Date: 29.10.2026

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**

SUB: TRANSCRIPT OF Q2 FY27 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 earnings call for Q2 FY27 held on Monday, October 26, 2026 at 3.30 PM.

Kindly take the same on your records.

Thanking You,

Yours faithfully
For **Netweb Technologies India Limited**

Lohit Chhabra
Digitally signed by Lohit Chhabra
Date: 2026.10.29 14:41:19 +05'30'

Lohit Chhabra
Company Secretary & Compliance Officer

"Netweb Technologies India Limited

Q2 FY27 Earnings Conference Call"

October 26, 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 OFFICER – NETWEB TECHNOLOGIES INDIA LIMITED
MR. HIRDEY VIKRAM – CHIEF SALES AND MARKETING OFFICER – NETWEB TECHNOLOGIES INDIA LIMITED
MR. MUKUL KEDIA – CHIEF STRATEGY OFFICER – NETWEB TECHNOLOGIES INDIA LIMITED
MR. SANJEEV SANCHETI – HEAD UIRTUS ADVISORS, INVESTOR RELATIONS ADVISOR – NETWEB TECHNOLOGIES INDIA LIMITED

MODERATOR: **MS. SEEMA NAYAK – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Netweb Technologies Q2 FY27 Earnings Conference Call hosted by ICICI Securities. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Seema Nayak from ICICI Securities. Thank you, and over to you, Ms. Nayak.

Seema Nayak: Thank you. Good afternoon, everyone. On behalf of ICICI Securities, I welcome everyone to Netweb Technologies Q2 FY27 Earnings Call. We have with us the esteemed senior management team of Netweb Technologies, led by CMD, Mr. Sanjay Lodha; Whole-time Director, Mr. Navin Lodha; CFO, Mr. Ankit Kumar Singhal; Chief Sales and Marketing Officer, Mr. Hirdey Vikram; Chief Strategy Officer, Mr. Mukul Kedia; and Head of Uirtus Advisors, the IR Advisor to Netweb Technologies, Mr. Sanjeev Sancheti.

So without further delay, I'd like to hand over the floor to Mr. Sanjay Over to you, sir.

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

Thank you, and over to you, Mr. Lodha.

Sanjay Lodha: Thank you, Seema and Sanjeev. Good afternoon, and a warm welcome to all of you to Netweb Technologies Q2 financial year '27 Earnings Call. We are pleased to report that Q2 financial year '27 has been another record-breaking quarter for Netweb Technologies with our highest ever quarterly revenue from operations and profit after tax.

Both revenue and profit grew 4x year-on-year. H1 financial year '27 PAT reached INR222 crores, surpassing our full year financial year '26 PAT of INR206 crores in just 6 months. In Q2 financial year '27, revenue from operations grew at a rate of 335.7% year-on-year to INR1,323 crores.

Operating EBITDA increased 334% year-on-year to INR197 crores with a margin of 14.9%, whereas PAT rose 334.8% year-on-year to INR137 crores, translating into a margin of 10.2%. our ability to sustain margins while scaling rapidly reflects strong execution and operational discipline amid rising demand for high-performance computing and AI infrastructure.

AI systems remained our primary growth driver, contributing INR773 crores or 58.4% of revenue from operations, registering a growth of 1,068.1% year-on-year. HPC and private cloud also delivered robust performance, contributing INR248 crores and INR245 crores, respectively, highlighting the strength of our diversified growth portfolio.

As on September 30, 2026, our order book stood at INR2,629 crores with an additional L1 position of INR653 crores, providing strong revenue visibility for the coming quarters.

The quarter also marked a significant milestone in our journey, where we successfully raised INR1,200 crores through our first capital raise since listing in July 2023.We are grateful to our investors for the overwhelming response and continued confidence in our business, growth strategy and long-term potential.

Moving to the industry landscape. We continue to witness an unprecedented surge in global demand for AI compute with India emerging as a significant growth market.

The India AI mission represents a major structural tailwind for the domestic AI ecosystem with the potential to accelerate development of indigenous AI capabilities, expand access to advanced computing infrastructure and strengthen India's AI sovereign AI capabilities.

Government bodies, public institutions and large enterprises increasingly view computing infrastructure as strategic infrastructure, prioritizing secure, high-performance systems that enable critical data and workloads to remain within the country while optimizing the AI token economics.

Achieving cost-effective token generation requires more than access to advanced compute. It also demands strong engineering, system design and solutioning capabilities. Netweb has invested in developing these capabilities over the years, positioning us to address the evolving requirement of this market.

Global service providers, CSPs, global cloud service providers, CSPs, data center operators, enterprises are expanding their GPU-intensive infrastructure to meet the growing computational demand for AI training, inference and other AI-driven applications.

India is emerging as an important destination for these expansion plans, creating an additional opportunities across high-end computing ecosystem. These developments, together with growing need for indigenous computing capabilities and end-to-end technology stacks are reinforcing the importance of sovereign compute infrastructure.

With our integrated design and engineering capabilities, in-house manufacturing and end-to-end solution deployment expertise, Netweb is well positioned to address these requirements. Our strategies across supercomputing and private cloud have also delivered excellent results, further validating our capabilities and market positioning.

Furthermore, as National Supercomputing Mission 2.0 places greater emphasis on designing and building compute infrastructure in India and HPC adoption across enterprise indigenous design and manufacturing, along with bespoke solutioning are becoming increasingly important differentiators in the high-end computing landscape.

We believe these structural drivers will support a sustained growth cycle and high-end computing space. Our active pipeline of approximately INR11,152 crores represent the total

value of business opportunity currently under pursuit and serves as an indicator of demand visibility.

It is important to distinguish this pipeline from our total addressable market, that is a TAM, which is significantly larger and represents broader market opportunity available to Netweb. Together, these forces reinforces our confidence in growth opportunities ahead. Beyond our core business, we continue to explore emerging opportunities in physical AI and quantum computing, leveraging our technological expertise and established capabilities.

As communicated earlier, we are advancing initiatives in both these areas. In physical AI, we are developing capabilities across technology stack, leveraging our AI systems, digital tins, in-house software support, training, simulation requirements. In quantum computing, we have commenced R&D on quantum simulators and emulators and are engaging with institutions hubs and start-ups across ecosystem.

Further strengthening our focus on technology development, our Board has also approved the establishment of a wholly owned subsidiary of Netweb in Taiwan for advancing our R&D efforts. This is an important step towards deepening R&D in IT hardware and strengthening our technological capabilities as India's leading technology OEM. We believe this initiative will further support our pursuit in innovation and our ambition to design and manufacture advanced computing solutions in India.

As a leading Indian OEM in the high-end computing solutions, we continue to invest steadily in innovation and chip-agnostic design philosophy, our alignment with Make in India vision, a stronger balance sheet with our recent capital raise and a robust order book position us well to capture growing demand for high-end computing, deliver sustainable long-term growth and create lasting value for our stakeholders.

I will now request Ankit to take you through the financial performance in great detail. 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 session, I would like to provide a brief overview of our financial performance for the quarter and the first half of FY27. I trust you have had the opportunity to review our earnings presentation and press release.

Let me begin with our quarterly performance. Revenue from operations for Q2 FY27 stood at INR1,323 crores, registering a year-on-year growth of 335.7% and a quarter-on-quarter growth of 61.4% Operating EBITDA for the quarter stood at INR197 crores, increasing 334% year-on-year and 63.7% quarter-on-quarter.

The operating EBITDA margin stood at 14.9%, reflecting our ability to sustain profitability. Profit after tax for Q2 FY27 stood at INR137 crores, growing 334.8% year-on-year and 60.2% quarter-on-quarter. The PAT margin for the quarter stood at 10.2%.

Moving to our first half performance, Revenue from operations for H1 FY27 reached INR2,143 crores, representing year-on-year growth of 254.2%. Operating EBITDA stood at INR323

crores, growing 257.7% year-on-year with a margin of 15.1%. PAT increased 258.5% year-on-year to INR222 crores with a margin of 10.3%.

Our first half performance reflects strong business momentum, supported by robust demand across our core segments and disciplined execution. Notably, our H1 FY27 PAT has already surpassed our full year FY23 PAT, underscoring the scale of our growth.

Turning to our balance sheet. We achieved a zero net debt position during the quarter with net cash position of INR14 crores as of September 2026. In addition, the company had approximately INR403 crores unutilized from the QIP proceeds. This improved financial position supported by our recent capital raise provide us with greater financial flexibility to fund our growth plan.

Our cash conversion cycle stood at 94 days with receivable days improving to 62 days, while inventory days stood at 117 days. The relatively higher inventory levels are intentional and reflect our preparation for executing the order book of approximately INR2,629 crores as of September '26.

Given the strong global demand for high-performance computing and the strategic performance -- importance of these deployments, proactive supply chain planning of a critical components are essential to ensure timely execution of customer orders. Our return on equity and return on capital employed stood at 31.4% and 38.6%, respectively. These ratios reflect the impact of QIP proceeds on our capital base.

Coming to the utilization of QIP proceeds, we had utilized INR767 crores of the proceeds as of September 2026. We remain grateful to our investors for their overwhelming response to the QIP and their continued confidence in Netweb's growth strategy and long-term potential.

To conclude, our growth priorities remain firmly on track, supported by a healthy order book, a strong pipeline of business opportunities and sustained demand for high-end computing solution. We remain focused on scaling our business, executing customer order efficiently and maintaining operating discipline and profitability.

With that, I would like to conclude my remarks and invite the moderator to open the floor for Q&A. With this, I now hand over the call to Seema.

Seema Nayak: Thank you, we can now open the floor for question.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Mohit Bansal with Eternal Axis Capital. Since there is no reply from the line of Mr. Bansal, we'll move to the next. That is Shrenik Mehta from IndoAlps.

Shrenik Mehta: I just wanted to ask basic question about how fast is overall Netweb growing outside its top 5 customers? So we see a lot of growth in the top 5, but not very clear about how you're seeing the growth outside of the top 5 customers.

Sanjay Lodha: I'll let Ankit answer it because I think the earnings presentation mentions that clearly.

Ankit Kumar Singhal: So if you see, we had been adding our new customers. We added 449 new customers in this H1. And if you put 3.5 years as a period, we have added close to like 500 new customers to the order book. And this is a very important metric that we always report in our presentation because it accounts for like 8% to 9% new customer being added to our revenue book.

So having said that, the company has been consistently working on and growing on the customers beyond top 10 and top 5. And even these top 10 and top 5 customers is not -- these are not a static customers. There is a pool of 25, 30 customers, which keeps on changing. So having said that, you will see that we are consciously working on the customers diversification.

Sanjeev Sancheti: Just to add on to what Ankit said. So while you are seeing one particular static top 5, top 10, but every quarter, every year, those change. So it is not that the business in the medium term is concentrated to these 5, 10 customers, there are new customers who come into those top 5.

So that's churn which happens. So 25 to 30 customers probably have churned over the last 2-3 years to take the top 5, top 10 place. Hence, while in statistics, it looks like a very heavy concentration, actually, it is not.

Moderator: Mr. Mehta, are you done with the questions?

Shrenik Mehta: Yes.

Moderator: Next question comes from the line of Jatin from Bank of America.

Jatin: Congratulations team. Great set of numbers. The 2 questions that I have is the first one is around if you can detail a little bit more about your plans in the Taiwan subsidiary. What do you intend to do there? Are you planning some sort of a partnership with some local company over there? Some additional color would be really helpful.

And then the second one that I had is what is the progress on the next set of servers that is Vera Rubin. Does our order book already have Vera Rubin in it? Or does that form of the next orders that we'll start receiving?

Sanjay Lodha: Thanks for the question, actually. So on the Taiwan subsidiary, I'd like to state that, that basically Netweb has decided to set up its 100% fully owned subsidiary. There is no partnership or there is no basically with somebody actually.

This is primarily completely owned by Netweb only, and this is primarily only for R&D purposes actually because basically, we have -- basically, since we are a company which is growing at a faster rate and new products are always there in pipeline and with NVIDIA and basically all other solution providers introducing products at a very fast rate.

So basically, we need design engineers and all that. So getting resources sometimes in India becomes a challenge actually on the hardware side of it. So that's the reason the primary purpose is to have more -- to hire more manpower so that basically they can be available locally in Taiwan.

And since those kind of people are easily available in Taiwan, so basically -- so that those resources can be used for R&D facilities. This will only enable and help us for us to speed up our R&D capabilities. This is the only purpose of that subsidiary in Taiwan. This next question, I will ask Hirdey to answer.

Hirdey Vikram: So thanks for the question for what is our plan for Vera Rubin. So just to share with you that our plan is very much in time that we'll be launching and [inaudible 0:19:04] platforms in India. And in fact, the process of designing, writing schematics and creating the files and all that all has already started.

And as a result of it, very soon, we'll be having first Vera Rubin system set up in the country very soon at our facility. So the plans are very much intact. And as you have seen that in the past also, we have always kept our product launches matching with worldwide timeline.

So same is the process that we are following in case of Vera Rubin as well. So this will be, I mean, commercial. So we will be planning to basically start offering this product to be sold to the customers by January. So we'll see if we can pull in the timelines.

Jatin: Perfect. This is really helpful. And the Taiwan hiring bid that you plan to do is definitely encouraging, much appreciated. If I can slip one more. The inventory that you have currently, the INR1,900 crores bit, fair to assume that we will execute that within Q3, Q4?

Ankit Kumar Singhal: Yes, yes. So this inventory actually is to support the order book only. And yes, there will be churning from this inventory definitely.

Moderator: Next question comes from the line of Vinay Menon with Monarch Capital.

Vinay Menon: Congratulations on a great set of numbers. A couple of questions from my side. Gross margins have declined. And I agree that the component prices are up and that is adding pressure. But what base can we look for in the next few quarters? And where could we see a steady state in terms of gross margins?

Sanjeev Sancheti: So I think gross margin is very difficult to monitor on a quarter-on-quarter basis. I think we -- it would be good for us to look at a full year basis. And I think we will do -- we guide on EBITDA, so we still well in line on EBITDA.

Ankit Kumar Singhal: So Vinay, I would also like to add here. So it is important to see the EBITDA framework, which is being followed. So when we enter into a very large-scale deals, so the profile is inherently different with the small deals. So gross margin becomes a game of different deal mix, which cannot be judged on a quarter-on-quarter basis.

But the EBITDA framework is well maintained when there is a large deals coming in with whatever gross margins, there is obviously the overhead cost structure do not grow in that proportion. So there is obviously a leverage which comes in when we do large deals. And that's why the company has showcased operating EBITDA margins to remain around 14%.

Vinay Menon: Okay. Okay, sir. And one more question. We've seen And one more question. We've seen Neocloud like Yotta E2E announcing capex for FY27 and even beyond. And we also saw an RFP from C-DAC for some about 10,000 GPUs. Are part of our current pipeline or do we see any additional pipeline and order book coming from these kind of deal wins where we could play a major role?

Sanjay Lodha: So thank you for pointing it out. But basically, all the names which you mentioned, all our customers, and they are very much in the order book in the funnel everywhere. But basically, we don't specifically state the numbers of the orders or the quantities of particular customers because basically, I hope you'll understand the reason for that.

But still, you can see the order book is still after execution of such a robust revenue this quarter, still the order book has also increased. It was INR2,500 crores last quarter. It is INR2,600 crores. If you add the -- basically the L1, it would be around INR3,100 crores, INR3,200 crores approximately, which is a substantially large order book.

Vinay Menon: Okay. And one last small question, sir. In terms of NSM 2.0, when can we start expecting some orders from it, maybe early '27?

Sanjay Lodha: Yes, you are right.

Moderator: Next question comes from the line of Zaif Shaikh from Aditya Birla.

Zaif Shaikh: Great set of numbers. Congratulations on that, sir. So I would like to ask about the Taiwanese subsidiary that you're setting up. Will this kind of enable us to kind of put our company on the same as that of the Taiwanese ODMs? Will we be able to launch out new products at the same price as of WagonR, Pegatron etc.? Second question, I'd like to follow up on the working capital cycle. But first, you can answer this question.

Sanjay Lodha: I didn't get your second question. What is your second question?

Zaif Shaikh: The working capital -- net working capital. So how is the net working capital expected to shape up in the forthcoming year?

Sanjay Lodha: So basically, first, I will answer the first question. I hope you will appreciate that, that basically company has been very clearly a Make in India company, and we want to focus on manufacturing in India because the company is a 25-year-old company and from very beginning, since inception, the idea has been to design, develop and manufacture in India.

So that was the idea actually. And plus basically, there are 2 major differences between the ODMs and Netweb is primarily one is that we are India focused. The second is that we are not box pushers. Most of the ODMs which you mentioned, they primarily manufacture boxes and they just sell the boxes actually.

So basically, we don't intend to become an ODM kind of basically the names which you mentioned because they are a different kind of company. We are a different kind of a company.

Primarily, the Taiwan subsidiary will be only used for R&D purposes. That is only to speed up the R&D efforts from our side.

And you know that most of these technology providers, they also have their -- basically the main R&D centers in Taiwan. So being nearer to them also helps actually. So these are the reasons why we have this. But primarily, the idea is only R&D at this point of time. Thank you. The second part Ankit can answer.

Ankit Kumar Singhal: In regards to the net working conversion cycle is for the September was 94. And what we anticipate that our cash conversion cycle will operate between 90 to 110 days, considering how the quarter growth goes in. So 90 to 110 is the range where our working capital cycle will operate.

Zaif Shaikh: Got it. Sir, I think last year, we kind of operated at some 14 days net working capital. So is that a one-off thing? And every year, it is expected to operate in the same 70 to 80 or 90 days range?

Ankit Kumar Singhal: So yes, if you talk about last year, it was 84 days, the cash conversion cycle. It has gone up because in this year, we had been doing the efforts on the inventory days, considering the large order book we have in hand. So even going forward, we will operate in this range only.

Moderator: Next question comes from the line of Sandeep Shah with Equirus Securities.

Sandeep Shah: Congratulations for a strong quarter. Just the gaining traction from the Chinese memory chip maker like CXMT or YMTC -- if this scales up, are we ready in terms of making a schematic changes in our design of the server to incorporate these kind of a new partnership?

Hirdey Vikram: So Sandeep, thanks for your question. So currently, the architectural changes are not very swiftly moving towards the technology that you are referring to. So that is going to take some time. And definitely, this is also important to share with you that in case if there is some architectural change, which happens very shortly or very fast, then we will also be able to adapt to it.

And there will be other comparable or competing players who will also be able to offer the platform. So I think for now, we are having a good road map available, which will serve at least for 2 to 3 years in terms of introducing the new product lines and catering to the current one. So that way, we are confident of the product line that we are carrying.

Sandeep Shah: Okay. Okay. And just a related question, with -- to optimize the token cost world over, some of the Fortune 500 clients are preferring multi-model architecture where they are using frontier models, small language model, open source model. So does that also changes our server design in terms of incorporating various model options? And does those kind of a server demand is increasing even in India?

Hirdey Vikram: One thing which is very important, which you must have also noticed by now, which we have always been highlighting that we have always been focusing on all the layers of our solution. And when we design the solution, we focus on providing compute, interconnect storage and the layer above that, which includes our cloud stack also.

And by virtue of that only, we have been able to achieve better token economics for our end customers. So it is not basically demanding the architectural change in the server architecture. Rather it is demanding a better design solution, which includes optimized design and going by the reference architecture of NVIDIA chips.

So that's how we achieve better token economics, and we have been helping our customers basis on that only. So I think we have been able to justify whatever token maps we have to give to our end customers, we have been able to justify that. Based on that only, adoption of our platforms are happening across multiple customer segments.

Sandeep Shah: Okay. Okay. And just last question, in the AI-led order intake, is it the traction is also coming from the private organization within India or is it largely skewed towards government? And what is the typical average size of AI-led server demand or order?

Sanjay Lodha: So basically, that's a question is very varied actually. It can lie from somewhere between INR5 crores to basically maybe INR1,000 crores actually. So as regards the size of the order is concerned. So basically, to answer the first part of your question, there is a major trust from the private bodies on the demand.

So basically, government demand as well as private demand, so basically Government demand as well as the private demand both are really in buoyancy. And basically, it's no more primarily AI is a government play. The private demand is also -- enterprise demand is also very heavy.

Moderator: Next question comes from the line of Prateek Singh with IIFL Capital.

Prateek Singh: Congrats for good set of numbers. My first question is about 2H. So how should we be looking at it given that the bulk of the strategic order of INR22 billion is now largely behind us, maybe INR3 billion, INR4 billion less. I understand that we should not be looking at the business from a perspective...

Sanjay Lodha: Your voice is not clear. We are not able to understand. Can you speak clearly?

Moderator: Can you speak a little louder? We cannot hear you.

Prateek Singh: Is it better now?

Moderator: Yes, yes. Please go ahead.

Prateek Singh: Yes. So I was asking how should we look at 2H now that the bulk of the strategic order of around INR22 billion is behind us. I understand that we should not be looking at it from a quarter-to-quarter perspective, but just so we can get a sense, 2H revenue would likely be higher than 1H as it has been in the past or we can see a change of [inaudible 0:31:47]?

Sanjay Lodha: So basically, the thing is that I will keep my -- basically, I can only tell you, if you see the order book, that will itself give you an indication how the 2H will look actually. So basically, I leave that calculation on your end, but I can only assure you one thing that we are targeting to achieve INR4,000 crores of revenue this particular financial year.

Prateek Singh: Understood. And can we get a sense as to which segments are driving the order book increase? Is it largely AI or it's broad-based across all segments?

Sanjeev Sancheti: I think you are not audible.

Prateek Singh: Okay. Sorry, I joined back the queue.

Moderator: Next question comes from the line of CA Garvit Goyal with Serene Alpha.

Garvit Goyal: Congrats for a good set of numbers. I wanted to understand on the growth perspective in FY28 and onwards. I understand that your pipeline is INR11,000 crores plus. But in order to grow at the higher base, the kind of execution people have delivered in FY27, it's mind-blowing, right? So on that base to continue a growth of 30%, 35% in '28 and onwards, we need to close a significant portion of the pipeline into confirmed order book by FY27.

So can you put your view on that, like where we are in the terms of closing this pipeline into confirmed orders? If you can put some probable number, what kind of order book it will look like at the end of financial year '27?

Sanjay Lodha: So Garvit, I think you are following the company for the last 5 years, I think so. You might have seen basically whatever we have committed, we have delivered. If you see the base, which was basically INR400 crores while we did the IPO, okay

And basically -- and today, what I'm suggesting that we'll be doing around INR4,000 crores -- so basically that's 10x actually and we have always constantly kept our growth numbers around 30% to 40% CAGR kind of growth, which I promised year-on-year.

And seeing the current AI demand and the kind of technology innovation, which we are trying to do, the kind of unique proposition which Netweb brings on the table for the -- in the Indian AI ecosystem, definitely, we are very confident to maintaining that growth for at least next 2 to 3 years, actually.

And you see the pipeline has been also very robust. It has been clearly growing at a constant pace. And -- but basically, if you tell me that in a minute, it will change something or basically the conversion ratio will change. These things doesn't happen this way.

Basically, it happens only gradually. We have a conversion ratio of around 60% of the pipeline, which basically -- and the pipeline keeps on adding every day. So that gives us a confidence that basically we'll keep on growing at the same rate of 30% to 40%.

Sanjeev Sancheti: Also to add here, just let me add here. So if you look at last quarter's order book after was about INR2,400 crores, INR2,500 crores. And after billing about INR1,300-plus crores, we are actually above the last quarter's order. And the second thing is that we cannot have a confirmed order for the whole of next year right away, right?

The conversion happens gradually, but the strike rate is 60%, and we are sitting on the pipeline of more than INR10,000 crores. I think it's mathematically you can yourself kind of do a model for yourself.

Garvit Goyal: Understood, sir. And secondly, I wanted to know your view. Perhaps you might have addressed it in the opening remarks to an extent. But I wanted to understand from the perspective of AI capex that is happening in the global markets.

If I look at the rising cost of capital, the capital that was available to these players maybe 6 months or 10 months ago, the cost of that capital has increased significantly now. So are you people hearing any kind of hindrances or any kind of reduction in the capex by these hyper-scalers globally due to rising cost of capital, sir? I just wanted your view on that.

Sanjay Lodha: The problem is different that basically as the demand increases, definitely, basically the pricing and the cost of capital, the cost of -- the memory prices have gone up by 200% or maybe even more than that. But do you think that has impacted the demand? That has not impacted the demand.

And plus, please keep in mind, my complete business is not dependent upon the overseas kind of a demand, which is coming to India. basically, we have a very, very balanced kind of a demand we have from various areas. But my personal view is that there definitely cost of capital and all those things basically can really will go up because the demand will go up, but that will not deter the demand.

Moderator: Next question comes from the line of Nishita, Sapphire Capital.

Nishita: So, like we have a very good order pipeline of around INR10,000 crores and our conversion ratio is also of around 60%. So you saying that we can achieve a 30%, 40% CAGR. Is that conservative? Because from where I see and from how much we can convert our pipeline, we can easily achieve like around 50%, 60% growth. So are we being conservative ?

Sanjeev Sancheti: We can't hear you anymore. Have you completed your question?

Nishita: Yes. Am I audible?

Sanjay Lodha: Yes, you are audible.

Nishita: Yes. So I just wanted to understand if we are being conservative when saying we grow 30%, 40%.

Sanjeev Sancheti: I cannot give a guidance on the guidance. My guidance stands where it is.

Nishita: Okay. Okay. And my next question is I just wanted to understand the execution time line of our current order book.

Sanjay Lodha: Basically, it depends -- it is 10 to 16 weeks.

Nishita: I'm sorry, 10 to 16 weeks?

Sanjay Lodha: Yes. That is the standard time line which we have, not of the current order book. That's the standard with any order that basically execution timeline we have.

Moderator: Next question comes from the line of Seema Nayak from ICICI Securities.

Seema Nayak: Congratulations on a record quarter. My question is on the order pipeline. If you could please give a breakup of the pipeline between India AI, sovereign AI and organic, that would be helpful. And what is your outlook 2 years down the line?

Sanjay Lodha: Ma'am, thank you for your question, actually. But unfortunately, we don't share the breakup of the order book actually. But basically, I can tell you it's a very healthy mix. The enterprise is also very, very active these days. And basically, the demand is from the government and enterprise, both are mixed together.

And definitely, if you ask me in today's order pipeline, I can only tell you that maybe enterprise will be more than the government at this point of time. But basically, this keeps on changing quarter-on-quarter actually. And it's -- so that I will not be able to mention to you.

But other thing, basically, as regards to the growth is concerned, I already indicated you the number which we are targeting this year. And we are also -- we have plan to grow by 30% -- 30%, 40% CAGR continuously for the next few years now. So we are very confident about that.

Seema Nayak: And what percentage of NSM 2.0 outlay are you targeting?

Sanjay Lodha: Actually, NSM 2.0 is basically since we are definitely targeting a good percentage, actually, more than half of it we should be targeting actually, but it will not come as in one go because basically, that's a 5-year program.

So that will come as slowly as it comes, but we will be very well positioned because a lot of Indianization and local manufacturing and all these things have been given weightage under that program. So as soon as it rolls over, I think that we will reap all benefits of that.

Moderator: Next question comes from the line of Divyesh Mehta with Invesco India Mutual Fund.

Divyesh Mehta: What I wanted to understand is actually 2 things. First is, in my understanding, I think beyond the working capital of 110 days, 90 to 110 days, which we need, a lot of orders will also require us to block a certain amount of cash in terms of fulfilling that order, right? So any color as to how that would have impacted our cash flows in the recent times? I think that's the first question. That's the first question.

And the second part is, take, for an example, hypothetically, if C-DAC issues a tender for around creating a GPU cluster of around 10,000 GPUs via some vendor. So in your understanding, such large orders how fast do they get executed?

Do they get executed 10,000 GPUs in one single slot or do they go to a single vendor and then that vendor buys from you? In your understanding, typically, if there's an open tender of something of similar on C-DAC, how would the time line flow down? Any color on that? Those are the 2 questions.

Ankit Kumar Singhal: Okay. So as far as the first question is concerned, regarding the blockage of any cash flows, we haven't seen any such situation because if you see there is a significant improvement in the receivable days in this quarter.

So all our debtors that comes -- that is being reported are all very healthy and top notch, and there is no such case of any bad debt or being elongated beyond 110-day cycle. So there is no -- as such on these cash flows, whereas inventory is concerned, it is a bit intentional that we are preparing for the upcoming orders.

The order book is significantly large. If you see, it's of INR2,600 crores. So the investment is going basis the supply chain demand and the kind of lead times which have gone up. So in order to secure the execution of these orders, we have done so. So there is no -- any pressure on that to say in terms of managing

Divyesh Mehta: But when I look at our presentation, we give a specific disclosure called free cash in the balance sheet. In the presentation. And when I look at the same number, which is in our actual BSE filing balance sheet, both numbers are different. So I was just trying to triangulate because I think one of that number says around INR350 crores, other number is slightly higher. So my understanding was a certain amount is probably sitting as a guarantee or a lean to fulfil?

Ankit Kumar Singhal: So there is a calculation behind this thing, which might not be apparently appearing on the balance sheet phase. So there are 2 components. One is the free cash that we have. So there are some time deposits, which do not primarily appear in the free cash, but they sit in FD bank deposits, which are of slightly longer days. So it appears in a classification of bank balance and other than cash and cash equivalents.

Divyesh Mehta: Classification ?

Sanjeev Sancheti: Yes, there is just a classification. A large part of the difference is because of the money which was raised in the QIP and it is sitting in the -- that is also there in -- so that is INR400 crores. And the rest is on the -- on certain bank guarantees and deposits. So it's a mix of both. But large part of it is because of the money which was raised in the QIP and not yet utilized. So that cannot be considered as free cash.

Divyesh Mehta: And the C-DAC question?

Hirdey Vikram: The second question, just to answer your question that what C-DAC has rolled out is an opportunity, which is for request for empanelment. And under this RFP, they are going to panel CSPs who are going to ultimately offer them the amount of GPUs that they are targeting to have.

And this is definitely not going to stop at 10,000. They are going to demand more because this is the kind of requirement that -- this is on behalf of India AI, by the way. This is not basically on C-DAC's own behalf. That is one.

So yes, this is an opportunity which will give us the space to basically create more opportunities for ourselves also because we are already in touch with those CSPs and many of them are already served by us. So in fact, there are certain new players who will also be participating and we are

in touch with them. So that way, we are pretty much on top of it. And this is definitely going to result into more pipeline addition for us.

Divyesh Mehta: Okay. Just a clarification on this part. So in your understanding, is it the case that the existing capacity for India AI mission, which was sitting with those CSPs is now utilized -- and do you think that C-DAC will roll out 10,000 clusters in a single sort and then increase or this number is going to be staggered?

Sanjay Lodha: You're a bit confused actually. Basically, what -- basically, there are 2 parts to it. One is that the earlier India AI RFP, which was there. So actually, C-DAC is doing the RFP in behalf of India AI, okay? This is not C-DAC personal requirement. This is India AI requirement. And the earlier RFP, which we had done when people had offered the GPUs, actually, those were utilized.

But currently, what is happening is that the rates, the international rates of the GPUs per hour has gone up. Hence, basically, the India AI is not able to get the GPUs at the older rates. So hence, they are trying to go -- come out with a fresh RFP, which they have just rolled out, which people will be bidding.

And definitely, it will be prevailing as per the market rate. So definitely, so as soon as they offer the GPUs, they are getting allocated. So various CSPs will definitely have installations and they can place orders. They have an option of placing orders on us. And as the orders are placed, we will be delivering. So this is how this will work actually. This is not C-DAC trying to deploy these many clusters.

Moderator: Next question comes from the line of Mansimer Singh Sethi with Sethi Capital.

Mansimer Singh Sethi: Okay. Sir, in the presentation, I have noticed that SBI and IDFC First Bank are listed for the first time our customers. I just wanted to know that since you mentioned in the opening remarks that the data sovereignty and data localization, especially in the Indian banking system and financial service is key. So could be the banking and BFSI segment emerge as a significant growth driver for Netweb over the coming years?

Sanjay Lodha: Very good observation, sir. Thank you so much.

Navin Lodha: Very good observation, sir, your observation is absolutely correct.

Mansimer Singh Sethi: Okay. Sir, my second question with respect to that is, recently, NVIDIA has launched supercomputers in a computer in the sense, they are replacing the traditional PCs and laptops. So I just wanted to know how does Netweb view this emerging opportunity? And are you evaluating or planning to expand into this segment?

Sanjay Lodha: So basically, Netweb is a very, very focused company into the data center and enterprise workspace. We normally don't get into client devices and selling boxes. So I don't think the areas which you are mentioning, it's not very clear to me what exactly you're mentioning. But basically, we don't intend to get into laptop space and the client space at all.

Moderator: Next question comes from the line of Vinay Menon with Monarch Capital.

Vinay Menon: One follow-up. Employee costs have come up on a Q-on-Q basis. And if I look at last 5, 6 quarters, this number is increasing. Is it because we are adding talent or is it -- maybe if you can give a breakup of ESOP costs also in that, that would be helpful?

Mukul Kedia: So Vinay, there are 2-3 factors behind this increase in the employee benefit expenses. First is this quarter is basically a quarter where increments has been coming in as a cost of areas. Secondly, there is always a variable pay, which comes in line with the growth that we do for the quarter.

So it's a bit variable because there is a provisioning of incentives and all which goes in. And third, lastly, yes, there is increase in the headcount. If you see, we have grown by 120 plus employee strength as compared to last year's quarter headcount.

So yes, there is -- these are 3 factors, whereas as far as ESOP cost is concerned, for this quarter and sequentially, the while quarter, there was not significant ESOP cost because the tranche which we had given at the time of -- before the IPO, they got vested fully last year itself. So there is no much ESOP cost. Whenever the new ESOP schemes are being distributed, then it will have an impact in this.

Moderator: Next question comes from the line of Pradeep Nagori, an Individual Investor.

Pradeep Nagori: First, congratulations, Sanjay-ji and the entire team for super numbers. Most of my questions are answered, but I would still like to ask one particular question, which is from a future perspective. On your presentation, you mentioned that the new opportunity that we are trying to tap is physical AI and quantum. Could you give us some more details in terms of what exactly we are doing in this space and how large this opportunity can be for Netweb in the next couple of years?

Sanjay Lodha: So these are the new areas, as you know, these are the areas which are developing very well, and we are spending into R&D. Actually, at this point of time, we are not willing to disclose more about exactly what we are trying to do because as you can very well understand, still we have our own reasons actually wherein we are not really talking much about it. But some brief information, which was -- which I have already shared on my opening remarks as well that basically is covered under that.

Pradeep Nagori: But how -- I mean, from a timeline perspective, how do we see in terms of that opportunity getting monetized, meaning like what next 1 year, 2 years, 3 years, how far your estimate is in terms of monetizing that opportunity?

Sanjeev Sancheti: No, I think this is just presently in an initial development stage. And I believe as and when we believe that we are ready to be ready to envision the exact numbers, we'll get back to it. I don't think we want to speculate on how much we can do at this point in time.

Pradeep Nagori: Okay. So just last question. A very short period of time, like if you look at Y-o-Y numbers for both H1 and the quarter numbers, H1 numbers are growing by about 2.5x and Q-on-Q -- I mean, Y-o-Y quarter numbers are growing by about 3.3x.

But there is -- it seems that there is no operating leverage that is kicking in because the PAT numbers or the operating margin numbers more or less remain in percentage terms, exactly the same. So I mean, I would assume that when such growth is coming in short span of time, there would be some operating leverage that would be coming in.

Sanjeev Sancheti: So you will appreciate that with the scale of growth which we have seen, obviously, the size of the business has also increased, the whole structure of the customer profile express change. So for us to be able to maintain EBITDA is something which we are really focusing on. I think we've already always -- we have always very clearly mentioned that we will maintain our EBITDA and PAT, and I think we continue to do that. Ankit, would like to add something?

Ankit Kumar Singhal: So yes. So if you see the revenue and PAT both have grown 4x if we compare with the Y-o-Y numbers. So having said that with this scale, maintaining the EBITDA margins, what we have said that 13%, 14%, we have slightly crossed that in this H1, but not to be quoted for the entire year. But yes, the EBITDA framework while maintaining this large scale is what we have been appreciated of.

Sanjeev Sancheti: And also, you appreciate that we are a technology-heavy company, and we have to keep reinvesting in R&D and we monetize all the R&D costs. So for us to be able to keep developing new products coming out in the market to continue to remain relevant, I think this is a very sweet spot and none of our competitors are even close to what we earn. So I think we are happy to be with this as long as we keep getting the lion's share of the business.

Pradeep Nagori: Great. If I could just push one more question. I mean, who do you see any other competition for us in India in the space that you are?

Sanjay Lodha: We have no idea about that.

Moderator: Next question comes from the line of Basant Bansal with NBG Investment.

Basant Bansal: From the results from your opening remarks and from the question answer, it looks that everything is good. So what are the concerns and challenges that makes you worried more particularly given the fact that the AI sector itself has a lot of concern?

Sanjay Lodha: So basically, in that regard, there are two ways to look at it- basically you can see the glass is half full or half empty actually. To us, it looks basically -- in my view, AI sector doesn't have much challenges. Definitely, any sector which grows at such a fast rate, definitely, more eyebrows are there. People will think about it. I personally feel AI or the 3 areas we work into.

One is the supercomputing. Supercomputing is an area which we are working for 25-plus years. And basically private cloud, HCI, we are working for 10-plus years. AI, we are working for 15-plus years. So we have seen the entire -- basically entire journey of the complete technology development.

So we are very robust, and we completely feel that the industry seems to be robust to us, and we feel that this will keep on growing. And these small concerns will keep on coming and up and

down. They are more of an investor-related concerns. I personally don't feel there are any fundamental issues with the AI demand or something.

The way the AI adoption is happening, the use cases are increasing day by day. It's entering into normal person's life actually. So I personally feel that this is only a booster. I don't feel that there is anything negative about AI.

Hirdey Vikram: This has just started, I mean, as of now. This is not basically the -- even the mid of the story. This has just started. So the way token consumption is going up. So you will see that there is a lot of headroom for AI as a technology to grow in coming years. So I think there's nothing that, first of all, concerns have started coming up or saturation has started coming up, nothing of that sort.

Moderator: On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Sanjay Lodha: Thank you.