



“Seshaasai Technologies Limited
Q2 FY26 Conference Call”

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**MANAGEMENT: MR. PRAGNYAT LALWANI – CHAIRMAN AND
MANAGING DIRECTOR
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MODERATOR: MR. PRATIK JAGTAP – EY INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to Q2 FY26 Conference Call of Seshaasai Technologies Limited. As a reminder, all participant lines will be in the listen-only mode, and you will be able to ask questions after the management's opening remarks. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pratik Jagtap from EY IR. Thank you and over to you.

Pratik Jagtap: Thank you, Yashashree. Welcome, everyone and thanks for joining Seshaasai Technologies Limited first earnings call for Q2 FY26. The results have been mailed to you along with the investor presentation and it will also be available at company website. In case anyone does not have the copy of investor presentation, please do write to us and we will be happy to share it with you.

We have with us today Pragnyat Lalwani, Chairman and Managing Director; Pavan Kumar, Chief Financial Officer. Pragnyat will start the call with brief company's overview and business update and Pavan will take us through the financial performance for the quarter and half year. Then we will open the floor for Q&A session.

Before we start, I would like to remind you that anything that is mentioned on this call that reflects any outlook for the future, or which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report that you can find on our website. Having said that, I will now hand over the call to Pragnyat ji. Over to you.

Pragnyat Lalwani: Thanks, Pratik. Good evening, everyone. A warm welcome and thank you for joining our first earnings call as a listed company. I would like to take this opportunity to thank our new shareholders for their trust and support.

As this is our first earnings call, I will start with a brief introduction about our company along with the business update. For some of you, this will be our first interaction with us and for the others who have met us pre-IPO, it will be a quick recap. Our CFO, Pavan Kumar, will take you all through financial performance in more detail.

Seshaasai was founded more than three decades ago and has evolved from a secure print and fulfillment company into a technology-led solutions provider, powering mission-critical services for the BFSI ecosystem. Our business is organized across three core verticals: Payment Solutions, Communication and Fulfillment Solutions, and IoT Solutions. Each of these three verticals play a critical role in serving India's expanding digital and financial ecosystem.

Let me start with payment solutions. Payment solutions contributed about 50% to our top line in H1 FY26 and continues to be our largest vertical, serving leading institutions across BFSI ecosystem with secure end-to-end payment solutions. We are among the top two payment card manufacturers in India, supplying a wide portfolio that includes payment cards, cheque books, and merchant QR kits. Our offerings cover the complete lifecycle from card manufacturing, personalization, and fulfillment, including metal cards, eco-friendly variants, and wearable

payment products, aligning with customer ESG goals and new-age digital payment trends. All products are designed and manufactured within our certified, highly secure facilities and dispatched directly to customers' doorstep in few cases through our integrated fulfillment network. Our clientele includes almost every major private and public sector bank, small finance banks, operative banks, and payment banks and leading fintechs. This breadth demonstrates the trust and scale we have built over time in India's financial ecosystem.

In H1 FY26, the payment solutions contributed about 50% of total revenue as compared to 67.5% in H1 FY25. This moderation is largely a result of lower card issuance volumes by banks, primarily external program-driven and regulatory factors, rather than any change in customer relationships or share of wallet. I would like to emphasize that we have not witnessed any customer churn, order cancellations, or renegotiations of terms. All our key client relationships remain intact, with ongoing engagements on both existing and new product initiatives. To give you a sense of the key drivers behind the moderation in H1 FY26, lower issuance of PMJDY by cards, which is the Pradhan Mantri Jan-Dhan Yojana cards, by our PSU Bank clients, which are linked to new account openings. Against an estimated 38 million new PMJDY accounts projected for FY26, only about 13.2 million were opened in the first half as per RBI data. There has also been a rise in inactive PMJDY accounts, around 26% of the total accounts in September 2025 versus 21% a year ago, and banks typically do not issue new or replacement cards for inactive accounts.

On the private sector side, the RBI's financial stability report has highlighted growing stress in unsecured retail lending portfolios, leading to moderation in new card issuances and a sharper focus on quality rather than quantity. Additionally, we are now seeing lower renewals of cards issued during the COVID-19 period, which is FY21-22, which created a temporary dip in the base volumes in that financial year.

Finally, the broader macroeconomic and geopolitical environment, including global conflicts, supply chain challenges and tariff uncertainties, has moderated the pace of new customer acquisition by banks and delayed certain international expansion initiatives. Despite these transient factors, we are confident about the medium-term outlook. Historically, the second half of the year tends to be stronger for BFSI spends and card issuance, and we expect the same pattern to play out this year as well. More importantly, we are actively broadening the payment solutions portfolio to align with new growth drivers, including focusing on high-volume projects such as financial inclusion programs and Mass Transit Card initiatives in partnership with system integrators, expanding our portfolio of eco-friendly cards and metal cards and aligning with the ESG priorities of our banking clients, exploring strategic international alliances to tap new markets and diversify revenue beyond domestic BFSI. We remain confident that these initiatives, combined with our strong customer base and integrated capabilities, will position us for stronger performance in FY26 and beyond.

Communication and fulfillment. It contributed 40% to our top line in H1 FY26. This vertical serves BFSI, government and enterprise clients, providing end-to-end customer communication management, identity and fulfillment services. This vertical has been an important growth driver in H1 FY26, supported by rising demand for personalized, compliant and technology-enabled communication. Our offerings in this vertical include the design, production and dispatch of

communications such as insurance policy kits, portfolio statements, regulatory notices, marketing mailers and transactional fulfillment documents. Identity and fulfillment services for large-scale projects like citizen ID cards, tax ID cards and government-driven programs requiring secure issuance of credentials. Print Management Services, PMS, where we handle the end-to-end supply and replenishment of essential printed materials to BFSI branches nationwide. This ensures standardization, cost efficiency and assured availability of critical materials at every branch and customer touchpoint.

A key differentiator in this vertical is our proprietary logistics management platform, eTaTrak, which seamlessly integrates our network of leading courier and logistics partners. It provides customers a centralized dashboard for real-time tracking, visibility, and control over all dispatches and deliveries, a crucial capability in sectors where timeliness and data security are paramount. In recent quarters, this vertical has also seen increased contributions from government and public sector projects, particularly around identity and citizen services. We expect this momentum to continue, supported by ongoing digitization of citizens and regulatory communications.

IoT Solutions. Our third and most technology-driven vertical is IoT Solutions, where we enable smart identification, tracking, and authentication using RFID and sensor-based solutions. This is our fastest-growing vertical and represents the future growth driver of our business. Through this business, we are helping customers digitize their physical assets and supply chain, providing visibility from manufacturing to logistics to the point-of-sale. Our IoT solutions include the manufacturing of RFID inlays, tags, and devices such as tunnels, gates, kiosks, and point-of-sale units. Custom antenna design and chip bonding capabilities at our state-of-the-art facilities in Bengaluru. We import chips from leading manufacturers in US and Europe. A proprietary technology platform called izeIoT, which connects and manages the end-to-end IoT ecosystem of our clients. We currently serve a wide range of industries, including retail, logistics, renewable energy, manufacturing and exports. Our products help large-format retailers manage inventory more efficiently, assist real energy companies in tracking solar panels and components, and enable exporters to ensure product authenticity and traceability.

Our IoT business contributed about 10% top line in H1 FY26. We witnessed a strong growth of 31% to INR654 million in H1 FY26 versus INR500 million last year in the same period. The growth was driven by wallet share gains in renewable segments and new customer additions. We are also set to start SIM card supplies to telecom operators in H2 FY26, which should further accelerate growth in this vertical.

Beyond RFID, we are investing in adjacent and next-generation IoT technologies, including Bluetooth Low Energy, which is BLE, sensor-based RFID, and Special Purpose Tags. These innovations allow us to move further up the value chain by offering high-margin, customized solutions tailored to industry-specific use cases such as asset tracking and industrial IoT, cold chain monitoring, authentication and anti-counterfeiting, and hybrid solutions combining RFID and BLE. We are already taking several POCs across these domains and are encouraged by the results. While RFID forms the foundation of today's adoption, we see a natural evolution towards more integrated, intelligent ecosystems powered by data, sensors, and automation. To strengthen our position, we have also made selective acquisitions in the IoT space. These have been

strategically aligned to accelerate our innovation cycle and reduce time-to-market in high-potential solution areas. The integration of these capabilities enhances our expertise in BLE and sensor-based technologies, creating clear synergy with our existing RFID roadmap. Our differentiation lies in offering end-to-end solutions from design and manifesting of tags to deployment of infrastructure and platforms all developed and made in India. This comprehensive capability not only enhances customer stickiness, but also aligns with the national vision of Make in India and Digital India.

Further, we have developed several proprietary technology platforms including RUBIC, eTaTrak, IOMS, and izeIoT that support card personalization, order management and fulfillment, and IoT tracking. These platforms clearly differentiate us from pure manufacturing players and contribute to a steady recurring revenue stream. Our deep integration with banks, Fintechs, and enterprises combined with strict adherence to global standards such as PCI-CP, NPCI guidelines, and IBA guidelines underpins a trusted and recurring business model.

So in short, I would say across all three verticals, our competitive advantage is rooted in technology, trust, and customer intimacy. We do not compete on price. Instead, we compete on innovation, reliability, quality, and service, consistently delivering high-precision, secure, and compliant solutions tailored to customer needs. Our integrated presence across secure printing, fulfillment, and IoT uniquely position us at the intersection of physical and digital infrastructure, enabling us to support the next phase of India's digital transformation, whether in payments, citizen services, or smart manufacturing. We hold two granted patents and have 13 patent applications pending, which reflect our ongoing commitment to innovation and technology-led differentiation.

As we move forward, our focus will remain on broadening our product portfolio in payments and identity solutions, scaling high growth verticals like IoT, driving operational excellence through automation and platformization, and continuing to strengthen customer trust through quality and execution. Our fundamentals continue to remain strong. We expect H2 FY26 to be better, supported by seasonal pickup in BFSI volumes, steady momentum in communication fulfillment, and continued traction in our IoT business. We are confident that our strong client relationships, accredited facilities, and proven track record will enable us to deliver sustainable value to all our stakeholders.

With that, I will now request Pavan to take you through the financial and operational highlights for the quarter. Over to you, Pavan.

Pavan Kumar:

Thank you, Pragnyat sir. Good evening, everyone, and thank you for joining our Q2 FY26 earnings call. It is a pleasure to connect with you all here as we share our first results as a listed company.

Let me start with a quick summary of our performance for the quarter and the half year gone by. Our total revenue for the quarter stood at INR352 crores, up 13% Q-o-Q. This growth was driven mainly by strong traction in both payment and IoT solutions.

EBITDA for the quarter came in at INR95 crores with an EBITDA margin of 26.9, an improvement of 336 bps sequentially, and 9 bps Y-o-Y. Our PAT margin is at 16.3% from 16.4% on Y-o-Y basis. In terms of revenue mix across our core verticals, payment solutions continue to be the largest vertical, which contributed 51% of the revenue, followed by communication and fulfillment at 38%, and IoT solutions at 11% in Q2 FY26. The top 10 customers contributed almost 63.5% of our revenues, and more than 98% of our revenues came from existing clients, demonstrating the depth of our client relationships and the stable base that we have built.

For H1 FY26, our total revenue stood at INR663 crores, down 12% Y-o-Y. EBITDA came in at INR169 crores with an EBITDA margin of 25.3%, an improvement of 54 bps Y-o-Y. Our PAT stood at INR94 crores, a fall of 10.5% Y-o-Y. We remain focused on maintaining healthy margins and ensuring consistent cash flow generation. As of 30th September 2025, we have a strong balance sheet with approximately INR564 crores in cash, including the IPO proceeds, giving us the flexibility to invest in our growth priorities.

Going ahead, we remain committed to executing our strategic roadmap, driving growth in IoT, ramping wallet share across verticals, selective acquisitions, and exploring international opportunities. We believe our margin base and our client relationships provide a solid foundation to scale. Thank you once again for joining us.

With this, I hand it back to the moderator to open the floor for the Q&A session.

Moderator: Thank you very much. We'll take our first question from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal: Good evening, sir, and thank you for the opportunity. Sir, my first question is on your payment business. In your opening comments, you did mention that in this H1, the contribution from the payment business has reduced to 50% versus 67% last year.

So, I was keen to know the trends or the reasons that you shared. Are these industry-wide reasons the entire industry saw a decline this time or it was more specific to us? And in that context, what would be the market share that we would have in this first half versus last first half in the total card issuance?

Pragnyat Lalwani: Yes, Devesh, it's a good question. I would say the factors that we have given you are affecting the industry as a whole. So, it's not that it is something which has affected only Seshaasai.

Okay, probably this is an impact which is across the board for all the players. Maybe, depending upon the customer relationships and the customer allocation of quantum, the impact could be having a slight delta across players. But by and large, I think it's an industry-wide impact. Now probably for us to come to wallet share on a quarter-on-quarter basis is difficult to assess because we may not know the market. But I can at least say that from our relationship perspective, the quantum of allocation from a customer relationship perspective, we have actually probably gained a few accounts in this period rather than lost any accounts. I would say from a market share perspective, it's too short a period for us to have data because that data is not there. But I can say with reasonable confidence that we probably will be retaining our market share as of March 25, for sure.

- Devesh Agarwal:** Understood, sir. And so, you said that second half is likely to be better than the first half. Is this basis the general trend that you see, what you alluded to that BFSI sector generally is more heavier on the second half? Or there's also a basis your order book that you would have from your clients in terms of new issuance?
- Pragnyat Lalwani:** So, it's a question which has got both the factors. So, typically, what we've seen is H2 has a bias to be slightly better when it comes to most of the BFSI offerings that are absorbed by the market. And also for us, our entire business model is around the business plan that customers share with us and their forecasts that they share with us. And we're also having a couple of interesting projects which have got signed up, which are to play out because they're depending on certain contingencies on the field in terms of system integration, etcetera.
- So, the kind of visibility that we have with our as-is business, which we expect to be better in H2 plus also certain new businesses which are in the pipeline. Okay, both these combined together, we were reasonably confident of having a better H2 compared to H1.
- Devesh Agarwal:** Sir, in H1, we have seen a Y-O-Y decline in our payments business. You think we will be reporting a growth in the second half on a Y-O-Y basis?
- Pragnyat Lalwani:** Probably, yes. I mean, on an overall basis, I think we should have a much better H2 compared to H1 on the overall number basis. Okay. Last year for us, the H2 on the payment side was slightly weaker because we had explained that in the earlier roadshows as well. So probably the H2 this year on a Y-O-Y basis, we probably should be a tad better than last year.
- Devesh Agarwal:** Right, sir. And sir, within this payment business in your DRHP and even in your meet, you had spoken about metal card as an opportunity. Could you share some breakup within your payment business, how the PVC cards have done and how the metal card penetration has helped us? Any sense around that will be very helpful, sir.
- Pragnyat Lalwani:** So, essentially, on the metal card side, we are working on three different layers. One obviously is the current customers who are engaged with us for metal card and the ones that we are working with. There's another space where we are working on certain mass migration programs which are being discussed in the Indian market, especially by the payment schemes, which RFPs are in place, and we are kind of engaging with them. And thirdly, we also have on the metal side, got shortlisted by a couple of very large global players where we have got shortlisted, we have participated in the RFPs, etcetera. So, I think it will take some more time for it to play out, but I think from our strategy and our vision that metal has good potential, I think it's playing out at least in the sense that we are at a stage where the customers are in the process of evaluating the product and they are also spanning out their strategy. So, probably, as time unfolds, we should see some traction on that front.
- Devesh Agarwal:** And so, the export market, that is also what something we were targeting?
- Pragnyat Lalwani:** Yes. So, that's what the two of the RFPs that we are working on the metal projects are global RFPs basically. So, apart from that, even from the PVC cards side, there are some customers where our products have got qualified and we are hoping to start the business with them soon on the PVC card side.

We had one unfortunate situation that we had deeply engaged with one customer in Middle East, but because of geopolitical equations post this skirmish that we had with the neighbor in April-May, we had to kind of take a step back in that relationship because it was not strategically aligned to our national interest. So, we did work almost a year on that project, but that did not see the light of day. That kind of was a little bit of a step back for us. But otherwise, we are working on both the global RFPs on metal as well as the partners. So, we are working with geographies in Africa where our cards have been approved.

Devesh Agarwal: Right, sir. And sir, in our IoT business, we are excited about the growth in the IoT business and there could be two folds where the growth can come. One is through new customer additions and other two are new products. You also talked about some new products that you are working on. So, could you share that growth that will be driven in the second half? Are we looking to add some more customers which can drive growth in the second half?

Pragnyat Lalwani: Yes, we are working on something. Probably, at the opportune time, we will be able to share that with you, but there are some sizable projects which are pretty close to closing and which will have a very sizable contribution for us in H2 and also in FY27.

Apart from that, even the existing strength that we have, for example, in renewables, we really gained a huge amount of wallet share in the renewable space from maybe three to four customers. Probably, we should be having double-digit customers by the turn of the year. And also, we've been able to gain a lot of adjacencies in the existing retail formats that we are working with the customers. Also, the BLE and the RFID combination has been working very well for us. So we've had a few projects there as well. So, in IoT, I would say it's a combined mixed bag where we're working on adjacencies on the existing customers, increasing our depth in the verticals where we are already present, such as renewables and retail. And this one large opportunity which will play out maybe in the next couple of weeks.

Devesh Agarwal: And broadly, what can be the mix between retail and renewable within the TAG business?

Pragnyat Lalwani: Probably, globally, also, if you see, historically, retail has been a very dominant contributor to the revenue. So, that trend for us also will remain the same.

Devesh Agarwal: Right. And sir, have we paid out the debt from the IPO money that we have raised?

Pragnyat Lalwani: Yes. So, it didn't reflect in our book because the IPO was listed on 30 September itself. Around the second week of October, about INR300 crores of debt was repaid completely as per the IPO proceeds plan.

Devesh Agarwal: Okay. So, the benefit of that will be seen in the third quarter onwards, in terms of interest cost savings?

Pragnyat Lalwani: Yes, definitely.

Devesh Agarwal: And just one clarification, when you said that for the payments, H2 is likely to be better than Y-O-Y, were you referring to the absolute card volumes or were you referring to the revenues?

- Pragnyat Lalwani:** I think both are interlinked, isn't it?
- Devesh Agarwal:** Okay. So, they are interlinked. Perfect, sir. Perfect. This answers all my questions. Thank you very much and all the very best, sir.
- Pragnyat Lalwani:** Thank you very much.
- Moderator:** Thank you. We'll take our next question from the line of Harsh Shah from HSBC Asset Management. Please go ahead.
- Harsh Shah:** Thank you for the opportunity. Just a couple of questions from my side. If you look at FY25 versus FY24, again, our revenue was sluggish at that point of time also, but we had a very good margin lever, which led to almost 15% of net profit growth for the full year. This year seems to be a similar situation, let's say, on the revenue part, but at the same time, margins are also very similar to what we reported last year. So, for this year, do you think we have confidence of delivering, let's say, a 15%, 20% net profit growth over FY25? And if yes, where exactly is this conviction coming from?
- Pragnyat Lalwani:** Well, I would say, Harsh, that we expect the H2 to be better than H1. We probably would not like to give any guidance for the full year in terms of the PAT margins here, but all we can say is that things are shaping up well for us and we should not be very far from what we have set out for ourselves at the start of the year.
- Harsh Shah:** Okay. What happened in Q3 of FY25 last year? I think that was a really sluggish quarter for you guys. I am just trying to minus your full year number with the nine-month number that you reported for the FY25. Q3 seems to be reporting only INR26 crores of PAT. What exactly happened in Q3 of last year?
- Pragnyat Lalwani:** As we explained earlier, in the previous year in Q3 we had one-time projects which came in. So, the last Q3, if you look at a comparative basis, on a Y-o-Y basis, the Q3 of last year was lower than the Q3 of the previous year. But the revenue in Q3 of last year was about INR341 crores, right? And what's the PAT is?
- Harsh Shah:** Q3 seems to be around INR352 crores. But net profit is coming at only 26 crores. If I am just deducting your full year reported numbers from the half-year number that you reported this time and the Q4 number that you reported in your last quarter's result.
- Pavan Kumar:** Harsh, hi. This is Pavan here. The PAT for the period is about INR54 crores for Q3, which is about 15.8%.
- Harsh Shah:** Q3 of FY25, you are saying INR54 crores of PAT.
- Pavan Kumar:** Correct.
- Harsh Shah:** So, just help me in one thing, Pavan. In first half, last year first half FY i.e. H1 of FY25, you've done INR106 crores of PAT. In the Q1 result, you have said that you have done Q4 PAT of INR63 crores. So, INR106 cores plus INR63 crores is around INR169 crores. And for the full year of FY 2025, you have done around INR195 crores of profit.

- Pavan Kumar:** No, Harsh. The numbers as we have filed were about INR223 crores. So, the differential there is INR54 crores.
- Harsh Shah:** Understood.. Okay. Yes. That's it from my side. Thank you.
- Moderator:** Thank you. We will take our next question from the line of Bhavya from Equitymaster. Please go ahead.
- Bhavya:** Thank you for the opportunity. So, my first question was, you have shared out capex plan of INR200 crores for FY27. So, is this the only plan or do you have more capex?
- Pragnyat Lalwani:** So, basically, the capex plan of INR200 crores was spread across a period of 18 months. If you see the capex plan that has been mentioned as part of the objects of the IPO, has been expansion of the existing infrastructure and capacities of the company. So, in this capex plan, we have only stated out the equipment that we had clarity at that point in time as we set out on the journey. But obviously, for housing these equipments and expanding the infrastructure, we will be probably enhancing also the immovable infrastructure that currently exists to house these equipments. So, apart from the capex for the equipment, we will also have capex, which will have to be done on our immovable properties as part of this plan.
- Bhavya:** Can you share any number?
- Pragnyat Lalwani:** So hey Pavan, how much we done until now?
- Pavan Kumar:** So, while we may not be able to give the future expansion, in the first half of the year, we have added assets of about almost INR42 crores. So, that is before the IPO fund came in. So, that goes as far as our natural expansion and growth requirements are concerned. So, over the period of time, along with the IPO objects that we have stated, we will keep adding equipments and factory land and building as per the requirements..
- Bhavya:** Okay. Thank you. And the next question was on payment wearables side. So, can you give the figure for that, like how much of total revenue is coming from a payment wearables side?
- Pavan Kumar:** So, payment wearables, is one of the form factors on payment issued by the payment schemes. So, we have innovated and have been supplying to various issuers. The revenue around it may not be material enough, but it is definitely an innovative product, which we see issuers wanting to issue as per the growing needs of different age groups.
- Bhavya:** Okay. Thanks. That's it from my side.
- Moderator:** Thank you. We will take our next question from the line of Devansh from Equentis. Please go ahead.
- Devansh:** So, sir, I just wanted to understand the cards, that we issue on the payment side of the business, How much percentage of it is from the replacement demand and how much is the new issuance?

- Pragnyat Lalwani:** So, essentially how it works for us, Devansh, is that customers give us the data okay and the data decides that the card is being issued from a given date till an expiry date, right. So, for us, the data comes in together, whether it is a new issuance card or a renewal card. Typically, we do not get the split from the customer as to how much of it is an add-on card or is it a replacement card or a new card or a fresh card issuance. Also for us, as per the guideline, the moment the card gets dispatched within 48 hours, we have to purge the data. So, we keep no credential or details of the data processed by us. All that we keep is the card count for the invoicing perspective.
- So, we have, A, a customer does not give us any visibility and, B, from a compliance perspective, we have no surrogate to us to analyze this and find out which is renewal and which is fresh. So, it will be difficult for us to answer that question in black and white because we do not have visibility on that.
- Devansh:** Okay. Can you share the volume data for total price for FY20? So, my sense is Q1, Q2, the volume could be lull in FY20. So, can I get the volume data? How much starts at Q1, Q2, Q3, and Q4?
- Pragnyat Lalwani:** Yes. So, what we have done is we have actually shared our revenue for the payment solutions vertical, okay. We also kind of shared in the DRHP as well, the total card that we issued last year, which gives an idea of also our market share.
- But since we have constraints, then we had specific permissions from clients to share those numbers. Now, since it is governed by certain regulations and we are governed by NDA's, so we are not in a position to share the card number data as such.
- Devansh:** So, FY20, you can share the volume data for total cards.
- Pragnyat Lalwani:** FY20?
- Devansh:** Yes, FY20, because I am assuming the replacement demand comes in like five years. So, I just wanted a sense of that?
- Pragnyat Lalwani:** Okay. So, I mean, maybe we can share that with you offline. We can research and share that with you, yes.
- Devansh:** That works. So, another question was, so our H2 of FY25, why was it less exactly?
- Pragnyat Lalwani:** Yes. So, essentially what has happened is that in FY23 and 2024, we had essentially due to some program migration and also certain customers' bulk re-carding, we had close to about 1.8 crores card quantity, which is close to about INR150 crores of revenue that had come in in 2023-2024, which was a one-time revenue, which was actually stated also in our DRHP.
- So, that volume was essentially a volume which was, if you see historically in 2022-2023, we were about INR1,100 crores. 2023-2024, we were about INR1,550 crores; and 2024-2025, we were about INR1,462 crores.
- So, if you see the growth between FY22-2023, 2023-2024, it was from INR1,100 crores to INR1,550 crores, right? It was quite a steep growth. So, this growth also had within it about

INR150 crores of one-time bulk migration revenue, which came in. And factor for that in FY23-2024, then in 2024-2025, we still had a positive growth on a Y-o-Y basis.

Devansh: Got it, got it.

Devansh: So, do you see because of Q3, Q4 being better than Q1 and Q2, you see H2 being better for us in FY26, right?

Pragnyat Lalwani: So, basically, that is what we said earlier on, the two factors. One is obviously the factor that you mentioned. The second is the customer forecast and the plans that they've shared with us. And third, also, we have certain other one-off projects that are at a very good stage where we should probably see the revenue play out, especially in Q4.

So, with all these three, four factors put together and also the premium cards and the other cards showing some traction, with these three, four factors together, we are expecting H2 to be better than H1.

Devansh: Great. I'll jump back in line.

Moderator: Thank you. We take our next question from the line of Sanil Desai from ICICI Securities. Please go ahead.

Sanil Desai: Good evening, sir. Thank you for the opportunity. So, my first question is that if we see your gross margin, that has seen a significant improvement to almost now 46%. So, what has driven this improvement? So, has there been any decline in prices or some better negotiations? What has been the reason for this?

Pavan Kumar: Hi, Sanil. I'll take that. So, the improvement in gross margins is attributable to a bunch of factors across all our verticals. Primarily, we have benefited from a favorable product mix across the verticals. Additionally, operational efficiencies have also kicked in in this quarter with the volume growth as you rightly said.

Also on the procurement initiatives, we were able to source from vendors with favorable payment terms, and also our import costs reduced. There's been improvement in paper prices as well. This quarter, we also used in-house manufacturing advantage on the inlays in our IoT vertical, which reduced dependency on external vendors and improved the contribution. Overall, I think these things have aided in improving our margins on the gross margin side on a quarter-on-quarter basis.

Sanil Desai: Okay. So, when you say favorable product mix, can you elaborate more? I didn't get that point.

Pragnyat Lalwani: So, typically what happens is that in Q1 of every financial year, we have certain businesses that come in from the communication and fulfillment vertical, which have very, very large volumes in the first quarter. We also had some good volumes of metal cards that were coming out in this period. And also, we had certain value-added stuff that we did in the IoT business.

So, what happens is that the renewable solar tags that we do, those come with inlays which are produced by us in-house, right. So, typically that's what the meaning was. If the product is such

that it allows me to have better insourcing, it allows me a margin expansion there. Plus also, in Q1, as I said, we had one project of the communication fulfillment vertical, which had a larger volume, which played out. So, these two put together probably is what he meant by the product mix.

Sanil Desai:

Okay. Got that. Okay. And the second question would be on the export business. So, has any of the export business started yet in the payment revenue? Is there any mix from the export business in H1 till now?

And secondly, if you can share, which are the geographies you are targeting? And when you say you would go into the export business, would it just be that you would be sending cards from there or you would actually have some office or some kind of a manufacturing unit set up over there and have a business set up like that? So, how would that be?

Pragnyat Lalwani:

Historically, we have a relationship where we've been exporting cards from neighboring countries like Nepal. We've done some projects earlier with Sri Lanka as well. These are two countries we've worked on in this financial year as well. We are working with some partners in the African continent where our products have been approved and we should be seeing some business coming in there. On our high-end products such as metal cards, as we stated earlier, there's one global RFP that we've been shortlisted with. We're under the final stage of evaluation to see how that will play out. And there's another large global player with whom our samples are under qualification for that.

So, on the metal card side, we basically are of the firm opinion that we would like to have leveraging our make in India, manufacturing of high-end metal cards. We are also working with some technology for wooden card manufacturing in India, but we would not probably want to set up our perso bureaus in those countries. That's the strategy. As of now, we feel it'll be important for us to get our product right, the product pricing right, ensure that the market has a product acceptability, see how that market plays out because in the current geopolitical situation with tariffs fluctuating one way or the other, it's better for things to settle down and see where things are moving and then make your strategy because at the end of the day, we see especially in our IoT vertical and also in our payments vertical, we see there's good potential in the domestic markets itself. So, we want to kind of ensure that we deepen our market penetration and our market share in the IoT vertical because we probably could have a little bit of advantage as an early mover. And then we'll see how the global response to our products comes in and then maybe build up our strategy for future whether we really want local presence in those markets.

Sanil Desai:

Okay, that's helpful. Yes. Thank you that would be all from my side. Yes.

Moderator:

Thank you. We'll take our next question from the line of Franklin Moraes from Reliance General Insurance. Please go ahead.

Franklin Moraes:

Yes, thanks for taking my question. So, can you share the revenue for payments and the secured communication for Q2 FY25?

Pavan Kumar:

Hi, Franklin. This is Pavan here. So, in Q2 FY25, you mean?

- Franklin Moraes:** Yes, yes, the base quarter last year.
- Pavan Kumar:** Yes. So, payment solution 69%, communication fulfillment was 24% respectively. Also, in absolute numbers, payment solution was about INR272 crores, communication & fulfillment was about INR94 crores. IoT was 7%, was about INR27 crores.
- Franklin Moraes:** Okay. In terms of realization, in terms of your cards or your metal cards or your RFID tags, how has the realization moved? Maybe if you have to compare it on an H1 basis, this year versus last year.
- Pragnyat Lalwani:** On the IoT side, we probably have seen definitely the new generation of chips that have come in. Okay, so we will probably see, as it plays out, we'll probably see some optimization on the input cost. We have not seen it yet, but we'll have to see how it plays out with the customers in terms of transferring their benefit. On the payment card side, we've seen the price change remain more or less static as per the last year's levels.
- Franklin Moraes:** And what about RFID?
- Pragnyat Lalwani:** RFID, as of now, we haven't had any price impact overall.
- Franklin Moraes:** Okay. Can you share your segmental margin for the three divisions?
- Pragnyat Lalwani:** So, basically, we have a blended EBITDA that we share because we have a lot of infrastructure, platforms, people, and resources which are commonly used. So, we have our blended EBITDA only which comes out. So, we actually don't have margins across verticals.
- Franklin Moraes:** Okay. So, in terms of inorganic acquisitions, which you mentioned you will do on a selective basis, any areas or segments that you are particularly targeting?
- Pragnyat Lalwani:** I think as of now, we've been looking around and we keep evaluating within verticals which makes strategic sense for us with respect to the business vertical, but there's nothing worthy of sharing at this point in time.
- Franklin Moraes:** Okay. Would you be able to share some longer-term targets in terms of your vision, maybe a three-year or five-year vision, in terms of how your mix is going to move, or do you have a revenue growth kind of target in mind, anything of that sort?
- Pragnyat Lalwani:** The interesting part of our business is that we have three verticals, and each of these three verticals has its own levers of growth. Each of them has a very critical role to play in the target markets that they address, and depending on the market need, each of them shifts gears as per needs.
- So, from that way we feel definitely the payment vertical will have a steady pattern. The fulfillment vertical will continue to do well. The IoT, which is today going very well, is on a small base, and I think we continue the momentum of growth in IoT business. Probably, since you're asking a three-to-five year question, we feel that will also become a dominant part of our entire revenue contribution. So, definitely, IoT share to our contribution will expand as we go along.

- Franklin Moraes:** Fair enough. Thanks a lot.
- Moderator:** Thank you. We'll take our next question from the line of Rohit M., an individual investor. Please go ahead.
- Rohit M.:** Hi, sir. I'm not an individual investor; I'm calling from Tata AIG. Okay, thanks for the opportunity. Sir, I want to know that why your tax rate is very erratic in Q1, it was 33%, in Q2, again, it is 24%?
- Pavan Kumar:** Yes. So, Rohit ji, I will answer that. So, in Q1, there were a bunch of provisions that we had made at the end of the previous financial year, fiscal 2025, and which are based on allowances based on payment.
- So, as the quarters moved from Q1 to Q2, as and when those expenses were paid, so those disallowances were reversed back, and that's why we find the effective tax rate to be fluctuating between 24.5% in Q2 versus 33% in Q1.
- Rohit M.:** But looking forward, it will be at 25% odd, correct?
- Pavan Kumar:** That was the average rate that we had in our previous fiscal as well. So, we've traditionally been in a 25%, 26% range over the last couple of years.
- Rohit M.:** Okay. If I see from quarter one to quarter two, you have added close to INR40 odd crores revenue in one quarter. So, can you give some breakup, like, how much was the new business, how much was from the existing customers?
- Pavan Kumar:** Yes. So, Rohit ji, I mentioned that earlier when I was speaking. So, our revenue from the existing business, existing customers was about 98% of the total revenue.
- Rohit M.:** Okay.
- Pragnyat Lalwani:** I'll just come here, Rohit, just to add that typically how it works in our IoT business is that though we are shortlisted by a brand, the brand nominates us to work with their sub-con vendors. So technically, for me, it's the same customer. But when they go into adjacencies, for example, when they go from apparel to shoes, shoes to cosmetics, cosmetics, accessories, we have new vendors who get onboarded into our portfolio to serve to that expanding adjacencies for those customers. So technically, there are new vendors who come on to our platform. But from our measurement perspective, the way we measure our performance is they come under the same umbrella of that one customer. So essentially, it is a customer when we evaluate at least from an internal perspective, it is a brand, but the adjacencies come in from those customers.
- So as we expand adjacencies, there could be some common subcon vendors who also do multiple works for that brand or there are new vendors who get onboarded. So probably we've added vendors in the solar, in the renewable business, and we also added certain more categories for existing brands. So these are revenues which come in from technically new customers, but from a measurement perspective from an existing customer.

- Rohit M.:** Yes. But just want to have a feel because of 13.3% there will be some volume growth from the existing customer and the new category, which the customer they would have approved you as a vendor. So this is what my understanding is. And that additional growth additional category which a customer where a customer has been added, so that will be the new revenue stream in the second half or going forward?
- Pragnyat Lalwani:** Correct, correct.
- Rohit M.:** Yes. So I wanted that breakup only. Like out of 13.3% there will be some portion where you would have had some volume growth and some new business from the existing customer where you were not there?
- Pragnyat Lalwani:** Maybe we have, you know, go a little deep diving and we can come back to you on that one. Yes.
- Rohit M.:** Okay. My third question is when you say that second half to be better than the first half, then logically the second half will have a better margin than the first half. So can I say that the quarter two FY26, the margin, which is 26.9% rest of the two quarters, the margin will be higher than the current quarter? Or like if I'm wrong, can you correct?
- Pavan Kumar:** So, while the revenue from the second half would increase, the margin profiles more or less we've estimated them to remain the same. There may definitely be further operational efficiencies that we may add. So the absolute numbers would increase. But right for now, we estimate the margin numbers to be on the same percentage range.
- Rohit M.:** Okay. As in the call, you have highlighted that you are waiting for a big order win in quarter four next year. So that will be a onetime in nature or it will be a longer-term tenure contracts?
- Pragnyat Lalwani:** That project probably we've been told will run for about three quarters, from Q4 of next year. So right now, we've got visibility for about two quarters from them. If that plays out very well, then they themselves will probably get a Phase 2 of that project.
- So for now, there is one project that we are working on in the IoT space, which will come in, which is going to be recurring in nature, which will play out probably a little bit in Q3, but majorly into Q4 and then continue in the next financial year. That's a sizable one. Then on the payment side, the project that we are working on, that one probably is a one-off project for now that we got visibility from the customer.
- Rohit M.:** Okay. Just a suggestion from my side, if you can give more variables or more data segment-wise revenue and the number of card issuance this quarter versus RFID. So it will give a sense, it will be very easy for us to have that trend and predict something.
- Pragnyat Lalwani:** I think the point is well taken. So as much as it is prudent for the business and for our compliance perspective, we will endeavor to give that much more data. But maybe somewhere we'll be constrained where we are crossing the line from a compliance perspective.

- Rohit M.:** Yes, but I guess, you can give me like number of card issuance, this current quarter as compared to the previous quarter. I think, this is all is what, whatever the data you have given in the RHP. So, that is only what we have been, I am asking, I'm not asking beyond RHP. It's like number of card issuance, number of RF, RFID issued, number of tags. So, what will happen is, this will help us to get, is this a volume growth or the segment is sluggish, that will help us a lot. That's it. Thank you and all the best.
- Moderator** Thank you. We'll take our next question from the line of Devansh from Equentis. Please go ahead.
- Devansh:** Yes, sir. So, basically, my question is, Q3, Q4 will be a growth on a Y-o-Y basis, and how much would be the delta? Will it be a single digit or double digit?
- Pragnyat Lalwani:** Devansh, for us, as we explained, the volume driving is determined by our customers. So, once the data comes in from them, and based on their business plan, we are able to say that. So, I would say, net-net, I would take it as an H2 rather than a Q3, Q4, not to be held to that. But we expect the H2 to be better than H1.
- Devansh:** But that would be on volume terms or realization basis?
- Pragnyat Lalwani:** Volume terms and realization terms, both.
- Devansh:** Volume and value terms, both, right. Okay, and any growth guidance for the next year, for FY27, any revenue or margin guidance?
- Pragnyat Lalwani:** I think probably we'll come to that as we go along. But all we can say is that the way we are poised right now, we're expecting to see a good growth in probably in the H2 as well and in FY27.
- Devansh:** Okay, great. Thank you so much.
- Moderator** Thank you. As there are no further questions, I now hand the conference over to management for closing comments. Over to you, sir.
- Pragnyat Lalwani:** I would like to thank all to attend this call, and especially all the investors, shareholders who trusted Seshaasai. We are committed to ensure that we deliver as we promised, or as the expectation from us is from the stakeholders. And we probably will endeavor ourselves to keep expectations in mind, and also to keep our own targets in mind as we go along, and ensure that we live up to those numbers.
- Moderator** Thank you, sir. On behalf of Seshaasai Technologies Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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