperative minister, Mr. Shah ji. And they are pushing it very hard to scale it to the new heights. But there we have a presence. However, in the NBFC side and other sides also it has been wide open for core banking software as new RBI guidelines suggest that more than 10 branches, those entities which are having more than 10 branches has to have the core banking system to be put in place rather than just using the normal different model kind of software there. So, there is a business opportunity. Moving forward, you see that the opportunities are there from the fintechs also who are willing to join with various banks and utilizing this lending kind of platforms and other things. We being a technical solution provider can offer them.

And we are also expecting the business from length and the breadth of the overall country, rather than specifically concentrating only on state of Maharashtra. Being it is the place of origin, it is there, but you will see that the steps will be definitely taken by the company with respect to a company participating across the overall Indian geography. And apart from that, on the other developing nations also where we are having very good chance of getting these products to be deployed in various such similar kind of institution maybe is a microfinance or it is credit unions or it is the banks where we can focus there. Even on the e-governance side we see very good opportunities lies in various other geographies, excluding Maharashtra as well.

Moderator:

Thank you, sir. Other third question is, can we break into larger private public banks as this would cement our product's position?

Sachin Pande:

Yes, we are. Basically, apart from core banking we have other products as well which are in and around core banking. So, we are also targeting some of the public sector and the private banking sector. So, definitely we are looking for that business as well, and our team is also working on that and finding out the opportunities to be tapped here.

Moderator:

Thank you. Our next question comes from the line of Bhavya Chheda with Seven Island PMS. What is the revenue split between product sales and AMC contract for last three years?

Sachin Pande:

So, sale of products and software basically for the year 2023 is Rs. 56 crores. And then for the Financial Year 2024 it's Rs. 20 crores. SaaS revenue is Rs. 52 crores and last year it was Rs. 30 crores. Sale of hardware last year was also Rs. 11 crores and this year is also approximately Rs. 11 crores. These are the bifurcation for two financial years. I can read out for the last three

years as well, but I do not think it will add some values. So, these two years is the revenue breakup I have informed.

Avinash Shinde: Thank you. So, if we talk about Financial Year 2025, so our sale of revenue for product is Rs. 56.21 crores, which is a 46% of the total revenue. We have achieved SaaS revenue of Rs. 52.12 crores, which is 43.39% of last year. And the support in-built system that we provide, the hardware and infrastructure support, it contributes generally 9% which is equivalent to Rs. 11.80 crores. So, last year in Rs. 120 crores' bifurcation our product based and SaaS based revenue is coming around 90%, and rest 10% is coming from other hardware sales and the integration and the other things. Thank you.

Moderator: Thank you, sir. Our next question comes from the line of Abhishek Nair from Sharjah Asset Management. It's a text question. What is the guidance for revenue and PAT 2026?

Avinash Shinde: This question is very interesting. Abhishek ji, sir, we want to achieve around Rs. 220 crores annually. Within that we want to achieve at least Rs. 100 crores actual revenue with the same kind of profit margins, there is no compromise on that. And sir, in the next half we will try to present in a better way. We will try our best to achieve what we are saying. Sachin sir, if you want to add?

Sachin Pande: No, it's okay, already Mangesh has informed that. Also, in my presentation I have informed that we are trying to achieve around 70% to 80% year-on-year growth to that, with the same margins which we currently have. And that is the sustainable margins which we are definitely going to achieve, along with the 70% to 80% of growth year-on-year. Hope I satisfy answer?

Moderator: Thank you. Our next text question is from Akash Sawalani from Future Front Edge LLP. The question is, can we become next Finacle for the banking industry?

Avinash Shinde: Sir, we are very happy.

Sachin Pande: God speed. Just want to share you the thoughts about it. See, in the mid-market size we are performing better than the peers, and willing to go for jumping on higher side. So, on the turf of this mid-sized banks wherein we offer the solution to various district central cooperative banks, just want to inform you that there were two banks who were earlier working and through the SI, which is Wipro, we are using the core banking of Finacle, which is Infosys. And due to the frequent changes asked by the NABARD and there is the priority sector lending for the farmers and all changes, and there is in the interest subvention, there is a farmer distress because of there are scheme of loan waivers, etc. All those quick reporting etc. which is what we offered through which we got the orders from them, we received two such banks in our portfolio. One is Yavatmal District and Cooperative Bank and other is Aurangabad. Both shifted from Finacle to our product. And in fact, you can always check, they are more happy now. It's an integrated product along with the after sales service which we are able to give them

compared to the peer because although they are very big, but in this turf, we are giving better option than them. That is what we would like to highlight.

Avinash Shinde: I would also say that definitely our plans are very big and we are very ambitious and we are willing to grow the company. So, definitely as you said, we are more than happy to enter into that sphere of the business. And definitely we will achieve the same in very short period of time. Thank you very much.

Mangesh More: And Akash ji, lastly, I would like to add. We want that people forget Finacle and remember E-Banker in few years, and people compare E-Banker in peer-to-peer review so that people talk that when will someone come up with a software like E-Banker, fingers are crossed.

Moderator: Thank you. Our next question comes from Smart Horizon Opportunity Fund. What percentage of revenue is derived from government contracts versus private sector clients? How do you mitigate client concentration and payment delay risk, especially in government projects?

Sachin Pande: See, BFSI, basically at present government revenue is less, BFSI is around 90%, which is semi-government, and around 10% is from the government. Now, we are focusing more on the government as well to increase the revenue. And as you said, how you will be mitigating, we are definitely concentrating on various government requirements and activities and we have a very robust product portfolio for that. We have a IBS-ERP which is an digital transformation product for government department, and we have E-Autopsy software which is meant for the government hospitals only. And apart from that, we have a cyber security product which can go across the sector and government is also one of the sectors where we are pitching the cyber security product as well. So that's basically you can say the future.

Moderator: Thank you. Our next question comes from the line of Akshay Shah from Toro Wealth Managers LLP. Please go ahead.

Akshay Shah: Yes, sir. Thank you for the opportunity. In the last year, first half year revenue was around Rs. 72 crores, while second-half was around Rs. 42 crores. Why such skewness in revenue last year?

Avinash Shinde: See, we are actually dealing into the various projects. And last year, some of the projects has been basically shifted from last quarter to the first quarter of the financial year. And this is a phenomenon, basically this can happen this year also. But it's not like that the sale has been deepened down. Overall growth if you can take, we have grown more than 100% and achieved more than 100% growth along with the very handsome margin bottom line. So, there is no specific basically reason we can say, our team is working very, very hard. And some project billings may happen in the first quarter or the second half of the year and some half yearly contracts may slip into the next year as well. So, this can happen. But it's not like that we are only comparing with the H1 and H2 only. This may happen. And I request you that you can see overall growth of the company.

Sachin Pande: Yes, sir. Just to addition to Avinash ji's concern. Sir, business is little lumpy. There is no reasonability as such. And we cannot compare always this business on H1 or H2 basis. We have to see across years number. Because it is about the budget, it is about that order getting, then tracking, then implementation, then getting revenue, billing, booking and delivery of a product. So, it's an integration of one company. Onboarding client is also a very sticky job. And there is one more very humble and genuine answer to this that we were, as a management we were more than one month two months was literally behind this IPO process. It was very robust process. So yes, because of that some orders have been shifted to this quarter and I think it will reflect into the H1 results. So, there is no decline of sale as such.

Akshay Shah: Thank you so much. I just want to understand that whether it's reasonable or not, I got understanding. Second question is, you want to increase your export to 50% in next three to five years, but what is the target for FY '26?

Sachin Pande: FY '26 we are willing to double the export revenue, at least double the export which we have, around 20%, from 10% to 20%. Export is at present at 7.36%.

Mangesh More: Sir, it would be better if we do not give any guidance.

Sachin Pande: Okay. So, basically, we want to double the export revenue by next year, that's why we said that in next five years we will bring it to around 50%.

Akshay Shah: Okay, thank you so much.

Moderator: Thank you. And our next question is a text question from Nikhil Choudhary from Toro Wealth Managers LLP. Can you explain the two products, what is your revenue model in those? E-Autopsy, what initiated this product? How many players? Size of opportunity even we pay?

Sachin Pande: Okay. Yes. Thanks. So, coming to E-Autopsy, this particular is postmortem management software installed in the medical colleges and the discussion is going on with various governments to implement it across the state. And being it is a product where the eligible competition rather we can say. And along with the product features like voice recognition and some AI added features in that, it becomes a unique product in this particular segment. We can say kind of blue chip.

There are few recording products which is available from NIC, etc., but it is just reporting, whatever manual reports are being prepared there those get uploaded to the concerned government departments. However, this will be a game changer for them, and we can say in the marketing side it's a blue ocean kind of product right now. And it has opportunity across the country wide being it is a product particularly best suited for the government hospitals in the Indian context. It will be a game changer here. And we are expecting good revenue growth from this particular product.

Going forward, for the digital payment solution which we say as V-PAY. V-PAY as such is a product which although it is a B2B kind of product, we can use even B2C, in which our bankers who are our customers, we can extend it to their customers. So, we have an ecosystem in which let's say 70 lakh, 80 lakh customer base probably is obviously the user of this product, V-PAY. Most of the banks which are not able to avail the digital banking facility because of certain criteria which they are not meeting with the RBI, they are able to utilize them through our third-party option after V-PAY wherein we can offer them UPI payment received as, either you can use the sound box or you can even utilize on the QR code and then listening the voice in various languages of the payment received. That is what is available.

And apart from that, this BPS and the other activities which are related to the digital payment ecosystem which can further be integrated within this particular product. So, can we ever expanding super app, we can say like right now there are some booking like other offering similar to that your booking or your other bookings can also be done. So, these all facilities in turn the banks can offer to the customers which belongs to them. And we have a connectivity for this through the specific arrangement called BAPA, that is Bank as a PA. So, through that we are riding through the YES Bank. It is unique, we got that opportunity and we have a tie up with bank. Through which we are becoming the payment aggregator and we are able to aggregate this payment through which we can onboard the customers directly also. It is a kind of B2C we can offer to all across India for the QR code or for the sound box. And those are tested. Right now, we are offering this to the banks only, but our focus is also on the banks only.

Avinash Shinde: We are a B2B business basically, you are not B2C business. But the bank can provide the solution to their customers, that's why it's a BBC model you can say, business to business to customer. So, we are enabling all banks those who do not have the capability to provide all kind of digital payment solutions to their customers.

Akshay Shah: Thank you.

Moderator: Thank you. Our next question comes from Devang Doshi from Glance Capital. Sales as of date April to till date, how many branches under SaaS has been covered? And how many more you are expecting to add during this year? Revenue breakup along with margin.

Sachin Pande: That I will come back to you because I do not have that statistics with me right now. So, definitely we are growing. So, we will send this answer to you via another media. Right now, since we do not have very statistics, we cannot answer this question. We will come back to you. In general, we told that the increase in the revenue for the year what growth we are expecting is around 70% to 80% as in general growth. And definitely there will be a decrease in which we are seeing on happy early basis.

Avinash Shinde: That is growth which we are seeing on hardware businesses.

Moderator: Thank you. Our next question comes from the line of Om Thakkar from Smart Horizon Opportunity Funds. CapEx on intangible and tangible assets is significantly high this year, could you elaborate on the nature of these investments?

Sachin Pande: So yes, actually we have capitalized the cost that has been incurred in '24 and the Financial Year 2024-'25 as the product is developed. And we are inclined for the capitalization in the community of financial year as what was the R&D cost. Also, the online policy adopted has been adopted. Whatever the cost that has been incurred on the R&D activity is going to capitalize in terms of intangible assets for the profit development.

Moderator: Our next text question comes from Lucky Investments from Ashish. What kind of H1 FY '26 sales guidance, what kind of PAT margin for FY '26?

Sachin Pande: Already I answered this question, we are looking for around 70%, 80%, so same guidance will be there.

Moderator: Thank you, sir. Our next question comes from Naitik from NV Alpha Fund. Which other companies we compete within India? What are the intangibles we have booked in balance sheet, have increased from Rs. 24 crores to Rs. 30 crores from FY '24 to FY '25? Can you please name the largest Indian customer bank?

Avinash Shinde: Sorry sir, the three questions have been coupled up.

Sachin Pande: One by one I think we should address your answer. The one which is the largest customer right now here in India is State Transport Employee Cooperative Bank in Maharashtra having around 63 branches. However, we are seeing largely in terms of the revenue, which is often from the larger, in terms of branches if you see, the largest customer is the Aurangabad District Central Cooperative Bank having 135 branches with them.

Then the question which you asked about the competitors, we cooperate with various players in and around. The one which is Infracore who got the funds earlier and they are the ones who we are having certain banks which we now obtain from them. And apart from that, there are few others like Virmati and the Finacus from Mumbai. And there ESHOP from Hyderabad. There are other players who are here, in fact, one I trust here in Nagpur as well. But the size wise the earlier which we discussed are the bigger ones to whom we actually address and fight more.

Then if you go for the other aspects, we compete with Temenos, then there is Flexcube also. And there is one particular Valum software from one specific company who is not very good, earlier was vintage in Africa. So, we also replaced their software from them. And mostly in the African side these are the players whom we are competing. Hope I addressed these two.

And the third one is basically you are asking about the financial, can you come again with that third question please?

Moderator: Yes, sir. The third question is, can you please name our largest Indian customer bank?

Avinash Shinde: Yes, already Sachin ji has informed that one of the state cooperative bank in Maharashtra which contributed around Rs. 43 crores of the order.

Sachin Pande: State Transport Employee Cooperative Bank, one of the cooperative banks in Maharashtra.

Moderator: Thank you, sir. The next question is from the line of Rajesh Singla from VTG Capital. Can you provide a detailed business overview of your data center operations and explain the scalability of that business?

Sachin Pande: Data center operations you are asking about, it's a captive data center which we offer, not as a separate kind of line item, but the combination of this data center services included in our overall project as a part of hybrid integrated SaaS model. And we provide that solution combined with our software as a service in which this DCDR as a business continuity plan. Then the overall, even the VSOC, etc. together. And combined we offer that as hybrid integrated SaaS model. So, this is about utilization of data center services in our product line.

Avinash Shinde: So, data center is captive for us basically. We are not into that data center business which we are thinking that we are going to build a data center and then selling to the data center. It's a captive for us. The product which we provide to our customers, we host their applications on our data center and we are set. Next question please.

Moderator: Thank you. Our next question comes from the line of Jalaj Manocha from Swann Investments. Could you please break up the business into segments across products and data center services and explain each segment separately? Also, could you could you customize across each segments what percentage of revenue is spent as R&D expenses?

Sachin Pande: So, your first question, basically we have product wise revenue. The E-Banker is contributing 78% in the revenue, then ERP is 7.78% of the total revenue. E-governance at present is at 8.5%. Then V-PAY and others are basically enabler for E-Banker sale. So, revenue is clubbed in to the E-Banker and it's 31% only. Then E-Autopsy is also very less at present because sales has been done and we are willing to multiply that business into various government hospitals. And the hardware related revenue is 9.82%. These are the revenue mix for all products and services for the year 2025.

Moderator: Thank you. Our next question comes from the line of Remi Bhatt, who's an investor. Good afternoon team. Though an unconventional question and may sounds slightly out of line. What I understand is that our closest peer in BFSI space is Trust Fintech which got listed last year. In

IST call they gave guidance 100% growth, however, in reality their top line fell down, margins fell.

Sachin Pande: Okay. So, you said that it's our nearest competitor, but it's not the fact. Our PAT is similar to the whole revenue that they have, so you cannot compare them to us. But definitely they have a core banking product and we also have a core banking product. But our product portfolio is much bigger than what they have. We are having a diversified product portfolio and diversified revenue as well and our target is also bigger, our reach is also bigger, our team is also bigger. So, definitely we are not competing with them. And I cannot say anything about the other companies whether their revenue is dipped down. I can definitely say confidently that Virtual Galaxy whatever we are saying we will definitely achieve that figures. Hope I answered your question.

Moderator: Thank you. Our next text question comes from Raul Arya from Wealth Wizards. Can you provide a detailed business overview of your data center operations and explain the scalability of that business, how much revenue?

Avinash Shinde: Just now Sachin ji has answered this question in the data center business. And also, I have added into it that the data center business is the captive business for Virtual Galaxy. We host all applications of our customers which we provide to them. So, it's not like a traditional data center business which we are looking or considering for, it's a captive data center and we host applications, we provide cloud solutions in you can say as a SaaS model basically, for that we are using that data center.

Moderator: Thank you. Second question is, how much revenue ramp up are you targeting from your cybersecurity product this financial year?

Avinash Shinde: So, I cannot answer specifically that how much revenue percentage wise, but definitely it will contribute a good amount of revenue into the top line of the business.

Sachin Pande: We can say that in future going the cybersecurity will be the major contributor in business, and which can derive that 10% to 20% definitely can be in the going concern context.

Avinash Shinde: Also, I am happy to inform you that recently we got Rs. 2.5 crores of order from our existing client from the northeast section of the country for the cyber security. So definitely it is going to contribute a substantial portion of revenue.

Moderator: Thank you, sir.

Avinash Shinde: We will take another two questions and then we will wrap, so last two questions, please.

Moderator: Yes, sir. Our next text question comes from the line of Roshan Nakade, who is an investor. Your core banking clients, cooperative banks, NBFCs typically have limited IT budgets. What

evidence do you have that they will pay premium prices for your data center services versus cheaper alternatives?

Avinash Shinde: See, if a customer wants a good solution, good service, good product, then definitely they have to pay for that. And with comparison with the bigger companies, our solution is quite affordable. So, definitely there is a budget. And those who can afford then only we approach to them. We are not going for a single branch and this kind of customers which are not giving the revenue. So, we are concentrating on bigger banks and bigger customers as well. Also, we are focusing on government. So, it's not an issue for paying charges for our product. So definitely we are catering that.

Sachin Pande: See, apart from that just want to add that if you take the TCO, total cost of ownership, which they anyway are aware, because the migrations are going on, the real solutions get replaced. So, they are not the first-time users, they are already adding certain products with them. When they are unhappy, they are going to change it. So, when they are unhappy it is all because of the services where they are getting and lagging behind. A lot of compliances has been increased from RBI and other regulatory bodies, which they have to anyway address. For which they usually prepare the budgets now and make the necessary payments to us.

Avinash Shinde: Yes, sir. If we want to understand this indicatively in general language, so the cooperative bank that is there may not be able to afford an Apple, but they can afford a Nokia or Samsung. And we compare it in terms of vehicle, so Mahindra & Mahindra is the correct example. They do not require a Mercedes; their work gets done by Mahindra. And we are happy that we are Mahindra & Mahindra of India, at least we are an Indian company. We are creating our own solutions, we are creating our own products, we are serving our own nation. So, I do not think so that they might have been in the micro pockets and deep pockets and divide into the several branches. But no mind that getting business out of that because ultimately, they have to do the business.

We are specialized in cooperative sector. We are specialized in BFSI sector. We cannot say that that there is a less budget. Now they are also competing with the private segment banks like small AU Finance Bank, Utkarsh Bank, Unity Bank. Everybody is now talking and working that how they can get their good businesses like us. So, in a going concern, definitely we will more focus, we will rigidly more monitor the cooperative sector. And earlier it was like the cooperative sector but now it's a cooperative ministry. And Amit Shah ji is heading that department, so you can understand the impact and the importance of that ministry in our whole ecosystem. Sir, I hope I have answered you.

Sachin Pande: Willingness of paying more is there.

Avinash Shinde: Yes, yes, every company now have this budget, for quality they are able. The CEO of the Panchayat, they are using the Skoda and other things, from Bolero to Skoda they have jumped.

Sachin Pande: Yes, but on the lighter note we are saying that, there is a willingness to pay which we have seen being doing this business, that's for sure, yes.

Moderator: Thank you. Our next text question comes from the line of Akash Sawalani from Future Front Edge LLP. Can we become the next Finacle for the banking industry? Can we target big private sector banks as a customer in this financial year?

Mangesh More: Yes, yes, yes. Akash ji, definitely we are trying for private small finance banks. And when new licenses come up, when new banks come up in the future, because from the start how the software would be, what it would be, the bank is making proposal accordingly. So, in future you will definitely see that somehow private banks are using our core banking software. I mean, again, I am clearing here that we are talking about CVS and not our other value-added services which we are already providing to the private banks as well. So, your company will deliver definitely sir. Just I think it's a matter of a half year or a matter of quarter, but we will definitely step into some private banks.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Mangesh More for closing comments.

Mangesh More: Thank you. Thank you so much. Ladies and gentlemen, thank you so much for joining our very first analysts meeting of Virtual Galaxy. We tried our very best, and the culture that the company has, the vibe that the company has, we have tried our best to adhere to that while answering your questions. In case you feel like any question was unanswered or there is still scope left, you can please contact us via email or mobile, we will address that within relevant time. And one important task is, we are going to have our Analyst Day out and Investors Day out in the company in the coming month, probably in the August, just after settling the first set of monsoon. So, I mean, I would like to invite each and everyone who have participated. And I am literally blissful and thankful for your kind, kind support. Your company will do amazingly things in the future. Thank you so much. And special thanks to Team Fortuna, those who have arranged all this thing, my special regards to them. Thank you. Thank you so much, team. Thank you, gentlemen.

Sachin Pande: Thanks a lot. Thanks a lot. Thank you.

Moderator: Thank you. Ladies and gentlemen, if you have any pending questions, please feel free to contact the company at investors@vgipl.in. Ladies and gentlemen, on behalf of Virtual Galaxy Infotech Limited, that concludes today's session. Thank you for your participation. You may now click on the exit meeting to disconnect. Thank you.