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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 FY25-26 POST RESULTS EARNING CALL

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), please find enclosed the transcript of Post results earning call for Q3 FY26 held on Monday, 19th January 2026.

Kindly take the same on your records.

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

Lohit Chhabra
Company Secretary & Compliance Officer

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“Netweb Technologies India Limited Q3 FY’26
Earnings Call”

January 19, 2026



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
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**MR. HIRDAY VIKRAM - CHIEF SALES AND MARKETING
OFFICER, NETWEB TECHNOLOGIES INDIA LIMITED**
**MR. SANJEEV SANCHETI - HEAD OF UIRTUS ADVISORS
AND IR ADVISOR TO NETWEB TECHNOLOGIES**

MODERATOR: **MS. RENU BAID - IIFL CAPITAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Netweb Technologies 3Q FY'26 Earnings 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 conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Renu Baid from IIFL Capital Services Limited. Thank you and over to you, ma'am.

Renu Baid: Thank you. Very good afternoon, everyone. On behalf of IIFL Capital Services, I welcome the team of Netweb Technologies for the Q3 FY'26 Earnings Conference Call.

Today, we have with us from the management senior team represented by Mr. Sanjay Lodha – Chairman and Managing Director; Mr. Navin Lodha – Whole-Time Director; Mr. Ankit Kumar Singhal – CFO; Mr. Hirday Vikram – Chief Sales and Marketing Officer, and Mr. Sanjeev Sancheti – Head of Uirtus Advisors and IR Advisor to Netweb Technologies.

Without much time, I would now like to hand over the call to Mr. Sancheti for his opening remarks. Thereafter, Mr. Lodha can take over. Thank you and over to you, sir.

Sanjeev Sancheti: Thank you, Renu. Good afternoon to all the participants. Before I hand over the call to Mr. Sanjay Lodha for the opening remarks, I would like to draw your attention to the safe harbor statement in the earnings call presentation. I request each one of you to go through the presentation before the Q&A starts so that you are aware of the safe harbor statement. Thank you and over to you, Mr. Lodha.

Sanjay Lodha: Thank you, Renu and Sanjeev. Good afternoon and a very warm welcome to all of you to the Netweb Technologies Q3 FY'26 earnings call.

We are proud to state that Netweb has delivered a record-breaking quarter, achieving its highest ever income and profit. **Quarterly revenue stood at Rs. 8,049 million**, registering a strong growth of 141% year-on-year and 165% quarter-on-quarter. The Company reported an operating EBITDA of Rs. 979 million in Q3 FY'26, reflecting a strong year-on-year growth of 127.1%, while profit after tax reached Rs. 733 million, marking a robust 146.7% growth year-on-year. During the quarter, Netweb successfully executed a large strategic order valued at Rs. 4,504 million, reaffirming its position as India's largest OEM in high-end computing solutions. As communicated earlier, this implementation is of national significance, aimed at strengthening India's AI compute infrastructure.

In this context, we would also like to give a broader industry update. As many of you may be aware, the global supply chain, particularly for the flash memory and storage, is experiencing a strong demand by the rapid acceleration of AI adoption worldwide. This surge has led to industry

wide price increases along with tighter availability. However, owing to our proactive supply chain planning and long-standing partnerships with key technology providers, we have managed these situations very effectively and continued to support our business requirements without any disruptions. With the execution of this order, the AI system segment contributed to 64% of Q3 Financial Year '26 revenue and 48% of 9-month Financial Year '26 revenue. We would like to emphasize that alongside the accelerated growth of AI, our other two core segments of HPC and Private Cloud are also witnessing strong and sustained demand. This exceptional performance underscores Netweb's steadfast commitment to in-house design and manufacturing of next generation systems fully compliant with Make in India initiative and highlights our contribution to India's emergence as a global hub for high-tech manufacturing.

Our order book is very robust with organic order book at 5,258 million and strategic order book at 17,336 million. This order book along with strong pipeline positions us for strong sustained growth over the next few years. Netweb's continued focus on its three strategic growth pillars, HPC, Private Cloud and AI systems is enabling us to capitalize on strong industry tailwinds. Supported by these core strengths, we continue to remain the technology leader in the high-end computing system space.

I now request Ankit to take you through the financials. Thank you.

Ankit Kumar Singhal:

Thank you, Mr. Lodha. Good afternoon, ladies and gentlemen and thank you for joining our earnings call.

Before we open the floor for Q&A, I will provide a brief overview of the financial performance for the quarter and the year gone by. I trust that by now you have had the opportunity to review our earnings presentation and press release. While our CMD has already discussed the macro outlook, I will elaborate on the financial performance, providing a more detailed analysis.

Our operating income for Q3 FY26 stood at Rs. 8,049 million, showcasing a growth of 141% YOY and 165% Q-on-Q. Our operating EBITDA for Q3 FY'26 stood at Rs. 979 million, showcasing a growth of 127.1% YOY and 115.4% Q-on-Q with a margin of 12.2%. Profit after tax for Q3 FY'26 stood at Rs. 733 million, showcasing a growth of 146.7% YOY and 133.2% Q-on-Q with a margin of 9%. Our operating income for 9-months FY'26 stood at Rs. 14,099 million, showcasing a growth of 92% YOY. Our operating EBITDA for 9-months FY'26 stood at Rs. 1,883 million, showcasing a growth of 88.7% YOY with a margin of 13.4%. Profit after tax for 9-months FY'26 stood at Rs. 1,352 million, showcasing a growth of 90.1% YOY with a margin of 9.5%. Return on equity for 9-months FY'26 was 30.5% while return on capital employed for the same period was 41.3%. Our cash conversion cycle as of December 2025 stood at 69 days, reflecting significant improvement compared to the previous quarter. Our balance sheet strength is reflected by us being a zero net debt company. The Company had net free cash of Rs. 1,900.8 million as on 31st December 2025.

Our strategic roadmap and growth priorities remain on track, supported by strong year long term momentum, a healthy order book and a solid pipeline. We are positioned to deliver consistent revenue and profitability this fiscal year.

With this, I now hand over the call to Renu Baid.

Renu Baid: Yes, we can now start with the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Seema Nayak from ICICI Securities. Please go ahead.

Seema Nayak: Hi, congrats on a great quarter. So, my first question is, can you tell us the timeline of execution of strategic deals? Is it the same as before or are there any changes? And second is regarding the HCI and HPC segment growth, which have been rather slow in this quarter. So, what has caused this muted growth and how will the growth pan out going forward?

Sanjay Lodha: So, basically, our guidelines on the execution of the strategic order remains the same. Basically, we had guided that one order should be executed by Q4. Actually, it got preponed to Q3. So, basically, you already saw that. And we target to do at least one-third of the order in this year, basically, overall. So, guidance remains almost in the same line. As regards to second question on muted growth of basically our HPC and private cloud segment, completely I think that's not true, because basically, the growth of both the segments have really been growing constantly. But what happens is, since basically there is a large order execution, so on a Q-on-Q basis, we could, so basically, we cannot, basically, what happens is in our kind of business, it becomes very difficult to measure anything quarter-on-quarter basis, actually, because basically, we have very large enterprise and government customers. So, order execution, since basically, as I mentioned to you, as since the last strategic order, I have not guided that it will be done in Q3. We pulled it to Q3. The same way, basically, quarter-on-quarter, it can vary. But overall, basically, our both the segments, as you might have seen the Q1, Q2 and the overall 9th month results are very robust and really are because all those areas are really demanding, like basically supercomputing is growing at a good way. And private cloud, again, the datacenter market is booming.

Sanjeev Sancheti: So, I just like to add here, Sanjeev here. So, if you look at the YTD growth, then these two segments have done over 20%. And there will be some quarters where some segments will do better and some segments will be lacking behind. But overall, I think these three segments will continue to grow at a very strong pace, as we have guided earlier. Of course, we have to remove the strategic order and then see the growth of the other segments, AI segment.

Seema Nayak: Thanks. My next question is regarding exceptional items. So, many companies have announced cost from implementation of new labor codes. So, any reason we have not announced?

Ankit Kumar Singhal: So, Seema, there is no material impact of new labor codes on our financial because as per the new labor codes, there is a revision in the wages definition and we were already complied on the structure that new labor codes have kind of clarified. So, that is why there was no impact on us.

Seema Nayak: Got it. Thanks and congratulations.

Ankit Kumar Singhal: Thank you.

Moderator: Thank you. The next question is from the line of Nishant Gupta from Kotak PMS. Please go ahead.

Nishant Gupta: Hi, sir. Thanks for the opportunity. Congratulations for the good set of number. I had just one question, more of a strategic question as such. How do you foresee the budget for AI mission evolve in coming quarters as the initial allocation orders were only for 4,500 odd crores and 10,000 GPUs? When do you think further orders would get placed and what would be our win percentage within that? Thanks so much.

Sanjay Lodha: The common focus is phenomenal on AI actually. As you might be aware that recently the new AI impact summit is being held from 17th to 20th of February where Prime Minister himself is supposed to be sharing the stage with NVIDIA CEO. So, basically there is a lot of focus and impetus from the government on the AI side of it and AI mission has been there and basically we have always been saying that AI mission will basically roll out and you already started seeing it roll out actually. So, as I have been telling continuously, there are two parts of AI mission actually. One is they will be taking GPUs on lease from the CSPs and then offering it to the startups and basically various kind of bodies who are working on citizen centric services so as to enable those kind of development. The second part will be wherein the government will be clearly buying the GPUs for their own basically own datacenters and all. The second set of things are yet to come but the first has just started. So, there is a lot of pressure on the government also to increase their spending and I think there are phenomenal planning and phenomenal execution is going on in that case and plus basically there is a lot of assurance and there is lot of the statements from the government clearly indicate that they are ready to even offer more money. So, I do not think money is a challenge but primarily the spending has started and I think it will gain momentum as the time passes on.

Nishant Gupta: If I could just clarify one small thing. So, in the earlier case, correct me if I am wrong, in the earlier case it was the order was placed for 10,000 GPUs and 4,500 odd crores and in that I believe we have 120-170 odd crores of strategic order which you had announced last quarter. Now, has this entire 4,500 odd crores tender been released and orders been placed or we are still left with certain orders being placed within that 4,500 odd crores?

Sanjay Lodha: Yes, I would have let Hriday answer that question but basically give me a brief and maybe Hriday can take it up from there. So, basically this was 10,000 crores was the value and the number of GPUs was not specified actually. The first thing is that and second is that basically

they are not offering the 4,500 crores, the GPU order has not come as yet. Basically, it will come in different way actually. Maybe Hriday if you can explain and elaborate that.

Hriday Vikram: Yes, I will do so. So, basically there are two sets of procurements which are happening right now. One is that we have to build the GPU, they want to render the GPU services to the internal CSPs. That is one effort of procurement by Government of India. Second procurement is that what you were referring to that they have to do the procurement for on-prem infrastructure which we have to bring within GPUs. So, that is yet to start. So, what we have been executing so far or what we have shown as the strategic orders what we have picked up that is pertaining to the first type of procurement what they have done. So, second is yet to start. I hope this answers your question.

Nishant Gupta: Sure, that's helpful. Thank you so much.

Moderator: Thank you. The next question is from the line of Renu Baid from IIFL Capital Services Limited. Please go ahead.

Renu Baid: Thanks for the opportunity, sir. So, my first question is, recently obviously we have been hearing a lot about the shortages in memory chips especially for DRAM and HBM. So, A, what is the share of DRAM, HBM in our bill of materials and how are you seeing the shortage of these chips impacting or having a potential impact on your execution timelines and margins given that most of our orders are fixed price in nature?

Sanjay Lodha: So, basically, as regards to basically the BOM, normally we don't share the BOM actually. That basically the percentage of a component in a BOM and actually it varies also as per the user requirement as per basically what they need and what is their application and all that. So, it is not fixed as such. So, but definitely memory and flash and storage is a substantial part of the BOM. There is no doubt about that. But answering the question on the other side is that basically as we all are aware that there has been huge shortages and huge price jump and all this is happening because of the AI demand actually surging worldwide. This is not a domestic event. This is an international event wherein basically the complete the AI demand is surging like anything and so the manufacturing capability of memory and other things are not able to cope up and that is resulting into shortages and price hikes. So, but you see that even that was happening but still we have performed, all our deliveries and our performance has been robust. We have grown. Our revenue has grown by such a huge number. That has only happened because basically our supply chain planning has been very very effective and since basically you have to understand one thing that the industry is experiencing shortages in flash and memory but we have we manage this challenge effectively through proactive supply chain planning and strong technology partnership. Our focus on high-end niche solutions rather than box pushing allows us to maintain deep and long-term relationship with key suppliers which gives us priority access to critical components such as storage and memory. For new orders pricing will be aligned with the prevailing market dynamics at the time of the order placement. This approach ensures transparency while allowing us to continue delivering reliable high-performance solutions

despite ongoing supply constraints. So, it's very clear that basically we are minimally impacted and I don't think this will impact either our profits or our delivery timeline.

Renu Baid: Thank you, sir, for this. The second question is if we look at the organic growth excluding the strategic order execution which was done in the current quarter was fairly soft at just about 6% YOY. So, if you can share some inputs in terms of how is our capacity lined up to sustain the organic growth momentum in 30% to 40% CAGR range which we have been highlighting over a longer period timeframe and were there any specific issues in terms of delivery deferments or other elements which impacted the organic growth in the particular quarter and what would be our guidance on the organic growth side for the annual fiscal '26 and fiscal '27?

Sanjay Lodha: Answering your first the last question first as we have been guiding all along that our growth will be at 30% to 40% CAGR, we still maintain that on the organic side and we will basically if you see the order book that will all give you the confidence it's Rs. 525 crores on the primarily on the organic side plus L1 is around Rs. 300 crores that makes us around Rs. 800 crores. So, basically order book is really full and we have a very good order book on the organic side that gives me the confidence that it will continue at the same way. Your other question was primarily on the on the supply, basically on the manufacturing capabilities or the capacity. So, we have always been saying that we are not a capacity-based organization, we are a capability-based organization. So, primarily basically we don't need to make any kind of, primarily we don't have any capacity challenges like manufacturing capacity and all that because we have very clearly indicated that up till 2,500 crores to 3,000 crores we our manufacturing facility is almost all very very sufficient. We don't need to really invest into CAPEX and all, so that's not a limiting factor. But what happens is that definitely once a large order comes in, at some point some small orders get pushed into the next quarter. So, that may result into some kind of number kind of changes. So, that's the reason I always say that, in our kind of business you cannot see anything on quarter-on-quarter basis you have to see it at least basically on a year-on-year basis or if not H1-H2 kind of a basis.

Sanjeev Sancheti: Even if you look at if you if you ignore the strategic order on a YOY basis we have grown over 30% for 9-months.

Renu Baid: Thank you.

Moderator: Thank you. The next question is from the line of Vinay Menon from Monarch Capital. Please go ahead.

Vinay Menon: Hi sir, thanks for the opportunity and congratulations on a great set of numbers. So, a few questions from my side, sir, that margins have come down for us in this quarter and we were expecting margins to come down because of the large deal execution and next three quarters we will continue to execute this large deal. So, can we expect margins to be in this range for the next 2 to 3 quarters?

- Sanjeev Sancheti:** Let me just take this question. So, we have guided that we will be about 200 basis points lower at the PBT level on the strategic order because obviously these are very strategic large order and that's the way these orders would come. So, if you kind of remove the strategic order and do a weighted average then you will see that we would have done a PAT margin of about 9.9% in the quarter and YTD above 10%. I mean I think we continue to guide the same, in strategic order we will be about 200 basis points lesser on the PBT level and whatever mix we then achieve every quarter probably you can be guided by that.
- Vinay Menon:** Okay, so just to understand because we did 15% margins for the last two quarters and you had mentioned that these are exceptional margins and the range will still be between 13 to 14. So, is that the range we should take for the constant business going ahead?
- Sanjay Lodha:** Yes, you are absolutely right because you can very well understand, in today's market dynamics if we are able to just take up orders worth 500 crores at 200 basis points below, I think we should be complimented for that, because it's really in this world which is very dynamic and which is really basically all these kind of solutions are being sold and adopted in spite of everything. So, definitely that helps that speaks a lot about our Company's products and the range of solution.
- Vinay Menon:** Okay, yes completely agree, sir. And just two more questions. One is on the cash flow. So, in the first half we posted 100 crore plus cash flow from operation (CFO). So, for 9-months what's the status and is there any inventory pile up for the execution which we will do for the next few quarters?
- Ankit Kumar Singhal:** So, Vinay as far as inventory pile up is concerned. So, all inventory is basically for our upcoming orders and stocking of our critical components. So, there is no pile up as such if you see our inventory days were maintained at 60 days as of 31st December and regarding the cash flows we had positive operating cash flows in this quarter by close to like...
- Sanjeev Sancheti:** Quarter was Rs. 33 crores and YTD was about Rs. 134 crores. Cash flow from operating activities. Inventory days itself says that there is no inventory pile up.
- Vinay Menon:** Yes. I just want to understand for Q4 how are we placed so that we can get clarity for the year.
- Sanjay Lodha:** Inventory planning is very good. The supply chain planning has been happening very well. Actually, the technology providers are helping us. So, definitely we are very, I don't think we have anything to worry on the inventory side actually seriously.
- Vinay Menon:** Okay, and just one last question from my side sir. Like you've seen the way like ASICs are coming as an alternative to GPUs and like there is a big risk that GPU demand might just come down in H2 of '27 and how are we placing ourselves for that because we do have a very good relation with NVIDIA but are we looking to build relations with people who are in ASICs like you know Google or Broadcom. Is that a plan for the Company?

- Sanjay Lodha:** Actually, really speaking if you really see the kind of today you are seeing that memory shortages, shortage of storage and everything is happening because of the AI demand surge. Okay, so what my personal feeling is that we are at the tip of the iceberg actually really speaking. People may talk about bubble and all but basically what my feeling is definitely AI has just started and basically if you see the demand, the worldwide demand that answers it very well. Nobody can sustain that but there is a wishful thinking that we need a substitute. Definitely, so Netweb is a very open company. We are not married to anybody that we have to work with only NVIDIA or somebody else. So, we are very clear and we are always open to working on new technologies. The only thing which we work is that we work on complete technology indigenously. We design our hardware, we manufacture our hardware, our software, everything in India. So, basically it may be Google, it may be anybody else. We are more than glad to work if there is market adoption and market dynamics desire that we are fully capable of doing that.
- Vinay Menon:** Okay, thank you so much. Thank you for the opportunity. Thank you.
- Moderator:** Thank you. The next question is from the line of Akshay from AK Investments. Please go ahead.
- Akshay:** Hi, sir. First of all, congratulations for the great set of numbers. Sir, I was just having the question regarding our order book. Our organic order book is strong and obviously the L1 is combining around more than Rs. 800 crores but for the strategic order, are you seeing any kind of deal or any big size of order for the next longer term for next 1 to 2 years?
- Sanjay Lodha:** Yes, definitely yes because basically a lot of discussions going on. There is a lot of activity happening but strategic orders we are not guiding as earlier. Strategic orders we are announcing as we are winning it. So, we will maintain the same stand.
- Akshay:** Okay, sir. Thank you. All my other questions have been answered. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Anand B from Ksema Wealth Private Limited. Please go ahead.
- Anand B:** Good evening, sir. Congratulations on a good set of numbers. I have three questions. The first one is regarding your import components and your hedging policy for that. So, do you have a hedging policy for any import, the prices of any import fluctuations and just give a sense of what you have in that?
- Sanjay Lodha:** We have a hedging policy for currency fluctuations. The CFO will elaborate.
- Ankit Kumar Singhal:** So, there is a hedging policy very well adopted and to talk about it, we also have forward contract as on December end which close to like cover our 60% of our payables pertaining to the import payables. So, we are very well monitoring the situation on currency and doing the effective hedging wherever necessary. And just to appraise, there is an MTM gain also, although that is unrealized, but it comes out to be close to 2.8 crore of gain, which is appearing in our other income category.

- Sanjeev Sancheti:** So, we have a clear hedging policy and obviously, the accounting is there as per the accounting standards.
- Anand B:** Okay. That is good. And second thing, in your 1st Quarter concall, you mentioned that you have some plans regarding quantum computing. Can you just elaborate a bit on like what sort of plans you have in quantum computing? Is it like making quantum computers or related to software in quantum computing? Can you elaborate on that?
- Sanjeev Sancheti:** Actually, then also I told you, please have some patience. Once we have the complete quantum policy, we will come to you and we will let you know for basically market interest. At this point of time, for competitive information, we would not like to share our plans on quantum as yet. But definitely, we are working on the background. Once we have it ready to disclose, we will disclose it.
- Anand B:** Okay. That's fine. And my third question is, today you made a post saying that, like for FY'26, the top line growth will come to around Rs. 2,000 crores. So, but would the revenue go beyond that? Are you still sticking to around Rs. 2,000 crores topline growth in FY'26?
- Sanjay Lodha:** As basically as earlier also, we don't guide by the final number actually. You're already seeing the Company growing at a phenomenal rate. So, definitely, basically, we will only guide that our growth will be between 30% to 40% CAGR on the organic side. We will still maintain that.
- Anand B:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Shashank Jha from SB Capital. Please go ahead.
- Shashank Jha:** Actually, most of the question has been answered. But I want to understand what exactly you do in AI system. Like if you get a India AI order. So, are you providing GPUs? Or you are doing model development? If you are providing GPUs, then why depreciation is not there?
- Sanjay Lodha:** So, basically, you will have to understand depreciation in order, that my CFO will answer you. But basically, what we are trying to do, you need to understand that, we are designing the complete AI server actually. Okay, basically on the NVIDIA and all these people, we work with them, we have access to the roadmaps around more than around 18 months in advance, wherein we work with all the new design and architecture, we developed a very efficient product. We then basically once the design is done, then basically we buy chipsets from various technology providers. And then we have our own manufacturing capability where we manufacture it. And then we finally sell it. And once we sell it, they basically that is along with the GPUs. GPUs is only one component of the server. GPUs by itself will not run actually, they need to be completely a part of the server actually. So, GPU come as chip to us. Okay, then that get integrated into the server. And then we sell it to the customer. So, the ownership is not ours. Once we sell it to the customer, the customer runs it, runs the GPU. Maybe I will get Ankit answer it.

- Ankit Kumar Singhal:** So, the business model is when we manufacture servers, we differently sell it to the customer. For customer, it's a CAPEX purchase. It may be a CAPEX purchase. For customer, for us, it's a revenue event.
- Shashank Jha:** Okay, so basically, you are a provider, service provider here, actually.
- Sanjay Lodha:** Basically, beneath the application layer, we have got the complete stack which we provide. It's not basically that we are a provider of one type of component only. Beneath the application layer, we write some, compute, the interconnect the storage, and then the complete AI cloud stack and on top of it, the middleware. So, all these things are basically given in the form of a solution bias. It's not basically just that we are supplying the GP chipset because as we mentioned that GPU chipsets will not alone work on the system. So, that's the reason it has to be understood as a complete solution which we are providing.
- Shashank Jha:** Okay, then what is your role in data centers? Like, do you have a different segment? It's confusing for us a little bit. Like AI system, datacenter, it's all related. So, there is a little bit of confusion as to exactly what you do here and what you do there?
- Sanjeev Sancheti:** Datacenter provider is our customer, we sell the entire system along with software. I will give you an example. The travel agent will give vehicle for rent. The manufacturer will sell it. We are manufacturers here, please understand. Then it is depreciation for one who those who give it out on rent. I am getting the sale income for manufacturing. Is it clear now?
- Shashank Jha:** Yes. You buy GPU, you don't manufacture it for companies like NVIDIA, right?
- Sanjay Lodha:** How can we make GPU, we take the chip of GPU, NVIDIA gives us GPU. GPU will not run like the vehicle. GPU chip needs to be integrated to motherboard. They only it begins.
- Shashank Jha:** Got it. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Chi-Ho Wong from Pictet AM. Please go ahead.
- Chi-Ho Wong:** Hi, Sanjay and management. Thank you. Congratulations on the very strong earnings. I want to ask about the constraint because apparently your revenue is growing very fast. You talk about you don't have manufacturing constraint, but do you see any other constraint like labor, talent, and recently after you have an IPO doing very well, does that help you for your overall acquisition, talent acquisition strategy? And is that maybe a long-term line? Can you update how many people you actually have in the Company? And maybe on a year basis, how many engineers? How are you doing on the talent front? Thank you.
- Sanjay Lodha:** Thank you for your question. It's a very good question, sir. Thank you for asking such a question, actually. So, really speaking, basically, Netweb is a company which is very clearly focused into its niche segments. We don't want to get into any kind of basically box pushing or basically volume manufacturing kind of situation. So, we have kept our focus very clear. I think Netweb

is successful because of that only. Netweb has kept its focus very clearly into the supercomputing, into the private cloud, into AI. And all the three segments contribute 90% of my business. And all these three segments we are doing for years together. None of these segments started somewhere a few years back. All the segments are more than 10 years old for us. So, basically, the major talent which we faced while we went IPO actually, I don't know whether I met you earlier or not, but I think I should have told you that basically what happened is that basically, earlier when we went IPO because we wanted to retain our talent and to hire new talent. We were 240 people while we went IPO. Today we are 600 plus. So, definitely that thing has been addressed very well because basically it has given us more visibility. Plus basically, so the technical talent is very, very important for us. If you know we are a product company, we are not a services company. So, we invest quite heavily on R&D. So, R&D talent is very important for us. Our R&D team is around 100 plus people, both software and hardware together. So, I think we have been able to definitely clearly been able to come away with the constant which we had primarily on the talent side. And we are doing very good on that. But definitely we are always looking for new talent, good talent. So, you will always find if you go to our LinkedIn page, you will find a lot of openings actually at all times actually. So, we are always looking for better talent, good talent. So, that is definitely that is ongoing process. But I would like to tell you that we are much better off. As regards finance and all, basically really see we are a zero debt company. Our debt raising power is phenomenal. But basically we don't need debt actually because we are able to manage our finances very, very clearly. Our technology relationships also basically helps us so as to handle the supply chain also. Because we have large technology relationships with three or four major vendors which are also very long term relationships. These are not any short term relationships that is helping us. So, currently even in the situation where we had the storage and the memory is under shortage, but we get good adequate support. Same way basically with NVIDIA also we are currently working on the currently orders which we are fulfilling are based on Blackwell 200, which is same as any other large OEM doing in the world. So, basically in India also we are trying to do this. India is not at the back, India is at the forefront. We are already working on B300, GB300 on the latest chipsets. Same way on the Intel side we are working on the latest chipsets. Again on the AMD we are again working on the latest chipsets. So, basically before the product release we have access to the roadmaps, we start working. So, the niche and the focus always helps us. And on the manufacturing side also we don't find any constraint really speaking. Because you saw the growth but still we are saying that we don't want to increase our CAPEX primarily till the revenue of 2,500 crores to 3,000 crores. So, approximately we are very good at that. The other thing is basically acquisitions and all, definitely we are looking for acquisitions, but we are looking for acquisitions which can fast up our R&D process. Because we are basically whatever business we are doing we are very happy with it and all the three areas are very-very growth areas. But tomorrow instead if we can invest our own engineering team six months to one year to develop something wherein, we can do acquisition which can speed up that process, that would be good. So, we are looking for such acquisitions primarily. I hope I am able to answer your question.

Chi-Ho Wong:

Okay, thank you.

- Moderator:** Thank you. The next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.
- Sandeep Shah:** Thanks for the opportunity and congrats on a good set of numbers again. Hirday sir, this is a question to you with reference to earlier question. With Google's TPU and Amazon's Trainium OpenAI tie-up with Broadcom, have you also started doing some design R&D on these kind of a platform? Because as of now we are in prevalence and partnership with the AMD Intel and NVIDIA. So, do you believe these hyperscalers new chips can be also adopted by the enterprises or this could be more for their internal work?
- Hirday Vikram:** So, thanks, Sandeepji, for your question. So, first of all I would say that as we mentioned earlier also for example for quantum we are unable to disclose much details at this stage. Likewise for chip designing etc. as well we are unable to disclose too many details at this stage. Maybe we can discuss one-on-one on this front. But yes, as we mentioned clearly that we are working on different technologies already. Be it x86 architecture based systems, be it NVIDIA based GPU system architecture or the other probable options which are available. So, we are working on all those fronts. But yes, I mean disclosing the details at this stage would be too early for us to do it in this call.
- Sandeep Shah:** Okay, fair enough and just a clarification our target of one third for strategic order by Q4 of this financial year is for the total strategic order size of Rs. 2,184 Cr. right?
- Sanjay Lodha:** That is correct, Sandeepji. That's our target.
- Sandeep Shah:** Okay and Sanjay sir, is it fair to assume even in 4th Quarter we can have a credit for PLI if government approval comes on within that time?
- Sanjay Lodha:** Looks like.
- Sandeep Shah:** Okay and last question any other order pipeline getting created for the strategic order maybe for the first type of process?
- Sanjay Lodha:** Yes that's an ongoing process Sandeepji. There is a huge basically opportunity on our hand which we are constantly working but as we mentioned we are not guiding on the strategic orders we are announcing as we are getting it. So, we still maintain the same.
- Sandeep Shah:** Okay and sir last question 4th Quarter is generally seasonally strong for business outside strategic orders. Do you believe same can repeat in this financial year as well?
- Sanjay Lodha:** Your wishful thinking really helps us to think positive.
- Sandeep Shah:** Okay sir, thank you.

- Moderator:** Thank you. The next question is from the line of Aman Soni from Nvest Analytics Advisory LLP. Please go ahead.
- Aman Soni:** Firstly, congrats for good set of numbers. Sir with the recent spike in the commodity price especially copper, this is critical for power transmission and datacenter infrastructure. How do you see the impact on economies and timelines of AI led datacenters deployment in India? Are you observing any deferment of orders demand slowdown or longer decision cycle for customers due to high power and infra cost or does the AI driven demand remain largely insulated?
- Sanjay Lodha:** Sir, actually your question is really interesting but basically actually I personally feel the copper prices are going up because of the datacenter demand rather than basically copper pricing restricting datacenter demand it seems a very very far thought thing actually. Really speaking, because the way the datacenters are growing definitely copper prices are really I think getting stronger because of that, overall mental sentiments are different but still I feel that's the reason. So, I personally feel because the datacenter boom and the kind of opportunity is there I don't think copper pricing will really impact or slow down the growth or something. Definitely it will factor in, the basically the cost will be higher because of electrical components and all we don't deal in most of them. We also use copper but our copper use is limited. It is not that much actually primarily we have some copper use in our servers actually and some components it's being used but still I personally feel that these prices whatever price hike is happening on the copper side of, the industry is such a basically vast high technology industry will easily be absorbed and it won't slow it down.
- Aman Soni:** Okay sir, thank you. Understood.
- Moderator:** Thank you. The next question is from the line of Raman KV from Sequent Investments. Please go ahead.
- Raman KV:** Hello sir. Sir I have two questions basically. One is I just want to understand what's the difference between your organic order book and strategic order book? Like, is the difference between like in terms of revenue recognition or the project cost? That's my first question.
- Sanjeev Sancheti:** Okay, so when we said what is organic-inorganic, there are certain very large possible orders which the company is pursuing business. These will be large orders which generally could be 400-500 to 1000 crores. We call them strategic order. There are no difference in the accounting policy the revenue recognition etc. On the margin side, larger order we've already guided that these will be about 200 basis points lower at the PBT level I think that's the difference there otherwise no difference in the accounting treatment etc. I hope that answers you.
- Raman KV:** Understood, sir. And so if I'm excluding this execution of this strategic order in Q3, our 9-month revenue comes around 1000 or 1100 with the current quarter revenue around Rs. 400 crores if my understanding is right. Am I right?
- Sanjeev Sancheti:** Should be in the same.

Sanjay Lodha: More or less right.

Raman KV: So, basically on X of strategic order we are able to do around 400 crores of revenue on a quarterly basis?

Sanjeev Sancheti: No, we are not saying that. Every quarter will not be same. We are not a FMCG company, please understand. So, be guided by what we have given for an annual guidance, quarter-on-quarter it is it's not cast in stone that every quarter will be Rs. 400 crores.

Raman KV: No, I just want to understand whether this business is a like a cyclical or periodic which in essence basically whether the first half is better in terms of revenue recognition or usually like a EMS company where the revenue flows towards the end of the year. So, I just want to understand that from that point of view.

Sanjeev Sancheti: There may be some difference in first half and second half but quarter on quarter different year we have seen different quarters doing better so in some years we have seen, Q3 to be the best some year we've seen Q4 to be best, It is impossible...

Raman KV: So, basically, second half is better?

Sanjeev Sancheti: Second half is better than the first half.

Raman KV: Okay and so this 500 crores of organic order book what's the timeline for you to execute these orders on a ballpark figure?

Sanjeev Sancheti: 450 is already billed, right?

Raman KV: Organic order.

Sanjay Lodha: Order book is basically our order book billing cycle is 12 weeks to 16 weeks normally.

Raman KV: And how long will it will this L1 order of around Rs. 300 crores will it take for you to recognize in the order book like convert it to a proper order book?

Sanjay Lodha: I think within next 8 to 10 weeks it should be there.

Raman KV: Okay sure. Thank you, sir.

Sanjay Lodha: Thank you.

Moderator: Thank you. The next question is from the line of Onkar Ghugardare from Shree Investments. Please go ahead.

- Onkar Ghugardare:** Sir I just had one question with everything looking so positive, what could go wrong with the business and I'm not talking about the short-term challenges here like chip and all talking about some long-term, any long-term issues you could face which could derail the growth of your Company?
- Sanjay Lodha:** I'll have to spend a night to think about it
- Onkar Ghugardare:** If you can just highlight 3-4 main points that would be helpful.
- Sanjay Lodha:** Let me tell you. Like basically like if you really see this is I think the 12th quarterly result which I have presented after listing. You will see consistently every quarter we have grown, every basically if you really see basically the growth has been very very consistent. It's very difficult to do this kind of business because this is just because of a niche and focus so basically I think it's a we are not into a volume company or something of that nature. So, it's primarily quite good and overall we feel we don't find any major kind of any black swan event if it comes tomorrow if earthquake comes or basically something happens to the world and company we also cannot do anything about it but overall other than that I don't see any major challenge ahead.
- Onkar Ghugardare:** Like you are saying that 30%-40% kind of growth. I mean even if maybe in next 2 odd years your base goes up. That 30%-40% run rate is quite achievable, you are saying that?
- Sanjay Lodha:** At least next 2 to 3 years we are we are targeting that.
- Onkar Ghugardare:** Okay, are you thinking anything about the capacity addition after 2,500 crores-3,000 crores?
- Sanjay Lodha:** Yes, definitely some kind of, we are capability based. So, it's an ongoing process which keeps on going. So, definitely that requirement will there, we are fully keen to do that.
- Onkar Ghugardare:** Like how much time it will take for you to like ramp up that once you start doing it?
- Sanjay Lodha:** Again, these plants are very very close to the Company actually, for competitive information, we would not like to share that.
- Sanjeev Sancheti:** But just to kind of give you the comfort that a business will not be constrained by capacity.
- Sanjay Lodha:** That's true.
- Sanjeev Sancheti:** We'll do what it needs to be done if we have business to be done.
- Onkar Ghugardare:** Thank you, sir. That helps, thanks.
- Moderator:** Thank you, The next question is from the line of Miloni Mehta from Monarch capital. Please go ahead.

- Miloni Mehta:** Thank you for the opportunity but actually most of my questions are already being answered.
- Sanjay Lodha:** Okay, thanks.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint this was the last question for today. I now have the conference over to Ms. Renu Baid for closing comments. Over to you, ma'am.
- Renu Baid:** Thank you everyone for your patience participation. I would now like the to hand over the call to Mr. Sanjay Lodha for his closing comments. Thank you and over to you, sir.
- Sanjay Lodha:** Thank you, Renuji. Thank you to participants and great partnership and the great trust which you have instilled upon us. We'll do our level best. Thank you so much.
- Moderator:** Thank you very much. On behalf of IIFL Capital Services Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.