Virtual Galaxy Infotech Limited
(Formerly known as Virtual Galaxy Infotech Pvt. Ltd.)
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Date: November 21st, 2026

To,
Listing Department,
National Stock Exchange Limited
Exchange Plaza, C-1, Block-G, Bandra Kurla
Complex, Bandra (E),
Mumbai-400 051

Symbol: VGINFOTECH, **ISIN**: INE0VRH01015

Sub: Submission of Transcript of Earnings Conference Call with analysts and investors held on November 16th, 2026.

Dear Sir/Madam,

Pursuant to Regulation 30, read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and further to our letter dated November 09th, 2026, we are enclosing herewith the transcript of the Earnings Conference Call with analysts and investors held on November 16th, 2026 for the financial results for the quarter and half year ended September 30, 2026.

The transcript is also available on the Company's website at https://www.vgipl.com/investors_info/investor-analyst-meet.

We request you to kindly take the above on record.

Thanking you,

Yours truly,
For **Virtual Galaxy Infotech Limited**

ANJALI VINAY PADHYE
Digitally signed by ANJALI VINAY PADHYE
Date: 2026.11.21 13:30:14 +05'30'

Anjali Vinay Padhye
Company Secretary & Compliance Officer
Membership No. A23773
Place: Nagpur

“Virtual Galaxy Infotech Limited Q2 & H1 FY2027 Earnings Conference Call”

November 16, 2026

Management: Mr. Sachin Pande - Managing Director & Chief Technology Officer
Mr. Avinash Shende - Chairman, Executive Director & Chief Financial Officer

Analyst: Mr. Pranil Pandya - Atlas Capital - Investor Relationship Advisor

Moderator: Ladies and gentlemen, good day and welcome to the Virtual Galaxy Infotech Limited Q2 FY2027 earnings conference call hosted by Atlas Capital. As a reminder, all participants' line will be in the listen only mode and there will be an opportunity for you to answer questions after the presentation concludes. Please note that this conference is being recorded. I will now hand over the floor to Mr. Sachin Pande, Managing Director and CTO. Thank you, and over to you, sir.

Sachin Pande: Good morning, everyone, and thank you for joining us for Virtual Galaxy Infotech Limited Q2 and H1 FY2027 earnings conference call. Joining me with today is, Mr. Avinash Shende, Chairman, Executive Director and Chief Financial Officer of the company, and Mr. Pranil Pandya from Atlas Capital, our Investor Relationship Advisor. I hope you have had an opportunity to review our financial results and investor presentation. Let me begin with our performance for the first half of FY2027. Revenue from operations grew by 21% year-on-year to Rs.104.6 Crores compared with Rs.86.2 Crores in H1 FY2026. The moderation in reported revenue reflects lower hardware and related sales which are non-core in nature and Rs. 1 Crore in H1 FY2027 compared with Rs.7.9 Crores in the corresponding period last year. Excluding these sales, our core revenue comprising annual SaaS revenue and software sales grew by 32% to Rs.103.6 Crores. A key highlight of the first half was improvement in operating leverage. While revenue grew by 21%, the combined expenditure on material consumption and software development increased by just 4%. This translated into 41% increase in EBITDA to Rs.54 Crores compared with Rs.38.4 Crores in H1 FY2026. Consequently, EBITDA margin is expanded by 704-basis points to 51.7%. Profit after tax increased by 12% to Rs.24.6 Crores while operating profitability is improved substantially, higher depreciation and finance costs moderated the conversion of EBITDA growth into the net profit.

Let me now take you through the key business developments during the first half. An important development during the first half FY2027, was the strengthening of company's leadership and execution capabilities through key additions across the governance, product development and development of business. These appointments bring together a seasoned industry experience, specialized technology expertise and growing involvement of the next generation of promoters' group across the key operating functions. Mr. Sunil Kulkarni, appointed as Professional Non-Executive Director, brings over 35 years of experience across the technology, banking and digital and financial services. He currently advises the Business Correspondent Federation of India and has contributed to policy and industry initiatives involving IMAI, BCFI, RBI, RBIH and Department of Financial Services. His expertise spans merchant payments, remittances, Aadhaar enabled payments, and branchless banking alongside advisory and board positions across the fintech and financial service ecosystems. He has also completed engineering in electronics and

telecommunications from Jodhpur and completed the management education program at the Indian Institute of Management, Ahmedabad. His extensive industry experience and understanding of BFSI ecosystem will strengthen the company's engagement with banks, financial institutions and other industry stakeholders.

Mr. Abhay Chaudhary who joined as a Chief Product Officer, brings 28 years of experience in product engineering and technology leadership across the SaaS, telecom and banking. Most recently at Coursera, he led an AI-first engineering transformation and enterprise integration platform. He will lead the company’s product strategy development and execution, further strengthening its technology and product capabilities. He is also pursuing a PhD in Computer Science, specializing in Artificial Intelligence at Indian Institute of Information Technology, Nagpur, with his academic work in AI adding further depth in his experience in product engineering, technology architecture, and enterprise platform development. The company has also seen a greater involvement of the second generation of the promoter group in key operating functions.

Ms. Samruddhi Pande representing a second generation of promoter group leads a nine-member team working across the two key product lines. Virtual Vaani, a company's AI-powered voice platform, and Finix, its AI-enabled digital lending solution. She is also involved in the website developments for Payext and VGIL, the company's corporate rebranding initiatives and strategic planning, including organizational structure and role design. She holds B.Tech in Computer Science and Engineering from Vellore Institute of Technology and is currently pursuing the postgraduate program in management for family business, PGP, MFAP, at Indian School of Business, ISB. Her academic background combines Technology and Business Management, complementing her involvement in the company's operational and strategic initiative.

Mr. Tanmay Shende, also representing the second generation of the promoter group, leads international business development initiative, focusing on strategic partnership, market entry, and institutional opportunities across Africa, Southeast Asia, Europe, and Latin America. His responsibilities span international enterprise business development, International Bids and proposal management, partner ecosystem development, and engagement with banks, financial institutions, and government organizations. He holds an integrated B.Tech and MBA Tech from NMIMS Mumbai, along with an MBA in Finance and MSc in Data Analytics for business from KEDGE Business School, France. He also completed additional B. Tech Honors in Artificial Intelligence and Machine Learning from IBM. This multidisciplinary academic background across technology, business management, analytics, complements his role in developing international markets and positioning the company's enterprise technology solutions. Collectively, these developments strengthen the company's capabilities across BFSI, product engineering, software

development, and international business development. They also add depth in leadership team while bringing the next generation of promoters group into increasingly important operating and growth-oriented responsibilities.

Moving to our business operations, BFSI continues to be the largest contributor to the company's business. We continue to see opportunities across cooperative banks, district central cooperative banks, state cooperative banks, and NBFC's ecosystem. Our focus remains in deepening relationships with existing customers while expanding our institutional customer base. Within our existing customer base, the opportunity lies in increasing the range of solutions deployed across institutions, particularly through our core banking, digital payments, and loan originating system platform. The NBFC segment also represents an important opportunity as financial institutions increasingly require specialized technology infrastructure to support their operations and regulatory requirements.

At the end of H1 FY2027, our unexecuted order book stood at Rs.148.9 Crores compared with Rs.102 crores in the corresponding period of last year, representing a growth of 46%. Additionally, the company has an active bid pipeline, approximately Rs.1000 Crores, providing further opportunities for order book growth and improved revenue visibility over the coming quarters. Our business development pipeline also includes multiple institutional opportunities across the banking, government, and export market. These opportunities typically progress through tendering, order awards, mobilization and phased implementation accordingly. The timing of order conversion and revenue recognition can vary across quarters.

Alongside our established banking business, we are developing opportunities across government digitalization, cybersecurity, and healthcare technology. Our cybersecurity platform, Cyber Sentinel, addresses security monitoring and threat management requirements, and it is across financial institutions, government organizations and other enterprises. The opportunity extends beyond banking, particularly as cybersecurity requirements become increasingly relevant across all the sectors. During H1 FY2027, we also developed a portfolio of specialized software solutions for the healthcare sector, further expanding the presence beyond our established BFSI operations. Our healthcare technology portfolio includes Radiology Information System and PACS, which is RIS-PACS, asset management, monitoring, and tracking, and the existing product, which is Virtual Autopsy. An important development in this segment has been the implementation of our asset management solution as a pilot project at Grant Government Medical College and Sir J.J. Group of Hospitals in Mumbai.

The platform is operational in the hospital radiology department providing a centralized view of medical equipment and enabling monitoring of utilization, maintenance schedules

and services contracts. Our RIS-PACS like form integrates the radiology department's workflow, covering patient registration appointments, scheduling, medical imaging, image archiving and reporting through a common system. This enables hospitals to streamline radiology operations and improve the flow of diagnostic information between departments and healthcare professionals. Virtual Autopsy is another specialized software solution designed for hospitals, setting an emphasis on digital and supporting autopsy related documentation. We are taking this solution forward through technical presentation and discussions around hospital implementation with individual hospital deployments forming the basis of commercial adoption. Together, these offerings broaden our healthcare technology portfolio and create opportunities to engage with government medical colleges, hospitals and other institutions' healthcare customers.

In the international market, particularly Africa and other developing economies, it remains an important avenue for the growth. Our experience in banking technology deployment, including World Bank supported projects, provides an established platform from which we pursue additional institutional opportunities. We are engaging our overseas market primarily through banking and financial technology requirements where our existing solutions can address the need for scalable and cost-effective digital infrastructure. Coming to the outlook of FY2027, our revenue growth guidance of 40% remains unchanged. Our business typically has a stronger second half, with around 60% of full year revenue generated during a second half, H2. This seasonality supports a higher revenue contribution in the second half of FY2027. In addition, several institutional opportunities are progressing through tendering, order mobilization and phased implementation which will influence the time of revenue conversion.

The remainder of the financial year will therefore be important from an execution standpoint. Our focus remains on progressing these opportunities by expanding engagement across newer product verticals. Over the medium term, we see an opportunity to build on our established BFSI business while increasing the contribution from cybersecurity, government technology, healthcare and other international operations. With this, I would now request Mr. Avinash Shende to take you through the company's financial performance in greater details. Thank you all.

Avinash Shende: Thank you, Sachin and good afternoon everyone. Now I will take you through the company's financial performance for the second quarter and first half of 2027. Starting with the quarterly performance, revenue from operations for Q2 FY2027 stood at Rs.64.2 Crores compared with the Rs.40.4 Crores in Q1 FY2027 registering a sequential growth of 59%. Our EBITDA increased by 39% to Rs.31.5 Crores from Rs.22.6 Crores in the preceding quarter. EBITDA margin stood at 49.0% compared with the 55.9% in Q1 FY2027. Profit after tax increased to Rs.15.4 Crores from Rs.9.2 crores representing a sequential growth of

68%. We have witnessed a clear sequential improvement in our business performance with Q2 delivering stronger growth across the revenue and profitability compared to the Q1. Given the seasonality of our business with 60% annual revenue typically generated in H2. We expect this momentum to continue through the second half of the year.

Moving to the first half performance revenue from operations increased by 21% year-on-year to Rs.104.6 Crores compared with Rs.86.1 Crores in H1 of 2026. Growth was broad based across the product sales and SaaS services. Revenue from the sale of products increased by 33% to Rs.55.6 Crores while SaaS services revenue grew by 32% to Rs.47.9 Crores against the Rs.36.4 Crores in the corresponding previous period. Both segments outplace overall revenue growth to 21.4%, with SaaS services providing a growing contribution from recurring revenue. EBITDA increased by 41% to Rs.54 Crores compared with the Rs.38.4 Crores in corresponding previous last year. EBITDA margin improved to 51.7% from 44.6% representing an expansion of 704-basis points. A key factor behind this improvement was a moderation in operating cost growth relative to the revenue. Combined expenditure of material consumption and software development increased by only 4% to Rs.35.2 Crores against the revenue growth of 21%. Employee benefit expenses increased by 14%, while other expenses grew by 9%. Both below the rate of revenue growth. This operating leverage combined with the growing contribution from the recurring revenue streams supports the sustainability of EBITDA margins at around 50%.

Moving below the operating level, profit after tax stood at Rs.24.6 Crores compared with the Rs.22 Crores, registering the growth of 12%. While operating profitability improved sustainability, higher depreciation and finance costs moderated the conversion of EBITDA growth into the net profit. Consequently, PAT margin stood at 23.6% overall. The first half performance reflects stronger operating leverage with the impact on higher depreciation and finance costs moderating the improvement in the bottom line.

Moving to the balance sheet, total borrowing stood at Rs.47.9 Crores as of September 30, 2026 compared with Rs.48.4 Crores at the end of FY2026, indicating a broadly stable borrowing position. Cash and cash equivalents stood at Rs.11.4 Crores at the end of H1 FY2027 compared with Rs.31.2 Crores as of March 31, 2026. The reduction in cash balance was primarily attributable to investment outflows during the period. The company generated Rs.38.7 Crores of cash from operating activities, while net cash utilized in investing activities stood at Rs.56.9 Crores. Net cash utilized in the financing activities was Rs.1.5 Crores.

I would now like to explain the nature of these investments particularly in the increase in the tangible assets under the development and intangible assets under the development. Tangible assets under the development increased from Rs.9.8 Crores at the end of FY2026

to Rs.57.9 Crores as of September 30, 2026. This increase primarily relates to build operate and transfer projects undertaken by the company for the banks. This includes turnkey infrastructure projects as well as the renewals of existing banking infrastructure arrangements. Under these projects, the company undertakes the supply and deployment of servers, data center infrastructure, and IT hardware requirements of banking institutions. This involves significant upfront expenditure towards the procuring and establishing the infrastructure before the projects become operational. Currently, these investments are reflected under the capital work in progress from March 2027 onwards. As the respective projects reach commissioning, the expenditure will progressively be transferred from work in progress to the fixed asset. Once operational, these deployments will generate revenue through monthly rental arrangements over a project tenure. Accordingly. current investment outflow is linked to the creation of infrastructure that will subsequently contribute to the recurring monthly revenues of the company.

The other significant investment relates to the intangible assets under development, which increases from Rs.12.4 Crores at the end of FY2026 to Rs.22.4 Crores as of September 30, 2026. This increase primarily represents research and development expenditure towards software development. These investments are associated with developing and enhancing the company's proprietary software platforms and strengthening its technology capabilities. The software development investments are expected to support incremental SaaS revenue from H2 FY2027 following the necessary approvals and certifications and implementation requirements. As outlined earlier the company generated a positive operating cash flow of Rs.38.7 Crores during the first half, while investment expenditure was higher at Rs.56.9 Crores. As the BOT projects are progressively commissioned from March 2027 onwards, the corresponding work in progress will be converted into operational assets and begin generating monthly revenues. This will mark an important stage in converting the capital deployed during the current period into a revenue-generated infrastructure.

To conclude H1 FY2027 has delivered healthy revenue growth alongside a significant improvement in operating profitability. The investments made during the period reflect the development of banking infrastructure projects and continued investment in software capabilities. As these projects move towards the commissioning, they will add the company's operating asset base and provide an additional source of monthly rental revenue. The coming quarters will be important for converting institutional opportunities in executable business and translating these investments into operating revenues. We remain committed to FY2027 growth guidance while maintaining a disciplined approach towards profitability and capital allocation. Thank you for your time and participation. Now we will be open for a question and answer session.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participant tab on your screen. We will wait for a moment until the queue assembles. We will take a first question from Vishal Shah an Independent Analyst.

Vishal Shah: Good morning, sir. Congratulations on a great set of numbers for the first half and sequentially. My question was basically keeping in mind that the operating profit increased sequentially from Rs.23 Crores in June to Rs.31 Crores that is the operating profit, EBIT. So still the margins declined from 56% to 49% in terms of percentage value so what would be the reason?

Avinash Shende: Yes. Thanks for the question. So, primarily, this has been because of the increase in depreciation to Rs.17.62 Crores compared with the Rs.6.6 Crores in H1 2026.

Vishal Shah: Okay.

Avinash Shende: Finance cost has also increased to 1.7 Crores from the corresponding period. That is the major reason.

Moderator: Okay, we will move to our next question. Mr. Raghav Agarwal from Agarwal Family Office.

Raghav Agarwal: Good morning, sir. I had a couple of questions. Firstly, just a follow up to the previous participant. I think the question was why did the operating margins decline sequentially? But operating margin would not have depreciation and finance revenue below the operating margin. So, could you please clarify why the operating margin dipped sequentially?

Sachin Pande: So, the most important aspect here is the cost of material consumed. If you compare the quarter I mean, this particular, there is an increase in cost of material consumed from Rs.24.95 Crores to Rs.35.21 Crores. So, the consumption in this is a bit higher because of which there is a lag, particularly lag of hardly 2% in this case.

Raghav Agarwal: And sir, in our business. What would be what all would come under cost of material consumed? Like if you could just give some subjective color on what all constitutes this?

Sachin Pande: Yes, cost of material is basically server storage and related hardware data center, etc. These are the cost.

Raghav Agarwal: Understood, sir. So, again, I might be wrong here. But what I understood is that we build this hardware solution for the banks who we provide integrated solutions to, but then we do not sell these hardware solutions. We earn a monthly rental on them.

Avinash Shende: Yes. That is what the BOT projects basically. We invest into BoT projects initially, we invest into it and then once the project is operational we will get a monthly recurring revenue from that project for a five years or seven years as per the period contract.

Raghav Agarwal: So, sir, if you are getting monthly recurring revenue, suppose the cost of investment we did was say 100, and the monthly recurring revenue is say 10. So how do we like expense that 100? Do we expense it in the quarter in which the project is delivered and the revenue, recurring revenue starts, or do we like spread it over?

Avinash Shende: We will spread it over basically. Because that initial investment has been done through us and then we will be taking in a monthly recurring revenue basis. So, all calculations have been there basically to make the profitability and all these things.

Raghav Agarwal: Sir, will this not come under depreciation because this is essentially an asset which we have created on which we are getting a monthly revenue?

Avinash Shende: Yes. It is initially invested. Once the project is operational that has been transferred to the asset of the company and then depreciation definitely has been charged on that.

Raghav Agarwal: So then what does cost of material cover because this is a P&L, this is not a depreciation item.

Avinash Shende: These are basically until and unless the project is not completed, it is under the work in progress. Once the project is completed and operational it has been transferred to the asset of the company.

Raghav Agarwal: Understood sir. My question is on the P&L, we have cost of materials sold, which we said increased, which led to a slight dip in the EBITDA percentage. I want to understand what does this cost of material constitutes because the servers and the hardware assets which we are deploying at the banks, they are not in cost of materials, they are in fixed assets or CWIP.

Avinash Shende: There are not only the BOT projects, there are other projects as well where we are utilizing these things. The BOT projects are a part of the things, other projects are also where these things are required, so, that material is there.

Raghav Agarwal: In these projects, is it safe to assume that we are selling these projects at a one-time fixed revenue and we are incurring a cost for the hardware?

Avinash Shende: Yes.

Raghav Agarwal: Understood, Sir and my second question is like, if I look at the balance sheet between March 31, 2026 and September 30, 2026, I can see that there is a significant decline in the tangible and intangible assets like tangible assets have gone down from 141.85 to 127.9, intangible have gone down from 38.3 to 34.7. This seems a bit aggressive to me if I just take a look at the depreciation because the fall is more than 10%, so can you please elaborate on why is this there such a steep fall in one half?

Avinash Shende: The depreciation rate is 25% that we have applied that is why you are getting that.

Raghav Agarwal: Sir what is the rationale behind 25% depreciation rate like is revenue only recognized for a 4-year period for these assets?

Avinash Shende: No, basically. As per income tax law, you can take the maximum depreciation possible, but we are taking it only 25% because assets will depreciate in around five years, so if we take 25% then asset will be because project is typically of five years, if it is seven years then the things will be different, but most of the projects are for five years so we are depreciating within the five years.

Raghav Agarwal: Understood, Sir and in this five suppose we do a BOT project in which we deploy hardware, and we then get the revenues for five years, so after five years what happens to that hardware, do we realize some money on it?

Avinash Shende: No, it will be transferred to the respective client, but mostly that contract gets renewed after five years or so. We have a lot of customers, those who are renewed again with the renewed infrastructure and all the related components.

Raghav Agarwal: Understood and just one last thing between our revenues we classify them into products and like the software revenue, so where does the BOT revenue sit, does it sit in products or does it sit in SaaS?

Avinash Shende: It is in SaaS.

Raghav Agarwal: Understood and what would sit in products Sir?

Avinash Shende: It is one time sale of a product and related components.

Raghav Agarwal: What is the differential margin between these two segments between products and SaaS?

Avinash Shende: It is approximately the same, which we are operating around 25% of margin.

Raghav Agarwal: Understood, Sir. Thank you.

Avinash Shende: Thanks. Thanks for a good set of questions.

Moderator: Thank you. We take our next question from Hardik Gandhi of HPMG.

Hardik Gandhi: I just wanted to know that for the tangible assets under development you mentioned that we are developing these assets and we will recognize rental income on these assets, so wanted to know what is the approximate monthly revenue, which we can generate from the rentals from the new assets?

Sachin Pande: It is dependent on the project it will get reflected subsequently because this set of number is right now not available. To tag along with this investment, how much corresponding revenue that usually get reflected once the project, which is under work in progress will be converted to asset and the revenue starts, so accordingly, the numbers will be reflected. At present, this has not been mentioned; however, those which are actually in progress and under the execution such a figure is available, which we are actually working on, in terms of average revenue, which is generated if you find the average revenue is somewhere around 53%.

Hardik Gandhi: Understood. Sir, on the cash flow side I can understand that we have the first half is a little slower, but there is a significant drop in the cash flow from operations where instead of Rs.50 Crores last year we generated Rs.38 Crores given there is a topline increase also, so just wanted to know if we have healthy margins in terms of cash flows and at the end of the year will we end up on cash positive?

Avinash Shende: Debtors recovery is in progress, so it will definitely reflect in the next quarter.

Hardik Gandhi: Okay and one last question is on the newer programs we are working on, are all the programs related to co-operative banks and government bodies or are there any private players as well where we bid for the projects there?

Avinash Shende: Mainly our products are in BFSI industry, but we are also expanding to the healthcare sector and government sector as well. So at present private customers are not there but in future definitely will like to add private players as well.

Hardik Gandhi: Okay and just a small follow up on the previous participant when you guys mentioned that after 5 years of the contract the assets which you have assuming you made a data center for the client and you are using it for the client right and after 5 years the whole depreciation has been charged on it and we have received the revenue from the client and from there on the client then renews the contract for another assuming let us say three years or five years, so then is it true that then we do not charge any depreciation like because since we have already claimed the whole depreciation it will be a straight flow through to our PAT?

Avinash Shende: Yes. That project ends with entire including all depreciation and all these things. The asset has been transferred to the respective client and depending upon the new contract, the customer may increase the related infrastructure, refresh the infrastructure, and renew the contract for the next five years.

Hardik Gandhi: Right. So in that case we have to make a new infrastructure for them?

Avinash Shende: Infrastructure procurement for them. Yes.

Sachin Pande: Just to add that if the same infrastructure is utilized by the bank in few cases it happens in that case we get the complete SaaS revenue without investment of the hardware. Depending upon the type of the bank and the requirement of infrastructure.

Hardik Gandhi: Since you have already transferred the infrastructure to the client you will only record the SaaS revenue?

Avinash Shende: Yes.

Hardik Gandhi: Okay. That is it from me.

Avinash Shende: Thank you.

Moderator: We will take our next question as a follow up question from Mr. Raghav Agarwal from Agarwal Family Office.

Raghav Agarwal: I just wanted to squeeze a follow up question. While currently we are aggressively investing in building out for these projects our free cash flows has been negative for FY2024, 2025, 2026 and first half of FY2027, so, just wanted some guidance from your side on what will be the re-investment rate and when do we expect to turn free cash flow positive?

Avinash Shende: At present, what we previously explained we are undertaking some good amount of BOT projects and where around Rs.57 Crores investment has been already done, so that is why

you are seeing a negative cash flow but definitely this will be going to give us some more cash flow in future. So it is a provision to get the future secure of a Company, so we do not find any challenge in that because investment is always required in the business and coming here definitely the cash flow will be going to have a positive impact on that.

Raghav Agarwal: With this suppose Rs.60 Crores investment in the projects we can assume to get Rs.30 Crores in annual revenue is that understanding correct?

Avinash Shende: Rs.25 Crores to Rs.30 Crores.

Raghav Agarwal: Rs.25 Crores to Rs.30 Crores for a period of four years?

Avinash Shende: Five years.

Raghav Agarwal: Five years, so on an investment of Rs.60 Crores we will get a total revenue of say around Rs.120 odd crores?

Avinash Shende: Yes.

Raghav Agarwal: Understood, Sir, but the reason I am asking this question is because in order to further grow our revenues, Are we looking to get more BOT projects where we will be investing in a similar way or is the next leg of growth going to come from some other business model?

Avinash Shende: BFSI is operating and some DCC banks are operating on that model where we are undertaking those kinds of projects, but we are definitely expanding our business beyond that and both the mix will be there product sales, SaaS sales, and a BOT project. Definitely, the Company will always look for a greater business.

Raghav Agarwal: I will just quickly repeat my question which I was asking earlier. So, as we discussed on Rs.60 Crores of BOT investment we yield around Rs.25 Crores - Rs.30 Crores of annual revenue, so, if we take a depreciation of, say, four to five years, around Rs.12 Crores to Rs.15 Crores will go as depreciation from that, so, what is the operating profit margin we expect on this Rs.25 Crores - Rs.30 Crores of annual revenue?

Avinash Shende: Basically our target is to get a 25% margin at least, so, we are not operating below that margin.

Raghav Agarwal: On a net level after depreciation?

Avinash Shende: Yes.

Raghav Agarwal: I understood Sir. Thank you. That is all from my side. Thank you and all the best.

Avinash Shende: Thank you very much.

Moderator: We will take our next question from Anand Rathi, Mr. Rathi.

Anand Rathi: Congratulations for the good set of numbers. My question is related to related party transactions. I see there are 45 Crores transactions done with the related parties you have a few finance companies where you are doing these transactions, so what type of this Company and who owns and why it is not a subsidiary of VG Infotech and you are also seeking for Rs.90 Crores approval from a Company for related parties, so, it is raising some concerns so, I just want the detailed information on this?

Avinash Shende: We have just taken a consent for having transactions we have not done that level of transactions within the Company. It is just an approval to take because it should not get in any case the higher side approval has been taken for the safer side of the Company.

Anand Rathi: They are two finance companies just like PayNext and these two companies, so is VG Infotech separately dealing with these companies, this is owned by a promoter what are those companies?

Avinash Shende: It is owned by promoter.

Anand Rathi: Okay. So, is there any plan in future to merge these companies with VG Infotech or will act as separately?

Avinash Shende: At present, there is no such plan, but in future it might be.

Sachin Pande: It is not confirmed yet they are doing separately, have got some specialized work to execute, and the entire management team of both the companies are separate, there is no basically interference in the management of the companies.

Anand Rathi: One more question is related to the U.S. and European market why VG Infotech is not targeting those markets I am seeing you are actively seeking the Africa and GCC market why not US, Europe or Asian market?

Sachin Pande: We are concentrating now on the developing countries to be honest because we are a product Company, we do the various application development as a product with our own IPR, so, the opportunity lies in the developing countries where we can take head on with these products, which are European in nature or even US in nature and still get the orders

compared to the markets like you said, the European market or the US market which are more or less matured enough having the product line within their own ecosystem. Mostly these companies who are basically service oriented not like us, they offer the manpower to them and product sales are basically not done by them. Ours is a different DNA and we would like to focus on our product and sales of the solution covering these products, so, the chances of getting the orders from the developing countries are more because of which we are concentrating. No doubt we are concentrating also now on the Eastern European companies and Asian market countries also, maybe in coming quarters we will get a few orders from those territories as well.

Anand Rathi: Okay. In the last conference call, you mentioned the RBI mandated NBFCs to come online and rather than using the manual work they should use the online product, so any deal we got or any progress on that one from VG Infotech?

Sachin Pande: No, it is in pipeline. Their transition is still not immediately on that, but it is in pipeline and we are concentrating for such orders from the pipeline, which we have and we are hopeful. A few MFIs actually now shifting, but the NBFCs are still yet to come. A very small MFIs we got the orders.

Anand Rathi: Okay. Thanks for the answer. Thank you.

Moderator: Thank you. We take the next question from Mr. Anil Nahata of Parami Financial.

Anil Nahata: Thank you. Good morning. I hope you had a very good festive season with all your employees. Sachin ji and Avinash ji what I would like to understand from you is how are we progressing on the other products, which are not the financial BFSI ones, but on the healthcare side like you had the E-autopsy product and also on the Mandi side where we developed a software for Mandi, and how is the pipeline looking for these products, and when we can see meaningful revenues happening here?

Avinash Shende: Yes. Actually, as a Company around approximately Rs.1000 Crores of pipeline where we are working, which definitely includes the new products and new verticals as well. So Rs.1000 Crores is a mix of BFSI, government, like you are saying e-Mandi and healthcare as well, so definitely coming quarters you will be witnessing the businesses from those verticals.

Anil Nahata: Okay. So as and when you get orders for pilots you will keep on announcing to the Stock Exchange, right so that we can understand from there.

Avinash Shende: We got the pilot implementation at Sir J.J. Hospital at Mumbai for our asset management software.

Anil Nahata: Correct. Okay, thank you for that. The second question that I wanted to ask was basically. When you are looking at all these deployments and everything else that is going on the hardware and all, the BOT is fine. I understand that you have a component of hardware, which you invest in and then you bill it and then you transfer the asset and this generally has a life period of five years after which you may renew the agreement, but on the other side of your SaaS software where you also still use your own hardware, typically what is the contract duration that you have on those like on the security side and other things what is the typical duration of the contracts you are having?

Avinash Shende: Typically, minimum five years to seven years and in Africa we sign a 10 years contract as well with the DCB Bank, Tanzania we have a contract till 2036, so we are always trying to have long-term contracts with the client and historically, also you see that our churn ratio is less than 2%. All the clients from 2000 till now are with us because the generation has been changed, the technology has been changed, but Virtual galaxy is always there in forefront of technology and always providing new technology products to the client and get the business from the existing client as well.

Anil Nahata: Thank you and my final question is on the AI side. Two questions I have here one is basically, how are you using AI in your development work, testing and development to basically reduce your cost because what we are seeing across companies, that companies are able to reduce their cost anywhere between 30%, 40%, 50%, 60%, depending on that work and secondly, you also mentioned that you have a team of nine people now doing work on voice AI and other AI solutions. So just give some light on that also please. Thank you so much.

Sachin Pande: We actually have the products and tools available for developing the software using the AI models, the LLM which are paid, like Claude, which is usually utilized for developing the prototypes, MVP, and actual products as well and further testing and even the other activities are also developed with the help of these AI models. We have developed our own agentic AI software, particularly for the voice, which is a Virtual Vaani, a specific agent for inbound and outbound calls in various multilingual capabilities. Also, the product in cybersecurity you will find that there is a UEBA called the User and Entity Behavior Analysis, in which we use this AI/ML logics to analyze the various logs and in real time to find out the anomalies which are there with the intelligence threat analytics, which is with the help of AI only. So, we are basically engaged deeply using AI for meaningful and fruitful product development and to utilize that skill for reduction of the software development lifecycle requirement as well as it contributes to the quality of the product as

well where you will get a good kind of UI and the AI assistant and some tutorials, etc., documentation everything ready for the customer use with the help of this AI. So it is a real utilization in terms of AI applier as a Company we are doing here in our Company.

Avinash Shende: To add this we have more than 50 AI engineers in our workforce now. Those who are contributing to various AI initiatives of a Company and all products are now AI-enabled products which Virtual Galaxy is offering now. So Virtual Galaxy in that sense is an AI first Company where we are giving highest priority to implement AI and provide services with the use of AI to our clients. Thank you.

Anil Nahata: That is very, very nice to hear. I think if you can harness AI companies like you can grow leaps and bounds because you will be able to get to the market faster and also customize to customer requirements also. So, all the best to you. Thank you so much.

Avinash Shende: Thank you.

Moderator: Thank you. We will take our next question from Akshay Jain, Mr. Jain, please go ahead with your question.

Akshay Jain: In the previous conference call, you provided guidance that net profit would grow by 40% over the next four to five years. Are you confident enough to say that you will exceed this guidance, or might you fall somewhat short of it?

Avinash Shende: Whatever guidance we have given, we are saying that we will be with that guidance only.

Akshay Jain: Okay. Thank you.

Moderator: Thank you, Sir. As there are no further questions I now hand over to the management for closing remarks.

Sachin Pande: We are really thankful to all of the investors, participants and all other dignitaries who attending this particular call and put lot of valuable questions and we answer all those questions from our side. Anything which is required to be answered may be due to the shortage of time may not be able to answer you are free to get back to us for that and we thank you all the investors and participants once again and we are hopeful that our Company will grow in leaps and bounds and will be a great future ahead with this Company. Stay invested and we will grow together.

Avinash Shende: I would also like to thank all the participants here and also like to invite to our development facility at Nagpur, if you can visit our facility and have a first-hand look then we will be

more than happy, so it is an open invitation to all of you. Whenever you feel please drop us a mail we will be happy to host you at our facility. Thank you.

Moderator: Thank you. On behalf of Atlas Capital that concludes this conference call. Thank you for joining us.