ArihantCapital
Generating Wealth

Management Meet
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Ivalue Infosolutions Ltd

Long-Term Growth Trajectory Strengthening Further

Business Background: iValue Infosolutions is a leading digital technology solutions integrator that specialises in cybersecurity, data-centre infrastructure, cloud, and information-lifecycle management, acting as a multi-vendor technology aggregator rather than building its own products. The company delivers end-to-end enterprise IT solutions through consulting, integration, deployment, and managed services, supported by a strong ecosystem of 109 OEM partners, 804 system integrators, and 2,877 customers as of FY2025. Cybersecurity remains its largest revenue segment, complemented by ILM, data-centre, and cloud/ALM offerings. In FY2025, iValue reported approximately INR 923 crore in revenue and INR 85.3 crore in PAT, reflecting solid growth, and further strengthened its market visibility by launching its IPO in September 2025. Post-listing, the company delivered its highest-ever quarterly sales in Q2 FY26, driven by rising enterprise demand for integrated IT and security solutions. Positioned at the intersection of digital transformation and security modernisation, iValue continues to benefit from strong industry tailwinds and growing reliance on hybrid-cloud and managed security services.

Investment Rationale:

Differentiated GTM Engine Driving Structural Outperformance

iValue's unique GTM stack—CLCA analytics, a multi-OEM Centre of Excellence and one of the largest pre-sales teams in the VAD space creates high-value solutioning rather than simple distribution. This allows iValue to operate early in the deal cycle and generate 25–30% of deals through its own analytics-led prospecting. The scale-driven analytics model (10,000+ customer depth) and a broad SI–OEM network create strong competitive moats, consistently delivering >20% revenue growth versus mid-teen industry growth.

Positioned at the Centre of the AI + App Modernization Wave

Nearly 70% of revenue comes from segments directly benefiting from AI-led enterprise application modernization cybersecurity, DCI, ILM and ALM. As enterprises expand and refresh mission-critical applications, demand for secure DevSecOps, hybrid cloud, testing automation and lifecycle tools rises sharply. This ecosystem shift lifts growth potential from 20–25% to above 30%, expanding iValue's addressable market and strengthening multi-year visibility.

Strong OEM/SI Partnerships Strengthening Deal Flow and Margins

iValue's deep engagement with OEMs supported by CLCA insights and disciplined product onboarding drives recurring, high-visibility business. OEMs prefer iValue for targeted customer analytics, faster turnaround and higher conversion. Its solutioning-led model (specs, PoCs, validation) enhances SI win rates, expanding margins as deal complexity increases. The multi-OEM CoE and lifecycle services (including SOC/NOC) create switching costs few competitors can match.

Operational Efficiency Driving Consistent Value Creation

The business runs on a capital-light model with near-zero inventory and tightly managed working capital (40 days NWC), supporting 35–40% ROCE and 22–25% ROE well above peers like Redington and Savex. Free cash flow conversion remains strong at 60–65%. With PAT expected at INR 110 crore in FY26 and INR 135–140 crore in FY27, iValue comfortably supports a valuation of INR 3,000–3,200 cr while still trading at <0.8x PEG, offering valuation comfort and rerating potential.

Valuation & View: The business is set for growth, with AI-led app modernization keeping revenue above 20%. Margins should remain stable, supported by a strong pre-sales engine and higher-value deal wins. Tight working capital will continue to drive healthy cash flows. PAT is expected to grow 25% annually, and strong OEM partnerships plus a solid GTM model position it for consistent, high-quality performance. With INR 110cr PAT in FY26 and INR 135–140cr in FY27, the business comfortably supports a valuation of INR 3,000–3,200cr while still trading at <0.8x PEG. Cash generation and growth durability underpin valuation support. We believe growth visibility remains strong, execution is consistent, and the valuation provides scope for further re-rating.

CMP: INR 300

Outlook: Positive

Stock Performance (%)	1w	1m	3m
Ivalue Infosolution	5.16	15.7	-
Nifty IT	0.9	4.7	4.6

Stock Info	
BSE	544523
NSE	IVALUE
Bloomberg	IVALUE:IN
Reuters	IVALUE.BO
Sector	IT Services & Consulting
Face Value (INR)	2
Equity Capital (INR Mn)	110
Mkt Cap (INR Mn)	16,100
52w H/L (INR)	340/251

Shareholding Pattern %

(As on September, 2025)

Promoters	32.73
FII	4.35
DII	11.2
Public & Others	51.70

iValue Infosolutions – Management Meeting KTAs

iValue's GTM stack-CLCA analytics, a multi-OEM CoE and one of the largest pre-sales teams in the VAD space creates value far beyond simple distribution. Scale is the key differentiator: their customer lifecycle analytics only works at 10k-customer depth, and the CoE becomes financially viable only with a broad OEM and SI pipeline. iValue checks both boxes.

RoCe&Roe

This differentiated model supports 35–40% ROCE, 22–25% steady-state ROE and 60–65% free cash flow conversion are well ahead of Redington and other peers. The business structurally runs with near-zero inventory and tight WC discipline (40 days NWC).

AI-Driven Growth Acceleration

70% of revenue sits in segments directly benefiting from the enterprise app+AI wave, where growth is poised to lift from 20–25% to above 30%. The balance portfolio grows at a stable 18–20%. Industry grows mid-teens; iValue consistently delivers >20% topline and ~25% PAT growth.

Financial

With INR 110cr PAT in FY26 and INR 135–140cr in FY27, the business comfortably supports a valuation of INR 3,000–3,200cr while still trading at <0.8x PEG. Cash generation and growth durability underpin valuation support.

Management Focus

Deep understanding of OEM cycles, disciplined product onboarding and a relentless focus on pre-sales/CoE investments strengthen the long-term franchise.

Applications

Enterprises run 7–8 mission-critical apps (CRM, HRMS, SAP, etc.) that require performance, availability, scalability and security. This drives demand across cybersecurity, DCI, ILM and ALM the four stacks where iValue operates.

iValue's Role in the App Lifecycle

SIs build and maintain applications for enterprises, but rely on iValue's PASS capability for specialised layers such as GitHub/sandbox provisioning, hybrid cloud tools, testing automation and secure DevSecOps pipelines. With AI reducing coding time, the number of apps and refresh cycles is increasing, structurally expanding iValue's addressable market.

Hardware + Software Agnostic

iValue treats hardware and software uniformly solutions are spec'd, PoC'd and validated by a strong pre-sales team. Hardware is 30–35% of business but can fluctuate based on cycles and value creation remains in solutioning, not selling compute.

DCI & ILM Relevance

Private DC modernisation (DR/NDR, data protection, archival, classification tools) keeps ILM a high-value segment. DCI is more hardware-heavy (60%) but remains essential for edge DC and networking refreshes.

Sustainable Premium Growth

All four tech stacks are sunrise sectors growing at 2x GDP. With iValue's scale and SI integration, growth should remain 6–8pp above industry. Rupee depreciation volatility has been addressed by reducing quote validity to one day.

Margin

Gross margins-EBITDA margins for iValue, a rarity in distribution. Cybersecurity runs 100–150bps above the company average, Date center infra (DCI) around 100bps below. Portfolio mix (niche vs. mature products, and iValue-generated against SI-generated deals) drives margin durability.

Other Income

INR 13–14cr of operating other income is recurring and linked to OEM terms. Q2 was very strong and Q4 is guided to ~INR 40cr (vs. INR 36cr last year).

Why OEMs Prefer iValue

CLCA analytics gives OEMs faster turnaround and sharply targeted customer engagement. With 10k+ customers' purchase history, iValue can predict refresh cycles and cross-sell needs accurately—something a typical distributor cannot replicate.

OEM

The CSO evaluates new OEMs daily based on technology maturity, category relevance and fit with iValue's portfolio. High discipline avoids dilution of wallet share.

Defending Against Redington/Savex

Despite larger scale, competition has not displaced iValue due to its multi-OEM Centre of excellence (CoE), deep end-customer involvement, strong pre-sales and the ability to offer implementation + SOC/NOC services unique among VADs.

SI Network & Go to market (GTM) Engine

Deal Flow Mechanics

iValue operates early in the deal cycle: customer requirements-SI architecture-iValue specs, OEM finalisation-SI quote. 25–30% of deals originate from iValue's own analytics-driven prospecting.

System integrator

Margins expand with deal complexity. As iValue handles specs/PoCs for complex solutions, SIs prefer routing deals through them for higher conversion probability.

WC

Receivable days ~100; payable days ~60; no inventory. Back-to-back contracting and credit insurance reduce risk across 648 SIs

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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