

Date: 24.01.2025

To, The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code: 543945	To, The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai- 400051 Scrip Code: NETWEB
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SUB: TRANSCRIPT OF Q3 FY25 POST RESULTS EARNING CALL

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Post results earning call for Q3 FY25 held on Monday, 20th January, 2025.

Kindly take the same on your records.

Thanking You,
Yours faithfully
For **Netweb Technologies India Limited**

Lohit Chhabra
Company Secretary & Compliance Officer
M.No A36610



“Netweb Technologies India Limited
Q3 FY '25 Earnings Conference Call”

January 20, 2025



MANAGEMENT: **MR. SANJAY LODHA – CHAIRMAN AND MANAGING DIRECTOR – NETWEB TECHNOLOGIES INDIA LIMITED**
MR. NAVIN LODHA – WHOLE-TIME DIRECTOR – NETWEB TECHNOLOGIES INDIA LIMITED
MR. ANKIT KUMAR SINGHAL – CHIEF FINANCIAL OFFICER – NETWEB TECHNOLOGIES INDIA LIMITED
MR. HIRDEY VIKRAM – CHIEF SALES AND MARKETING OFFICER – NETWEB TECHNOLOGIES INDIA LIMITED
MR. SANJEEV SANCHETI – HEAD UIRTUS ADVISORS, IR ADVISOR – NETWEB TECHNOLOGIES INDIA LIMITED

MODERATOR: **MR. HARDIK RAWAT – IIFL CAPITAL SERVICES LIMITED.**

Moderator: Ladies and gentlemen, good day, and welcome to the Netweb Technologies 3Q FY '25 Earnings Conference Call, hosted by IIFL Capital Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on a touch-tone phone.

I now hand the conference over to Mr. Hardik Rawat from IIFL Capital Services. Thank you, and over to you, sir.

Hardik Rawat: Thanks. Good afternoon, everyone. On behalf of IIFL Capital, I welcome everyone to Netweb Technologies 3Q FY '25 Earnings Call. We have the pleasure of having with us the senior management team of Netweb Technologies led by CMD, Mr. Sanjay Lodha; CFO, Mr. Ankit Kumar Singhal; Whole-Time Director, Mr. Navin Lodha; Chief Sales and Marketing Officer, Mr. Hirdey Vikram; and Head of Uirtus Advisors, the IR advising firm, to Netweb Technologies, Mr. Sanjeev Sancheti.

Without further delay, I'd like to hand over the floor now to Mr. Sanjay Lodha. Over to you, sir.

Sanjay Lodha: Thank you, Hardik. Good afternoon, and warm welcome to all of you to Netweb Technologies Q3 FY '25 Earnings Call webinar. I will take you through the business and operational highlights of the quarter gone by. While our CFO, Mr. Ankit will share the financial metrics.

We are delighted to report our highest ever quarterly income and PAT at INR3,340 million and INR303 million, respectively. Our operating income rose by 60.3% year-on-year for 9 months financial year '25, reaching at INR7,344 million.

You are aware that India's flourishing AI research ecosystem supported by government initiative and industry partnership presents immense potential. Netweb is uniquely positioned to capitalize on these opportunities through our strategic focus on our 3 core pillars, that is HPC, Private Cloud and AI. Notably, AI has emerged as a key growth driver, contributing to around 14.7% to the company's operating revenue in the 9-month period financial year '25, reflecting a year-on-year growth of 136.3%. Moreover, furthermore, our OEM partnership with NVIDIA, we have established a road map to design and develop AI GPU systems based on the world's most advanced NVIDIA Blackwell GB200 platforms.

In line with our growth strategy, export contributed around 7.9% for the 9-month period financial year '25 revenue, reflecting our efforts to expand international market presence and capitalize on global opportunities. It also gives us immense pride to share that in the recently concluded NVIDIA AI summit 2024, Jensen Huang, the CEO of NVIDIA, personally endorsed our AI GPU systems based on our architecture.

This endorsement not only strengthens Netweb's leadership in design and solutioning of AI systems in India but also positions India to emerge as AI factory of the world with indigenous design and manufacturing capabilities. Our strong business pipeline and our order book, coupled

with ongoing capability enhancements and product expansion would position us favorably for sustained growth while maintaining our technological leadership.

I would like to hand over the call to Ankit to provide the update on financial numbers. Thank you.

Ankit Kumar Singhal: Thank you, Sanjay sir. Good afternoon, ladies and gentlemen, and thank you for joining our earnings webinar. Before we open the floor for Q&A, I'll provide a brief overview of the financial performance for the quarter. I trust that by now you have had the opportunity to review our earnings presentation press release. While our CMD has already discussed the macro outlook, I will delve deeper into financial performance, providing a more detailed analysis of quarter gone by.

Our operating income increased by 60.3% in 9 months financial year '25, reaching INR7,344 million. Our operating EBITDA for 9 months financial year '25 increased by 61.4% Y-o-Y reaching INR1,002 million. The operating EBITDA margin for 9 months financial year '25 stood at 13.7%. Profit after tax, PAT for 9 months financial year '25 increased by 54.6%, reaching INR715 million. PAT margin stood at 9.6% in 9 months financial year '25.

Return on equity for December '24 was 20.9%, while return on capital employed for the same period was 28.2%. Net debt for December '24 was a negative INR737 million as compared to negative INR664 million in September '24.

Kindly note that this net debt calculation excludes unutilized proceeds from IPO. The cash conversion cycle for December '24 improved to 88 days as compared to 100 days in September '24. We remain committed to our growth pillars with a clear focus on achieving sustainable growth and long-term profitability.

With strong quarterly and year-to-date performance supported by our healthy order book and a robust business pipeline, we are confident in delivering significant revenue and profit growth for the current financial year.

With this, I now hand over the call to Hardik Rawat.

Hardik Rawat: Thank you. We can now proceed to the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from Aman Soni from Nvest Analytics Advisory. Please go ahead.

Aman Soni: **Goodafternoon sir,** Congrats for a good set of numbers. And I have a first question on the HFT side. So what percentage of our revenue, particularly came from trading firms, particularly from the HFT side, sir?

Sanjay Lodha: From which side?

Aman Soni: HFT, High-Frequency Trading?

Sanjay Lodha: Yes. Actually, we don't segregate our revenue in terms of basically as regards to the HFT vertical separately because basically, there are customers -- we have some large customers there. And basically, like Graviton, NK Securities and all. But basically, we don't segregate our numbers separately for the HFT domain, particularly. But basically, they are our customers for our 2 segments. One is the higher -- one is the high-performance computing that the HPC and second is the Private Cloud and HCI. For both the 2 segments, they definitely goes into the HFT segment.

Aman Soni: Understood, sir. So sir, like recently, the change in the expiry. So do you see any kind of slowdown happening in this particular category?

Sanjay Lodha: I don't think so, basically as regards -- their algos and all those, they are trying to work actually, but basically, HFT, the customers are robust and they are already -- they have been investing. They have been getting orders from them, and they have been investing actually into this.

So primarily, we are not into the transaction side of it. Please understand that. We are primarily -- basically we help them to us to basically develop their algos in a better way so that they get better performance, better results once they basically, they use the algos. That development side of it, wherein the even use a supercomputer, so as to basically improve their algos along. So in that segment, we are pretty fine and there is a regular demand which we are seeing.

And plus these people are also not only restricted to India, our customers are restricted to international, also. We have customers like basically Tower Research. We have customers like Societe Generale and basically, so it's a very, very mature and a large range of customers which we have.

Aman Soni: Understood, sir. And sir, lastly, on the order flow side, like, do you see any substantial order flow coming or any color on it, like if you see as compared to last quarter also, our order book is quite a bit constant. So how do you see it?

Sanjay Lodha: Yes. Actually, you have to understand my order book actually. It looks to you is constant, but it is not constant. Like I'll give you an example. Like basically, like what happened is, we -- the first thing you have to understand that my order book is not like basically, which takes around 6 months to 1 year to complete. The life of my order book is somewhere around 12 months to 16 months. And maybe somewhere sometimes it is even 8 months, 8 weeks, 8 weeks to -- 8 to 12 weeks to 16 weeks, actually. So please let complete.

So what happens is that, like, basically, I had an order book of around, I think, INR370 crores last quarter. So basically, out of that, already INR250 crores already got converted and got built. So that's the reason you are seeing a term plan. The numbers are approximate. It could be INR225 crores also. So basically, that got built. So basically, if you really see out of the INR334 crores, that basically is around INR225-odd crores would have got built on the order book itself. So the current order book is INR360 crores.

So what happens is that order book has just doubled actually in real terms because INR225 crores went out of it and more got added. So still, it is at INR360 crores. So basically, if you really see, every quarter, the churning of the order book is happening, the order book is a new order book

for me. It is not the old order book. I think only 20% or 30% of the old orders are there in the order book, all the rest of the orders are new.

So basically, you have to understand that. It's not like, we are not kind of a company which is just trying to have an order book, which will get some buildup and we keep on billing something of that nature, doesn't happen that way. So it gets converted into our revenue as well. So we are very pretty happy with the growth of because around INR250 crores got built, but still, I'm standing in my order book is still standing at INR360 crores, that itself say that, that my order book is very, very robust and the pipeline is helping me grow.

Moderator: Thank you. The next question is from Hardik Rawat from IIFL Securities. Please go ahead.

Hardik Rawat: **Thank Yoy.** Congratulations on a good set of numbers. Sir, I wanted to ask, firstly, the state of our current order book, and I think you just alluded to that. So the execution cycle of the current INR360-odd crores order book would be roughly 8 to 12 weeks. Would that be correct to understand?

Sanjay Lodha: It can be, average you can take around 12 weeks. It is between 8 to 16 weeks. Some orders get executed within 8 weeks. Some orders get executed in 12 weeks. Some in 16 weeks. So you can take average, you can keep it around 12, 14 weeks approximately.

Hardik Rawat: Got it. And sir, another thing that I wanted to ask was that our EBITDA margins have dropped on a sequential basis. So I understand that Q2 was an exceptional quarter in terms of margins. But even on a Y-o-Y basis, there's like a 30, 40 bps contraction in margins. What has led to this contraction in margins, for the current quarter?

Sanjay Lodha: Yes. So basically, I will handle the first part and then maybe let Ankit take the technical part of it. So what happens is that, you have to -- if you see year-on-year, actually, really speaking, the margins last year and this year, I think margins have really gone up a little bit rather than going down. So you should take a note of it, Hardik, that last year, if you compare it to December last year to December this year, the margins have really gone a little bit up only, but very, very marginally. So margins are constant. My first point is that.

But the second question is while basically this quarter, the margin did not expand much is that, that we were executing from large orders. And sometimes what happens is that our kind of business, you cannot judge from quarter-on-quarter basis, okay? So, you have to see it on a year-on-year basis. I have been telling it again and again. And, once we are executing some large orders, it can be some bits up and down. That can always happen. But still I'm very confident of maintaining a 14% EBITDA, which I have always guided 13% to 14% I have been guiding. But, I'm very confident of maintaining that 14% kind of EBITDA, on complete year numbers.

Sanjeev Sancheti: So Hardik, just to add, if I'm audible, my operating EBITDA margin has gone up from 13.6% to 13.7% on a Y-o-Y basis. I think you may be looking at an EBITDA margin, which includes other income, the right way to look at it, is that you have to look at the operating EBITDA margin. Other income will go down because we are utilizing our IPO funds and obviously, that will go down. The other income will go down. Ankit, if you want to add something.

Ankit Kumar Singhal: I wanted to add on similar lines that on operating EBITDA front, our margins have improved. And even we see in absolute terms, we have grown by 61%.

Hardik Rawat: Got it. That's helpful. Another thing that I wanted to understand is that are there any large project orders currently in the pipeline that we're expecting to convert to our order book anytime soon?

Sanjay Lodha: I think, Hardik, the numbers which we have shown, basically I think what is the L1 number we have shown? So, the INR360 crores in the confirmed order book, which we have, and we are basically L1 for around INR340 crores, okay? So, this itself gives you a very robust outlook. At least I don't know whether how you're feeling, but at least I am feeling that, this is a very, very robust outlook, which you have, because INR360 crores plus INR340 crores made a huge number, actually, really speaking.

So L1 is the orders which we have won, it may take some time for them to come. But basically, we expect some of them to be coming in this quarter also. And as regards to your question on large orders, we are working on several orders. And orders are normally -- I don't think we are making specific announcements on any orders as such.

Hardik Rawat: Got it. Next, I wanted to dwell up on the export business. It's good to see that exports you had mentioned that we'll see some exports, and 9% of the top line is being made by exports. Any focus or vision which in terms of what these exports as a composition of revenue could we land at in FY '26? And are there any export orders in our current order book or L1?

Sanjay Lodha: Yes. First thing is that, to answer your question, the last question first, that there are some export orders in the current order book. But basically, as regards what we've also personally -- what I have been guiding from day one only that we are trying to build up capabilities so that we can start exports. So, you should be happy to note that, that we have already started that. And because as I told you that our products are very well made, and we have a complete solutioning so we have huge demand. but we have to clearly start so as to find ways so as to service them internationally.

And since my products are being sold to large enterprises only and mature enterprises only, then it makes us that I make a good foothold outside before I start selling it. So I think, it is in the same direction we've started doing it, wherein, if you see private cloud and HCI, which is again a very, very good segment for us, and we have started to push it and the exports have started.

But if you ask me to guide approximately what I will say it would be around 10%, 11% of my revenue only because we are growing at -- you please understand, we are growing at a rate of 30%, 35% CAGR. So my domestic sales is also ever growing. So in that situation, I think export, I don't think will be more than 10% to 11% of my complete sales for the next 1 year or so, something around that.

Hardik Rawat: And the margins, like you had mentioned in the previous call will be very similar to domestic at least starting out?

Sanjay Lodha: Yes. Actually, please understand that, I have to price my -- because it's not that I'm not trying to -- it's not a kind of a competitive bidding or something of that nature. I have to price my products

very right, so that there is an interest in the market. And people feel value in that, my products, actually, okay? So I can definitely command more margin. I think maybe one quarter if I want to expand my margin, I can do that. But the customer will not feel good about it.

And basically, what happens is that I see it as a long-term strategy, wherein customer needs a new solution, he comes to me because he knows that I start my product at a very, very appropriate margin. So that's the reason that is happening. So my pricing strategy for domestic and export will remain the same.

It can go a few basis points up actually because as I've been mentioning to you, as the AI business will be growing, that will push the margins a little bit on the upper side. But basically, overall, if you see the margin profile will remain the same.

Hardik Rawat: Understood. That's helpful. One last question will be with regards to revenue. So we are now at the end of the third quarter, and if on a year to date is if I look at our growth has been 60% on - - for revenue and roughly 50% PAT. Any guidance you'd like to give or maybe update in terms of the full year FY '25 numbers on revenue if you want to delve into that?

Sanjeev Sancheti: I don't think we are very keen to give near-term guidance. It is too much of trying to speculate. I think our medium-term guidance remains to be 30% to 35% on the average side. We would not like to guide on absolutely near term.

Hardik Rawat: Thank you so much, I will get back in the queue.

Moderator: Thank you. The next question is from Akshay Kaila from CD Integrated Services. Please go ahead.

Akshay Kaila: Sir, I have a couple of questions. So sir, my first question is regarding the -- recently, there was a news of restrictions from the US regarding the export of the GPUs. And our country is in the list of the 50,000 GPUs per year. So could we in the future, can we have some supply chain crunch or something like that and due to that we do have our restrictions in the growth?

Hirdey Vikram: Thanks for the question. Just to clarify, we don't see any problem coming our way because anyway such restrictions are largely for those countries, which are expected to use such GPUs or such components for different kind of user scenarios. And U.S. is also trying to regulate this only for that purpose. But anyways, when there is an engagement at the government level or even at the large enterprise level, there is no such problem expected to come our way. So that's very clear. We don't foresee any challenge for our business in coming quarters.

Sanjay Lodha: To be explicit, actually, really speaking, like U.S. government doesn't want it to be -- one of the GPUs to be sold to the negative countries, which they don't want to sell them actually. I will not like to name them very clearly. The list is already available. So basically, that's the reason they want to restrict it so that things don't get diverted to those areas.

We are always -- basically, they are always more than welcome to use for the AI for the government use, for the enterprise use and all that, there won't be -- there is no restriction

particularly on that. And basically, there are a lot of compelling technologies which are available. So I don't think there should be any challenge on that.

Moderator: Next question is from Depesh Kashyap from Invesco Mutual Fund.

Depesh Kashyap: Sir, just wanted your thoughts on the India AI Mission, which has got an allocation of around INR10,000 crores since you do not directly bid for the tenders, right? So I just want to understand what is your addressable market or your role in this entire mission? And when should it start flowing through your pipeline, order book and the revenue, please?

Sanjay Lodha: Yes. So basically, actually, India AI Mission is a large project from the government. And actually, we are very closely working on it. And basically, there are two parts of it. One is government wants to set up its own complete 10,000 GPU cloud actually, which can be made available to the AI people, AI developers and start-ups and all that. Basically, we had already built AIRAWAT, which was a POC for that purpose. And today, basically, AIRAWAT is basically full with the queue for more than six months people have been waiting. So there is a huge demand. So government wants to set that up.

And basically, we are very much instrumental in setting that up. So basically, all the 10,000 GPUs are not going to come in one day, but basically, that will definitely -- to be split between maybe the time period cannot be defined, maybe one or two years approximately. So we are part of it. Government is seeking advices from us on the design, and we are trying to give them the advices on that. And the complete RFP should be expected sometime in 2025 mid approximately.

And then the tenders we roll out, and we'll definitely bid for those tenders and we will basically help government to set those kind of basically GPU clusters. So as we have not included it in the pipeline, we have not included it in our funnel, because it's a large project. We don't want to overshadow our projects, our funnel and all that. So it will basically be added as soon as the RFPs are there. As soon as we start bidding, it will get added. I hope that's the most transparent answer I can give you.

Depesh Kashyap: Yes, sure, sir. The other thing -- so right now, 19 companies have -- according to press article, 19 companies have bid for this AI Mission. So if my understanding is correct, you will be working with -- partnering with one of the companies who are there, right? So any color on how many companies are you partnering with? Like how much of this 10,000 GPUs you can actually address in the next two, three years?

Sanjay Lodha: Actually, this tender is not for 10,000 GPUs. Please understand that. Since the government cluster is not ready, that's the reason they have come out with basically a tender wherein they -- it's a stop-gap type of...

Hirdey Vikram: It's an interim arrangement, actually. This is not the RFP. This is just the RFE, which is basically for the empanelment of cloud service providers, who can in the -- for the current scenario to address the needs, they can at least provide some GPUs available over the cloud. That was the purpose of RFP. So the current -- the tender which you are seeing and where you mentioned that

there are 19 participants, out of it 13 have got qualified. That is only for that purpose. This is not the RFP we are talking about.

Depesh Kashyap: Okay. So you will be participating directly in RFP whenever it comes?

Hirdey Vikram: Yes. I mean, depending on how to be strategized, we can decide. But yes, I mean, we will be -- our complete solution will qualify for that. That is something which is clear. So whether we participate directly or through SI partners that we can decide.

Depesh Kashyap: Understood. And secondly, I just wanted to understand, I think your cash position has improved this quarter and particularly, your debt has also increased, right? And I think your interest cost has also increased. So just want your thoughts on why have you taken the borrowings when it's such a cash-rich company?

Ankit Kumar Singhal: Okay. So look, yes, definitely, our cash position has improved. And as far as borrowings are concerned, so look, we are working with one of major banks in the country now, and we have got the kind of CC limits with them. So this quarter collections are good out of relation. We have to maintain some kind of borrowings. So we have just borrowed INR10 crores, which is basically it gets refunded in the next week and this quarter itself. So there is not as such we are in need or borrowing compared to the December closing.

Depesh Kashyap: Got it. And now that you have done with the SMT line, there's no extra capex that is required for the foreseeable future, right?

Ankit Kumar Singhal: Yes. So SMT line capex is as per the IPO proceedings that we have planned, and it's going to happen in the line with the objects that we have maintained.

Sanjay Lodha: So basically, capex is almost all done, maybe around INR10 crores of capex is already pending and that would be the act that most will be coming up.

Moderator: The next question is from Aditya Moona from YES Securities.

Aditya Moona: Congratulations on an amazing set of numbers. My first question was regarding the order book. Could we get a bifurcation as in the current order book, what is the bifurcation for the HPC segment, for the private cloud? Could we get some bifurcation on that part?

Hirdey Vikram: Since we have already mentioned that we do not do the bifurcation in that manner. So for the order book, there is no such bifurcation which is done at our end. So probably you can basically understand that the pillars we have been talking about. So they correspondingly contribute in that proportion only. So that kind of guidance we can give, yes.

Aditya Moona: Okay. The same I think we can understand then for the pipeline and the order book, correct?

Hirdey Vikram : Yes.

Aditya Moona: Okay. My second question was regarding -- so basically seeing that AI segment is growing at a substantial grade, my question was regarding the HPC and the AI systems. So do we see any

further improvement happening in this segment in terms of growth, in terms of the revenue growth?

- Hirdey Vikarm :** In case of HPC, are you referring to?
- Aditya Moona:** In case of HPC systems and private cloud. In these two segment, AI systems is growing at a substantial rate. And we see that it's now...
- Hirdey Vikram :** There is a lot of growth available actually. In case of HPC systems as well as for private cloud and HCI, and I think we have always spoken about how our pipeline is growing in case of each of these product lines. So answering your question, yes, there is an absolute headroom available for both the product categories for us.
- Sanjay Lodha:** So basically, if you see the presentation very clearly, it will show you that basically, both these categories are still contributing around 32% to 35% -- 35% to 36% segment with each of them, so around 70% of revenue is still coming out of them and still -- and the company is already growing at 35% CAGR. So definitely, these segments are also growing at almost a similar rate, and we see a huge potential. You know how the data centre is booming. Vikram Sarabhai Space Center we recently, we just basically executed. So basically, that again was there. So there is a huge -- so both these segments are also growing. But AI definitely, we see a more momentous growth actually.
- Aditya Moona:** Okay. Got it. My last question, which you already answered, but I just want to follow back on that was regarding the restriction from the United States on the GPU segment. We don't see any risk arising from NVIDIA as a short-term or a long-term period, correct?
- Sanjay Lodha:** No, no risk at all. I have already answered it -- Hirdey has already answered it very clearly.
- Moderator:** The next question is from Sandeep Shah from Equirus.
- Sandeep Shah:** Yes. Congrats on a healthy execution again in this quarter. Sir, I want to well more in terms of the export. That is very pleasant to see that 9% of the revenue has come through export. So can you throw some light which country has contributed bulk of the export revenues? And how are you looking to strategize in terms of scaling? You have already answered that in the next one year, it would be 10% to 11% of the top line. But just wanted to understand which country and which segments, the demand is coming in terms of the export, either Private Cloud, AI or in terms of the supercomputer?
- Sanjay Lodha:** So basically, as I mean, Sandeep, thank you for your greetings and complements. So basically, if you -- the business is coming primarily, most of the export is still coming from the as the company has been targeting from the private cloud and HCI actually, really speaking. And the areas also just as per our focus, we have been speaking about it that we want to do it the exports to the Middle East to U.S. and to Europe because basically, our products are very matured and we can try to basically send to the developed nations. So major contribution from our export currently is from Middle East and some part is the U.S., actually, to answer you.

Sandeep Shah: Okay. Okay. And the verticals where you have sold in the -- especially in the U.S. would be what technology or some other sectors?

Sanjay Lodha: Technology IT, yes.

Sandeep Shah: Okay. Okay. Okay. And the second question is, we have already launched our architecture on the Grace Hopper GPU. So just wanted to understand the client response in terms of that? And is there any competitive pressure? And when do you expect the architecture on Blackwell GB 200 to get ready and how people are pursuing because NVIDIA at a frequent and fast rate, they are actually launching new innovated platforms. So in that scenario, is the demand is getting cannibalized because of the new platform where we have already worked on a whole architecture?

Sanjay Lodha: Yes. So basically, NVIDIA works on a very, very dynamic mode Sandeep ji, as you may know already. So basically, GB200 is the latest platform, which they have just -- they started talking about it sometime in November on the new architecture, and we started working along with them at that point of time.

So though I cannot tell you particularly precise dates . I think we have a very strict NDA again. So I can only tell you if your time to market, it will be along with the worldwide launch of the architecture accordingly, we'll be doing it. So we are very much in time to market. And I can give you some idea that within next 4 months, you should have the GB200 platforms rolling out basically from our side. We are seeing a huge traction in demand on it, and definitely, we are ready to address that.

Sandeep Shah: Okay. And any question is in terms of Grace Hopper GPU, how is the response, especially in domestic market once we have launched it?

Sanjay Lodha: Yes. So Grace Hopper, we have already launched. Grace Hopper, we are getting good responses. We are working on basically large requirements because we can understand that these kind of architectures are being used primarily for large requirements actually. So we're working on a couple of large requirements, and we are seeing a good demand around that and that those will get added to our order book.

Sandeep Shah: Okay. And another last question is, generally, in the fourth quarter, we see further improvement in working capital with some collection comes slightly better in the fourth quarter versus the earlier 9 months. So whether that trend will continue in the fourth quarter as well? And is it fair to assume the PLI accounting and the claim will happen in the fourth quarter that would also be additional tailwind in the fourth quarter?

Ankit Kumar Singhal So Sandeep ji, I would like to mention here that, yes, we will maintain the collection trend that we have done in last year as well. As you understand that we have maintained the share of the government customers this year as well. So the collections usually happen in the last quarter as compared to the government clients.

So we will definitely be in a better shape in cash position. And for PLI thing it's process, we'll obviously tracking that thing. But overall, yes, collections, cash conversion will improve.

Sanjay Lodha: Sandeep ji actually, you have to understand that, that we are a growing organization. We have to focus on growth and I have my history of bad debt is very, very poor. So I'm really not worried basically, even if basically, if you see last quarter, my capital working cycle improved, okay? And basically, I'm really not -- I don't -- I drive my business by growth, so you should understand you should give us the compliment that we are growing at such a huge rate. Once we grow at the huge rate, actually, my first focus is growth, actually.

And I have no breath of gap. I don't have any debt. So basically, I don't have much of a pressure there. Though I'm not a finance guy to commit on this. But you very clearly, this quarter also, I'll be clearly focusing on growth, as I have been doing in the past, and I'm very sure, definitely, cash conversion cycle should also improve.

Moderator: Thank you. Next question is from Onkar Ghugardare from Shri Investments. Please go ahead.

Onkar Ghugardare: Congrats on good set of numbers once again. My question was regarding you have already -- you have been maintaining this 30%, 35% revenue guidance. So just wanted to know, not quantitatively, but qualitatively, the profitability will be in the similar lines? Or like is there any scope to expand in 2-year time frame?

Sanjay Lodha: Yes. Actually, as I answered we price our product very rightly actually, as I have been telling that again and again. So basically, the profitability may go up by a few basis points, but would be in the similar line, actually, maybe around 14 percentage EBITDA basically which we are promising well around that, it will be take.

Onkar Ghugardare: So basically, revenue and profitability will be on the similar growing on similar lines maybe.

Sanjeev Sancheti: No, no. Revenue guidance will continue to 30% to 35% in the medium term, okay. And that's where the guidance is, the EBITDA margin will be around 14%. So we are not expecting significant expansion because when you are growing so far, you will have to maintain pricing, which is comfortable to everybody.

Sanjay Lodha: Thank you, Sanjeev, for clarifying that clearly.

Moderator: Thank you. Next question is from Ankur Jain, who is an Individual Investor.

Ankur Jain: Yes. Sir, actually, like wherever I have heard the last con calls, you have always maintained that the second half of the year is definitely be better than the first half. And around 2/3 of the business should come from the second half. Am I right, sir?

Sanjay Lodha: Yes, we used to say that. But basically, every time it doesn't remain the same, but basically, you have seen results already. The first -- Q1 was very good for us this year. But the Q2 also seems Q3 all seemed to be good. We did have good substantial growth in that. So -- but basically, I don't think we'll be able to maintain that 1/3 or 2/3 or not, I'm not sure about that.

Ankur Jain: Okay. So that's what I wanted to ask because like for the fourth quarter, it would bring a lot of pressure on the expectations for the revenue as well as profit because like if we see it in that first 2/3 and 1/3 around. So it means it would not be the same this year, right?

Sanjeev Sancheti: No it will not be impact. If you look back to the last quarter conference call transcript, this question was asked and we did say that if we get tempered because in the first half actually the growth was very high. Obviously finally, whether revenue figure is sitting in this quarter or next quarter is just one cut-off day, right?

If a billing happened on 30th of September, it goes into the first half. If it happens on 1st of October, it goes into the second half. So while generally, it has been 1/3, 2/3, but there may be years when it could be different, right. And finally, that's why we always look at Y-o-Y -- YTD, Y-o-Y rather than quarter-to-quarter Y-o-Y.

Ankur Jain: Okay, sir. My second question is that, sir, around the INR47 crores is remaining unutilized out of IPO proceeds for the construction work and around INR145 crores for the equipment. So means is there -- can we expect some another SMT line or something like that in some coming 3, 4 months?

Ankit Kumar Singhal: So I would like to correct here, it's not INR145 crores, it's INR145 million. So all this together, we have INR21 crores of unutilized amount

Sanjeev Sancheti: No, no. So we are going to stick to our object. So there is nothing new which is coming, which is just whatever was envisaged in the document, we are going to complete that. Most of it is complete. Some of the payments are to be made all that once happened, it will capital. Mostly, most of the capitalization will happen in the current financial year.

Moderator: Thank you. The next question is from Deekshant B. from DB Wealth. Please go ahead.

Deekshant B.: Yes. Congratulations, sir, the rate growth by our company has really been commendable. I have 2 questions. Firstly, regarding -- with our remuneration package for our Chief Sales Officer, which is Mr. Hirdey. I understand that the growth is being driven by the great sales work done by the team. I want to also understand what part of his compensation package has ESOP structure linked to it?

Sanjay Lodha: Basically, I think this was already discussed in DRHP basically what it took to disclose the public information has already been done.

Deekshant B.: Sir, could you please help us out understand this because it is the largest remuneration at INR14.63 crores. And we want to know that what is the future outlook on the equity component given to our sales people and the research people which will be Mr. Mukesh Golla ?

Sanjay Lodha: Actually thing is that no fresh equity has been given as such. Whatever was given, basically, whatever was given from the ESOP pool was given before the IPO actually.

Deekshant B.: Okay. I completely understand, sir. It's just from the perspective of retention as well as expansion. That's the whole logic for asking the question nothing else there. Sir, the second question is on our growth. As you mentioned that we are growing enormously. And we are now focusing towards our export markets as well. The guidance has been in the 30% to 35% range.

And forgive me if this sounds too ambitious, but what is stopping us from growing at 50% of the market is having such a big deal and if we are able to do that. Is that also possible sir?

Sanjay Lodha:

Because if you really see this is the eighth quarter result which I have presented seventh or eighth results if we have presented after our listing actually. So you are seeing a continuous growth year basically, quarter-by-quarter you have seen it. So basically we are dealing with enterprise customers. We are dealing with large government customers and businesses with primarily with more mature people actually and enterprises.

So what happens is that that the business outlook is also to be in a mature fashion. It cannot be just not like kind of a contract manufacturing or something wherein we can just increase it. So basically, I think the healthy growth rate which we are clearly trying to maintain. It's the long-term perspective which we are trying to maintain.

So I'll still stick to that 30% to 35%. Though we are striving to grow even faster, internal all efforts are there, but the guidance would be around 30% to 35%.

Deekshant B:

Agreed sir. 100% agreed. Sir, just one last question here on the government RBI basically has announced that they will be now focusing more on creating cloud infrastructure for giving banks some cloud infrastructure on their end. Are you seeing any sort of interest from RBI on this particular front related to Netweb. I asked this also because we have worked so well with the government sector and we have such good ties with the government sector. That's the whole thought process here. Are we seeing any growth there?

Sanjay Lodha:

Yes banks are already getting on the cloud. Our private cloud solution is very, very appropriately designed for that as basically some of the large GSIs whatever basically their core banking software, they are trying to use our completely private cloud and HCI solution. And basically, we see a lot of traction around that side also, but we actually like to club it into the private cloud and HCI segment.

And basically, that will really be part of it. And as you rightly said, definitely, we are seeing some kind of a basically a good traction coming in from that segment.

Deekshant B:

Got it sir. I will be back in the queue. Thank you so much for such great communication.

Moderator:

Thank you. Next question is from Akshay Kaila from CD Integrated Services Limited. Please go ahead.

Akshay Kaila:

Sir, my question is what might be our capacity utilization in the quarter 3 and I think we have commissioned the line in May 2024. So, do we have any capacity concern for the near term?

Sanjay Lodha:

Yes. Actually, as I have been telling you from the time of IPO only, we are not a capacity-based company. We are a capability-based company. So, basically, capacity always we have actually, but basically we have to get new capabilities because we don't -- we are not worried about capacity. Had we been worried about capacity, we would become a contract manufacturer or something.

So capacity is not a barometer at all for us. Whatever basically we need for production, we have that capacity. Primarily, we try to invest on capabilities. So basically in case we want to do something latest wherein we require new machinery, so as to develop that capability in India, we are Make in India company then we try to invest more in capabilities than capacity.

Akshay Kaila: Okay. And sir, my second question is regarding the growth guidance that you have already answered that and maintained the growth guidance from 30% to 35%, but I was referring some news and they were saying that India is growing at a very exponential growth rate. And for the next 2 years, data center and AI capacity is going to increase by around 55% to 60%.

And for the longer term until 2030, it is -- it will grow at 29% to 30%. So are we being conservative on the growth guidance over there or can we -- can you put some more color on that?

Sanjay Lodha: Actually, whatever I'm guiding, I'm guiding in terms of long term. First thing is that and plus basically, we are not only into AI. AI is trying to build up as slowly AI is showing more growth, but we have other segments also like supercomputing and private cloud and HCI, which we've been doing for years together. We are also growing. So I think I'm very, very optimistic about what exactly the guidance I'm giving on growth. I'd like to maintain that.

Akshay Kaila: Sure sir. Thank you so much.

Moderator: Thank you. The next question is from Aman Soni with Nvest Analytics Advisory. Please go ahead.

Aman Soni: Hi, sir. Thanks for the follow up. Just one question on the order inflows. Like I missed that, like you communicated on the project that we are going to get. So what new projects are we going to get in next couple of quarters, sir?

Sanjay Lodha: I do not understand your question. Can you repeat?

Hirdey Vikram: We have responded to that. So as we have mentioned that our funnel and overall pipeline and order book, that is basically quite in a sustained manner. So we have not disclosed anything about any specific large orders as yet. But as you can see the order book, the L1 pipeline, everything is basically intact. So that gives you enough confidence the way we are progressing.

Aman Soni: Thank you sir. Thank you very much.

Moderator: Thank you. The next question is from Navneet Singh, who an Individual Investor. Please go ahead.

Navneet Singh: Thank you for the opportunity. So actually I'm interested in learning about the capability expansion that we have in the near future?

Hirdey Vikram : So capability expansion, I think we have already mentioned that the new setup with the new plant which we have set up that is you know capable enough to take us to the journey of INR2,000 crores and all. So that gives you enough confidence that we are capable enough to

sustain up to that kind of growth level. And beyond that, yes, we are working on the strategy to basically go beyond that as well. So that is in progress.

Navneet Singh: So is there any guideline that we will be utilizing that INR2,000 crores, I guess, annual sales, right?

Sanjay Lodha: Yes. So basically, we're already utilizing their capabilities, the new NVIDIA Grace, Hopper, Superchip sets which we are making, the new Blackwell which we are working. They are all working on that only. We are working on all the latest chipsets and technologies. So what -- Hirdey mentioned is that, that basically whatever the investments which we have made, that will sustain us till revenue of INR2,000 crores. And when will we reach INR2,000 crores, that you'll have to do your mathematics yourself.

Navneet Singh: Understood. Got it. So any guidance that then we will be reaching the annual sales of INR2,000 crores, are we seeing at our financial year '27?

Sanjay Lodha : I would like to give you this -- I would like you to work on this mathematics yourself. I have already told you 30%, 35% growth.

Navneet Singh: Understood. That is all from my end.

Moderator: Thank you. Next question is from Shubham Karni from CA Financial Services. Please go ahead.

Shubham Karni: First of all congratulations on a wonderful set of numbers. I just had a couple of questions. As you can see, we have improved our cash conversion cycle. So, what can we target as the cycle for the next 1 or 2 years?

Ankit Kumar Singhal: So Shubham, it's -- obviously, it's pretty difficult to estimate cash conversion cycle because a moving trend of the customers coming in and vendors we are paying. So, but what we can guide is that it will definitely improve, because March quarter happens to be a good collection quarter.

So -- and we are also growing more in terms of revenue. So you understand there is always a need of working capital, okay. So it's a mix of a lot of moving variables. So difficult to estimate cash conversion I think, but it will improve.

Shubham Karni: Okay, sir. And my second question is apart of the GPU restrictions, as you said, where you won't be facing any problem regarding those. But apart from that, do you see any other geopolitical with Donald Trump coming in or anything as such?

Sanjay Lodha: I personally telling you very frankly, I don't see any kind of basically on the kind of business, which we are doing or any kind of business impact primarily from Donald Trump coming in. He was there earlier also. He's back there again. He has been supported by a lot of business houses. So business will definitely grow.

And I'm very sure that will basically -- I think my personal view, if you ask me would be that that the world will become a stronger place, actually, more economic activity will happen that will help everybody to grow.

- Moderator:** Thank you. Next question is from Anuj from A3 Capital. Please go ahead.
- Anuj:** Congratulations for the consistency for the whole of the Netweb team. Sir, my question is on the network switching side, the switching side of the business. So the business already the order book has started building up and whether that business is margin accretive?
- Sanjay Lodha :** Yes. So basically, the switching side has always started, but we never wanted to make the switching completed a box product actually, and we have been targeting only in the high-end part of it, okay? So basically, that's the reason the switching growth you are seeing is slower actually.
- But over a period of time, as the highest solutions basically gets more and more productized and more and more adoption happens, this will grow. But basically, we just don't have you know that last year, the company is not to sell boxes. So that's the reason, basically, you don't see that kind of growth, but it is again a good capability, which we have.
- On the networking side of it, everybody wants to keep the networking switches local and secure. We see a good future potential, particularly on the Make-in-India switches actually. So I personally feel the segment will keep on growing, but this will grow at a slower rate, not basically at the same rate as the other sectors.
- Anuj:** Okay, sir. And sir, one more question I want to ask is sir, the nature of our businesses need to project based. We get a project we completed and that's done. So I want to know what is the service part of it, what is the revenue potential of these services, what is the binding contract like for 3 years or 4 years you have to serve that?
- Sanjay Lodha:** Are you talking about the last segment of the business, you're talking about overall basically? Are you talking about...
- Anuj:** So overall business, like sir that the HCS business or the...
- Sanjay Lodha:** So basically, whenever we make a sale, basically, we make a sale of along with a 3 years or a 5 years warranty and services included actually, okay? Because basically, all this is enterprise actually. And that's how we feel for competition, VMware and Nutanix all that. So basically, what we do is that we sell everything with the complete 3 years or a 5 years kind of years.
- So we have our own SLAs, which we agree to, and the entire services and everything has been bundled together for 3 years and 5 years. But basically, we charge our customer in the very beginning when the product is going out of our factory. So basically, there is no recurring or something of that nature, everything gets built at the very first level only.
- But the product is supported for 3 years. Some people go for 3 years, some people go for 5 years. So accordingly, basically, it is being done. I hope I'm able to answer your question.
- Moderator:** We will move to the next question. The next question is from Vatsal, who is a Retail Investor. Please go ahead.

- Vatsal:** Yes. Sir, my first question is, sir, Netweb is one of the pioneer in technology in India. So sir, why doesn't the company have a Chief Technology Officer?
- Sanjay Lodha:** We have basically, because of the entire organization is full of engineers only. Just basically having the Chief Technology Officer may fit back -- our definition is different. Our Chief Technology Officer would have been suitable for a company, which is which IP is also part of it.
- But basically, this company runs on technology actually. So R&D is most important again for us. The operations is very important for us. Sales is also technical. So everything is technical, actually. That's the reason we don't have a CTO specifically, but we have a CEO, we have got R&D, we have got -- the sales is also completely technical. So I think that's the reason we don't want to basically make have a CTO separately.
- Vatsal:** And sir, secondly, sir, this transitioning towards exports reflect some sort of saturation in the Indian market?
- Sanjay Lodha:** No way at all because I think basically, you asked me that what will the part of my export sales. So I told you it would be around 10% only. Okay. So basically, because we want to just close the export markets and also grow our market there. That's the reason there. Basically for last so many years, our focus has been primarily in India, and we wanted to maintain that, but we also don't want to lose on the overseas opportunity. Hence, we also want to do exports.
- Vatsal:** And sir, with the interim CFO getting appointed. So sir, I just wanted to understand that would a new CFO appointment would be there? Or would we be continuing with internal CFO?
- Sanjay Lodha:** We are still evaluating that and that decision we will come to maybe 1 or 2 quarters.
- Vatsal:** Okay, thanks a lot, sir.
- Moderator:** Thank you. Next question is from Amit Agicha from HG Hawa & Company. Please go ahead.
- Amit Agicha:** Thank you for the opportunity and congratulations for fantastic numbers, sir. My question was like what is the percentage of your revenue which is allocated to research and development? And the second question was with AI contributed 13.7% of revenue in 9 months FY '25. What growth rate do you see, foresee the segment over the next fiscal year?
- Sanjay Lodha:** Basically, as I have been mentioning is around 3% to 4% of our revenue has clearly been spending to the R&D, which we have been following for years together, and we still continue doing that, okay? And second is that basically as you question on AI. AI, as I mentioned to you, it was 7% last year, we grew by around 133%, and it came to around I think, around 14.7%. I personally feel by other segments also growing. So by end of the year, it would remain around 15%. Next year, it may basically grow by 2% or 3% further more in the total revenue mix.
- Amit Agicha:** Thank you, sir, and all the best for the future.
- Sanjay Lodha:** Thank you.

- Moderator:** Thank you. Next question is from Deekshant B. from DB Wealth. Please go ahead.
- Deekshant B.:** Yes, sir. Sir, could you just expand a little bit on our R&D for 5G ORAN services?
- Sanjay Lodha:** Yes. Actually, 5G ORAN, we are still working on it. Basically, still the R&D team is still working on it, and we are basically making the product ready, but under development. Still, I think it will take us at least 1 or 2 quarters more to completely have a product ready actually there.
- Deekshant B.:** Great. So, what is the target market that we are looking at for the 5G ORAN services? And how would it help them grow their business?
- Sanjay Lodha:** Yes. So basically, target markets are very clearly the private 5G type kind of thing. We are not targeting any kind of telcos and all that. We are targeting basically maybe all the private 5G users like maybe you can say hospitals or maybe different kinds of factories and all those manufacturing and all those kind of people. There are some regulation issues also at this point of time with the government, and they are also trying to clarify that.
- So the licensing can become much more simpler and much more democratic, and so that basically since you understand that the pipeline again in area wherein licensing plays a important role, and so that the spectrum availability and all those things would be there. So basically, I think that, that is there. So I hope I answered your question.
- Deekshant B.:** Got it. Sir, on a question for Mr. Hirdey . Sir, what is the sort of growth that we are witnessing on the government orders versus the private orders? Because we had a 40-60 split. Do we think that this split will be remaining the same? Or where is the more interest coming from?
- Hirdey Vikram:** So see the kind of response we are getting as we have always been mentioning that we provide enterprise solutions. So the kind of response we get from government and enterprises that is alike, and there is a reason that also reflects in our business split as well divided among the enterprise and government side.
- So answering your question specifically, response is coming excellent from both the sections of the market, be it enterprise or the government. And we see that the proportion is going to remain the same in the coming quarters also. There can always be a slight change. It can be like 55-45 or 60-40 or 50-50, that kind of split is quite expected. But otherwise, we are seeing large opportunities coming our way from both the markets.
- Deekshant B.:** Got it. Another question there is like a lot of changes are still happening in the compute part of the business, even from NVIDIA's end. By they are making for retail compute much more cheaper. Is that the same thing that we are witnessing for the compute on the B2B segment also? Are they changing their B2B business compute cost? Are they making their hardware a bit more cheaper?
- Hirdey Vikram :** See, basically, what you may be referring to is something which is for the edge side of the overall chain of products. And since we are not edge side, so the product you may be referring to is a

different category altogether. But if you come to the enterprise side of the products, then these products are rather becoming more, I would say, costlier with each generation passing.

So from that perspective, it is not that, on one hand you know, democratizing of technology is happening, but that is helping us to build solution for almost every vertical of the market. That is how democratizing - democratization is happening. But from the technology cost perspective, that is increasing.

Deekshant B.: Got it. Thank you so much management. Thank you.

Moderator: The next question is from Sandeep Shah from Equirus.

Sandeep Shah: Yes, thanks for the opportunity. Just on the government AI Mission, I think you already said that it could be of 2 types, one where we will directly participate with the government, and secondly, we may do a system integration deal with the other cloud service providers.

So in that scenario, you are saying pipeline may create starting from the mid of this calendar year. So what would be the bigger opportunity? Is it directly going with the government or partnering with another system integration or a cloud service provider?

Hirdey Vikram: See, that's very clear that the one which has been -- I'm sure what you are referring to is something that the one which is already there in the market. As we have already mentioned that, that is just an interim arrangement and where the CSPs are being asked to get empanelled themselves to provide the interim set of services.

And anyways just to share with you, we are even supporting a couple of CSPs for their solutions also at the back end. So for this piece also. But apart from that, the actual one, the on-prem facility, which government is intending to build, that is something, which is going to get released sometime soon. And I think that is where we are going to focus more and that will be definitely a bigger one compared to this one.

Sandeep Shah: So Hirdey sir, is it fair to assume commercialization for us in this segment may start from the later part of FY'26 or FY'27?

Hirdey Vikram: See, commercialization assets, as we have already mentioned that what we are expecting the RFP should come out sometime next year. I mean fiscal year FY'25, FY'26. And as we have always been suggesting that as of now, we have not taken this into our funnel at all. So anyways, also, we are maintaining our growth, so that's not a problem.

But with this coming, we can see that by some part of it will definitely start coming into our funnels or will take place, I think, by FY'25, FY'26 itself. And it can be maybe third quarter or second quarter that I'm not sure of. But yes, that is how we are seeing the conversion of this opportunity into business.

Sandeep Shah: And the last thing, any diversification within HPC and supercomputer, where we were largely focused on government, where we were looking to diversify into oil and gas and the other segments. Any progress on that side to increase our addressable market in the supercomputer?

Hirdey Vikram: Yes. As we have been mentioning from very beginning that we have been expanding our reach in terms of taking parallel computation or supercomputing technology to different verticals. So oil and gas is definitely one of those target verticals where we have been putting in our efforts for the last so many quarters. And same goes with -- not just limited to oil and gas, we will also be expanding ourselves in terms of taking our HPC solutions to the other verticals, and HFT is another good example. So we are anyway on the growth path in terms of adding new verticals.

Moderator: Thank you very much. We'll take that as the last question. I would now like to hand the conference over to the management team for closing comments.

Sanjay Lodha: Thank you for your time. Thank you.

Sanjeev Sancheti: Thanks a lot everybody , have a great day and a great weekend ahead.

Moderator: Thank you very much. On behalf of IIFL Capital, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.