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To, The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code: <b>543945</b>	To, The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai- 400051 Scrip Code: <b>NETWEB</b>
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**SUB: TRANSCRIPT OF Q1 FY26 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 Q1 FY26 held on Friday, 01<sup>st</sup> August 2025 at 3.30 PM.

Kindly take the same on your records.

Thanking You,

Yours faithfully

For **Netweb Technologies India Limited**

Lohit Chhabra  
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# NetWeb Technologies India Limited Q1 FY '26 Earnings Conference Call

**August 01, 2025**



**MANAGEMENT:** **MR. SANJAY LODHA – CMD**  
**MR. NAVIN LODHA – WHOLE-TIME DIRECTOR**  
**MR. ANKIT KUMAR SINGHAL – CFO**  
**MR. HIRDEY VIKRAM – CHIEF SALES & MARKETING OFFICER**  
**MR. SANJEEV SANCHETI – UIRTUS ADVISORS LLP, INVESTOR RELATIONS ADVISOR**

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

**Moderator:** Ladies and gentlemen, good day and welcome to the NetWeb Technologies Q1 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 touch-tone phone. Please note that this conference is being recorded.

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

**Renu Baid:** Thank you. A warm good afternoon, everyone. On behalf of IIFL Capital, we would like to welcome you to the 1Q FY '26 Earnings Conference Call of NetWeb Technologies India Limited.

From the management team, we have with us Mr. Sanjay Lodha - Chairman and Managing Director; Mr. Navin Lodha – Whole-Time Director; Mr. Ankit Kumar Singhal - Chief Financial Officer; Mr. Hirdey Vikram - Chief Sales and Marketing Officer and Mr. Sanjeev Sancheti - Uirtus Advisors LLP, the IR Advisor to NetWeb.

Without taking much time, I now hand over the call to Mr. Sancheti. Thereafter, Sanjay sir will open with his opening comments. Thank you and over to you, Mr. Sancheti.

**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 that presentation before the Q&A starts so that you are aware of the same.

Thank you and over to you, Mr. Lodha.

**Sanjay Lodha:** Thank you, Renu and Sanjeev. Good afternoon and warm welcome to all of you to NetWeb Technologies Q1 Financial Year '26 Earning Call. We are pleased to report yet another strong quarter, continuing our growth momentum. Revenue from operations grew by 102% year-on-year to Rs. 3,012 million with an operating EBITDA rising by 127% year-on-year to Rs. 448 million and PAT increasing by 100% year-on-year to Rs. 305 million. The result reflects the strength of our business model, disciplined execution and robust demand across our core segments.

Additionally, in the quarter gone by, we successfully executed a large AI order in the critical defense sector. This deployment contributed to key national initiative, reinforcing India's strategic capabilities and underlying the growing role of AI in safeguarding national interest.

India's AI ecosystem is evolving rapidly, fueled by strong enterprise demand, adoption of domain-specific LLMs and SLMs and government-led initiatives aimed at building sovereign digital and compute capital. With integration of AI into digital public infrastructure and rollout of IndiaAI mission, the rise of Indigenous Compute and Edge-ready GenAI use cases, the nation is entering into a transformative phase. This shift underscores the growth need for trusted high-performance systems and NetWeb is well-positioned to support this evolution with a focused approach across 3 growth pillars, High-performance computing, Private Cloud and AI systems.

AI continued to be a major growth driver this quarter, contributing 29% of the operating revenue with a 300% year-on-year growth, highlighting growing enterprise adoption across the sectors. Reinforcing our progress in this space, we launched Skylus.ai in Financial Year 2025, a unified composable GPU orchestration platform that enables rapid deployment and optimization of AI infrastructure. Skylus.ai strengthens our capabilities in AI systems and contributes to India's vision of becoming the AI factory of the world. With a strong order book, expanding product portfolio and continued investments in capability building, we remain confident of sustaining our growth trajectory in line with our medium-term guidance.

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 of the quarter.

Our operating income increased by 102% on Y-o-Y basis, reaching Rs. 3,012 million in Q1 FY '26. Our operating EBITDA for Q1 FY '26 increased by 127% Y-o-Y, reaching Rs. 448 million, while the operating EBITDA margin for Q1 FY '26 was 14.9%. Profit after tax for Q1 FY '26 grew by 100% Y-o-Y, reaching Rs. 305 million, while the PAT margin stood at 10.1%.

Return on equity for Q1 FY '26 was 22.4%, while return on capital employed for the same period was 30.6%. Our balance sheet strength is reflected by us being a zero-debt company. The company had a net free cash of Rs. 475.2 million as on 30th June.

We remain focused on our strategic roadmap and growth priorities with encouraging momentum in the year so far, supported by a strong order book and a healthy pipeline, we are well positioned to drive consistent revenue and profit growth in the current fiscal.

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

- Renu Baid:** Yes, we can now open the session for Q&A.
- Moderator:** Thank you very much. We will now begin the question-and-answer session. We have a first question from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.
- Garvit Goyal:** Good afternoon, sir, and congrats for a decent set of numbers. My question is on the margin front. Our margins are pretty decent in this quarter. So, what is the ongoing trajectory for next few quarters in terms of EBITDA margin?
- Sanjay Lodha:** The margins, basically, because the guidance from us on the margin is around 14%. And basically, our guidance will remain the same, actually, because basically in quarters, sometimes margins can be a little bit up by a few basis points up and down. But overall, the guidance for the EBITDA will be around 14% and the PAT will be between 10% and 10.5%.
- Garvit Goyal:** So, in this particular quarter, what is driving this significant margin?
- Ankit Kumar Singhal:** So, I will explain, Garvit. During the quarter, the margin performance was benefited by a favorable mix for small size order and a medium size AI deal, which actually led to an uptake above 14%.
- Garvit Goyal:** Got it. And secondly, on the AI part, what kind of trajectory do you see now? Because in this particular quarter, our growth was very high and you mentioned that it is mainly because of the AI, right? So, how do you see AI as a segment going in the next couple of quarters considering the kind of, we are seeing in the terms of LLM and all?
- Sanjay Lodha:** Garvit, actually, you know that basically the traction of AI is not only restricted to India or something, it is all over the world. And India is definitely; India has decided to become the AI factory of the world. And basically, government is putting a lot of momentum, and a lot of impetus is being provided on that. The industry adoption is really heavy. The better you adopt to AI, you increase your efficiency. So, that is the real situation, actually. So, basically, definitely, if you remember, AI used to be 7% of my business. Last year, it became 15% of my business. But I like to guide that AI will be around 20%-22% of my business. So, basically, my earlier guidance was around 20%, but I would like to raise that guidance to maybe 22%, because you will have to understand my other segments also growing. The 3 segments which we have are all growth segments. Today, supercomputing, the private cloud and HCI, you see how the data center is growing. You see how in (National Supercomputing Mission) NSM 2.0 is coming. So, other segments also growing, though AI is growing at a better rate. So, basically, still we feel I would like to commit that basically I would like to say that by the end of the year, it would be around 22% of the total revenue share will be occupied by AI.
- Garvit Goyal:** Got it, sir. And lastly, on the guidance part, this year, we were having a guidance of around 30%-35% growth, but this quarter has been really good for us. So, would you like to revise the guidance for this year?

- Sanjay Lodha:** Actually, the guidance, we have already said that we are not revising the guidance, but it is 35%-40%, which we have been saying will be definitely growing by that, basically. And if you see, I think this is the 9th quarterly result I have presented after the listing. And you might have seen that we have been consistently growing at that rate, actually, without failing even in one quarter. So, primarily, we will plan to maintain that.
- Management:** And also, I would like to add here that we don't want to get into short-term guidance. We will guide once a year and we will follow through on that.
- Garvit Goyal:** Got it, sir. That is it from my side, sir, and all the best for the future. Thank you very much.
- Sanjay Lodha:** Thank you, Garvit. Thank you.
- Moderator:** Thank you. The next question is from the line of Shubham Agrawal from Yes Securities. Please go ahead.
- Shubham Agrawal:** So, in AI system and enterprise workstation, I can see the growth is almost Rs. 600 million year-on-year. So, can you tell me, how much is it from private enterprises and how much is it from space and defense sector?
- Ankit Kumar Singhal:** Basically, if we talk about this quarter, it is close to like 23%-24% came from the government and rest was from the enterprise.
- Management:** In AI system and enterprises, you are talking about or is it AI systems?
- Shubham Agrawal:** AI Systems.
- Sanjay Lodha:** Correct.
- Shubham Agrawal:** And just similarly for private cloud and hyper?
- Sanjay Lodha:** Come again. We did not get you again.
- Ankit Kumar Singhal:** So, overall revenue from the government this quarter was around I think 60% was from the government and 50% was from enterprise, overall revenue.
- Shubham Agrawal:** Overall, yes, I got it. So, in AI system and enterprise growth, 20% was from government and rest was from enterprise. That is what you told. And in HCI, similarly, how much would be from government and rest?
- Sanjay Lodha:** I don't have those numbers, but HCI mostly is enterprise and HPC, this is the government share is more. Overall, I can tell you that in the total turnover, basically of Rs. 300 crores, 40% revenue came from enterprise, and 60% revenue came from government.

- Shubham Agrawal:** And just one more last question, that this government work in AI system, is this a repeatable work or is it a one time or that kind of thing?
- Sanjay Lodha:** Basically, most of all, because we really don't work on annuity kind of business, we work on complete solution deployment, the solution deployment has been done. And basically, the projects which were on hand, those, definitely have been over. That has been built. So, it is not repetitive.
- Sanjeev Sancheti:** So, the nature of the business is such that, please appreciate that the nature of the business is there we don't do annuity business, every order is unique and then we get refresh orders in future. So, it is not that the same order will again get repeated. Next time, maybe some other business, some other solution, some other customer, some other solution.
- Shubham Agrawal:** Got it. That is it from my side. Best of luck and thank you.
- Sanjay Lodha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Akshay from AK Investment. Please go ahead.
- Akshay:** Hello, sir. Thank you for giving me the opportunity and congratulations for the great set of numbers. Sir, my first question is about orders, large AI orders in critical defense sector that we are talking about. Can you put some more light on that, how the customer profile or something like this and whether that was a government order or private enterprise order, as you said, that we got 23%-24% from government in AI segment and rest is the private enterprise in Q1. So, can you put some more light on that and are there any other projects in pipeline for the subsequent quarter for AI workstation?
- Sanjay Lodha:** Yes. So, basically, to answer your question, primarily, we do not specify the particular order details on our calls because of confidentiality reasons. So, basically, we have already mentioned that around 23%, the amount of orders which have been from government, which was not a single order, it was multiple orders. There was a large order from defense side. In interest of nation and interest of company secrecy also, we would not like to divulge the details of exactly the dynamics of the order very clearly. But to answer your question, is there such order feature in the order book? Definitely, if you see my order book and you see basically the L1 kind of a thing, which is around Rs. 700 crores that would be having good number of AI systems segment order as well. As I have already mentioned to you, I have guided already that the business will be around 20% for the whole year. So, we will definitely, my funnel, my order pipeline, everything is in that direction.
- Akshay:** Fair enough. And my second question is about balance sheets. So, our net current assets have gone up sharply by 48% in Q-o-Q basis. So, what might be the reason, whether it was inventory or anything like that?

- Sanjay Lodha:** Can you come again? You were not that audible.
- Akshay:** Sir, our net current assets was Rs. 302 crore in March 25 and it is Rs. 445 crore in June 25. So, it has gone up sharply by 48% Q-o-Q basis. So, what might be the reason for this one?
- Sanjay Lodha:** So, it is due to the increase in the receivables. That is the prime reason. And because, why it happened because the sales generally happened in the later part of the quarter, which led to the increase in receivables. And that is why the net current asset is looking a bit higher as compared to March.
- Akshay:** All right. And the last one sort of question is whether our order pipeline includes the IndiaAI mission orders or some?
- Sanjay Lodha:** No, I have been categorically saying that India AI mission is not included in my pipeline.
- Akshay:** Thank you so much and all the best for the future.
- Sanjay Lodha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Renu Baid Pugalia from IIFL Capital. Please go ahead.
- Renu Baid:** Yes. Hi. Thank you for the opportunity, sir. Sir, the first question is, if you look at the cumulative value of order book and order pipeline, for the last couple of quarters, it has been ranging at just about Rs. 700 crores or sub that level. So, based on your reading of the order pipeline, how do you see growth coming in the cumulative book for us, both L1 as well as the order backlog closing position? And if you can also highlight key segments, where do you see the pipeline building up for the next 6 months for us? That is the first question.
- Sanjay Lodha:** So, Renuji, actually, the thing is that our kind of company, really, the order book will not be able to give you the visibility of our growth, actually, because as you know that our order book gets closed between 8-12 weeks, actually. So, basically, the real business outlook, basically, we are a pipeline driven company and pipeline is Rs. 4,000 approximately odd crores, so which is a huge number, actually. So, basically, that pipeline has been growing substantially and that around 60% of the conversion ratio we have primarily on the pipeline and pipeline basically takes around 6 months to 18 months to convert. So, that gives me the very clear confidence that we will keep on growing at 40% CAGR. And if you see the pipeline mix is also somehow basically mixed in the same way of the 3 segments, that is supercomputing, cloud and AI, we are seeing more opportunities in AI that is the reason the AI growth is more than the other two segments. But all the three segments are growing and our focus and niche is helping us to concentrate and to build our pipeline also accordingly.

- Renu Baid:** Right. And how about certain large ticket size government projects on the HPC side, how is that part of the business shaping? Are there any material large ticket size projects which could be a couple of billion rupees plus ticket size?
- Sanjay Lodha:** Actually, the thing is that basically the projects are definitely there, you know that NSM, National Supercomputing Mission 2.0 is on the verge of rollout. So, basically, new allocations, new things will be there definitely. There is a lot of adoption of basically primarily HPC on the enterprise side also. So, large ticket size orders are there, but basically even the medium and small ticket size orders and the number of orders have increased quite phenomenally. So, basically, that is helping us if you see we are doing HPC for 20 plus years, still basically 35% of the total revenue comes from HPC. And you see this is not a trend which changes quarter by quarter. It will remain around that only. It will be basically 35% is the average kind of a trend. If you see, if you really we have been maintaining that. So, basically, there is enough demand in the market, the market is growing. HPC adoption is increasing day by day because the compute requirement is phenomenally increasing. Today, basically, you talk about anything, anything basically needs compute. And you know how compute has been able to basically make our lives more efficient. And supercomputing plays a major role in that segment. So, I personally feel supercomputing is an area which will keep on growing. The second area we are into private cloud and HCI, which you are aware how today the data center market is growing. You guys know better than me how the data center market is growing and how data companies are doing better. So, basically, I think it is very difficult even to gauge the total market which is available to us, actually, at this point of time. So, Private Cloud and HCI has been a great booster for us. AI systems and enterprise, as I mentioned to you 2 years back, it was around 7% for us. It became 15% last year, but I am guiding it for somewhere around 20% this year, 20% or maybe I like to revise the guidance to 22% or something of that nature. So, that is how basically all the three segments are really robust and they will keep on growing. We are very confident on that.
- Renu Baid:** Sure. The second question is on the working capital cycle. While QoQ is not the right parameter, but if you see on a Y-o-Y basis, we have been able to reduce it by close to 17 days. So, as looking at the order pipeline and projects which we have on books, how should we expect the year-end working capital to turn for us?
- Ankit Kumar Singhal:** So, Renuji, so our working capital cycle typically operates around 90-100 days. So, again, Q1 is just the start of this fiscal year and working capital cycle, why it is appearing in June is because it is directly attributable to the robust sales momentum that we achieved in the June quarter. So, broadly, the entire portion of the sales had sat in our receivables for June. So, that is the reason that the working capital cycle is appearing like this.
- Renu Baid:** Sir, my question is for the year-end, should we expect this improvement to sustain till March or broadly, we should be at similar levels like last year in terms of cash conversion cycle?

- Ankit Kumar Singhal:** Actually, it is very difficult to predict a cash cycle at the year-end. However, we expect that it will range between 80-100 days only. That is how our business nature has been going and the way we had been managing our working capital, it will range within 80-100.
- Renu Baid:** Got it. And lastly, I know while none of your order pipeline or order book includes NSM-related projects, but in your view, by when should we expect these orders to trickle down and both with respect to localization, where are they placed, any incremental CAPEX or broadly whatever you have done until last year will take care of all the local content requirements?
- Sanjay Lodha:** Yes, basically, we have been constantly working in that direction, and we are part of the entire, basically, we are trying to see what best inputs we can give to the policy makers also. So, we are working towards that and plus, basically, none of my order book and pipeline is including of the IndiaAI mission as I mentioned to you very clearly. I think, basically, the momentum will start definitely this year, which will continue for a few more years.
- Renu Baid:** Got it. Sure. Thank you and best wishes, sir.
- Sanjay Lodha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Anand from Ksema Wealth Private Limited. Please go ahead.
- Anand:** Good afternoon, sir. Can you hear me?
- Sanjay Lodha:** Yes, Mr. Anand.
- Anand:** Yes. Congratulations on a great set of numbers. I have 2-3 questions. One is the contribution from the industry vertical, the growth from space and defense has grown phenomenally to Rs. 83.4 crores , around 283% growth Y-on-Y, so I am just asking, what will we see a number in the contribution from space and defense as the time goes on? Because right now, I guess the number is around 28% of this quarter. So, where would you see this number going forward from the contribution of space and defense?
- Sanjay Lodha:** So, basically, what happens, sir, is that basically, you cannot judge our business primarily from one quarter because basically, because this quarter, we had a large order from AI on space and defense, that pushed up the space and defense sector, actually, this year more overall. But overall, basically, it will remain in the similar lines as we have been showing earlier, space and defense, basically, segments will remain on the similar lines, actually.
- Anand:** And regarding order book, I just want to confirm the exact numbers. What is the current order book that of this quarter and from the previous quarter, a clarification on that?

**Ankit Kumar Singhal:** So, we have already covered this in our presentation. So, current quarter order book is close to like Rs. 230 crore and L1 happens to be Rs. 460 crore for the quarter.

**Sanjay Lodha:** So, L1 and the order book together will be around Rs. 600 odd crores. More than Rs. 600 crores, Rs. 700 crores.

**Management:** And also, every quarter we disclose this. So, for the previous quarter, you can check the interest of time for everybody and check the presentation and then you will get the numbers.

**Anand:** And another last question is, since HPC, you guys have been doing it for last 20 years or so, but you have guys have any plans of getting into the quantum computing realm by any chance?

**Sanjay Lodha:** Yes, basically, I will not like to comment at this point of time, we definitely we are working on some strategy on that. At the right opportune moment, we will disclose that.

**Anand:** So, basically, you are somewhat working on quantum computing, but you are working on strategies for that?

**Sanjay Lodha:** Yes, sure.

**Anand:** That is all my question. Thank you.

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

**Vinay Menon:** Thank you. Thank you for the opportunity. Congratulations, sir, on a great set of numbers. So, a few questions from my side, sir. We launched Skylus.ai. So, are we seeing any deals where we are able to sell that product across?

**Sanjay Lodha:** So, your question is, can you please come again?

**Vinay Menon:** Yes, I just wanted to understand that are we seeing any deals which bundles Skylus.ai as a product which is already coming close?

**Hirdey Vikram**

**:** Yes. Skylus.ai, we had envisaged this product, first of all, to cater to the market in such a way that we can create a unified layer for the customers, so that they don't have to hop into multiple software to manage the AI infrastructure. And that is the reason the acceptance of this product is going on very well. And the recent orders which we have disclosed in the results, so those all are basically having a contribution of Skylus.ai as well. And the pipeline, the funnel, we have got excellent funnel and pipeline for Skylus.ai. So, the acceptance in the market is very high. I hope you understand it is an appliance-based product which we are providing to our customers. It is a combination of hardware and the complete unified layer sitting on top of it.

- Vinay Menon:** Yes. I got it. Thank you. And sir, this deal which we announced, like, in defense for AI systems, can you just elaborate a bit more about the deal? Like, what kind of deal was it? Deal size or what kind of work did we do?
- Hirdey Vikram:** We just mentioned, we responded to a question a little, I think 2 or 3 questions back, that seeing the confidentiality and all. So, we are unable to disclose those details, especially over call. So, sorry about it.
- Vinay Menon:** And we have had this history of doing one third in the first half and two third in the second. Will that continue or are we seeing some smoothening out because we have lot of enterprise orders?
- Sanjay Lodha:** Yes. So, basically, I think seasonality, basically, is changing. The world is changing. The seasonality is changing. Basically, overall, I would like to guide you that, basically, the growth which I am saying, because you can understand that. So, in today's world, we are presenting the 9th quarterly results and consistently, we have shown 40% growth, actually, quarter after quarter, actually, clearly. So, definitely, I think that is the, so we will grow that momentum, definitely, because things are not under our control. So, one quarter or some quarter can be higher, can be lower or something of that nature. So, business is not that kind of a, it is primarily more of high-end enterprise kind of a business. So, it is very difficult to say that.
- Vinay Menon:** And one last question. AI mission RFP, we had kind of said that second half of the year, we will start seeing them start. So, any kind of tentative date where we can start seeing some deal wins on this for us? And will any of it flow in FY '26?
- Sanjay Lodha:** Yes, actually, because from all my guidance, I have kept AI mission separate, actually, up till now. But basically, definitely, we are very sure that some traction will start on IndiaAI mission this year itself.
- Vinay Menon:** That answers. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Srinivasu from TIA. Please go ahead.
- Srinivasu:** Hi, sir. Thanks for the opportunity. My question is related to the previous participant's question about monetization of the Skylus.ai, sir. So, what is your roadmap for the next 2 years on extending the stack to full container-level orchestration with Kubyts?
- Ankit Kumar Singhal:** So, see, this is something which is very clear that when we are offering the complete stack, it is a combination of Kubyts and Skylus.ai. And there are two more utilities which we provide while offering our solution to the end customers. So, as regards monetization, since you asked, how we have a plan to monetize and all. So, as I mentioned, just a question back that we are not selling Skylus.ai as independent software or standalone software. We are only providing it in the form of an appliance wherein, we tightly couple the hardware and the software stack. So, answering your question, Stylus.ai is being supplied to our customers in the coupled format only

and we have got no plans to decouple that stack. So, our plan is to basically continue with the appliance strategy. That is one. Second is that you mentioned about whether we are planning to integrate it with Kubys and all. So, it is already having plugins which allow us to integrate it with other utilities which we already have. And that becomes the integral part of our solutions for AI as well as for supercomputing. So, that way, Kubys and TPS and the other utilities which we have are very well integrated with Skylus.ai.

**Srinivasu:** Thank you. And is it currently a perpetual license or subscription-based?

**Sanjay Lodha:** Actually, it is not a subscription-based license. It is a perpetual license. But we do not sell it as a, we do not charge the customer for the software as you know that. Our model is an appliance kind of a thing. And basically, once we sell a product, the software goes along with it actually. But there is no, so basically, it does not stop working after the warranty period is over, though the support is stopped actually.

**Srinivasu:** The reason why I am asking this question is, currently you are having AI and HCI, both are firing like anything. One is growing 300%, the other one is growing at 71%. So, since Skylus.ai is embedded in both of these, so I am just trying to understand whether the margin levers are there in going forward?

**Sanjay Lodha:** So, margins actually, if you can understand, we have pricing power. And basically, the margins, we will remain at that rate, we are always guiding that the margins are around 14%. Because basically, we want to show the value for money to our customers. If you see my customers also, if you see the government side, they are all basically large government R&D and large enterprises actually. And as regards enterprises are concerned, they are all basically large Indian companies. So, we are not present in the assembly and all those areas. So, we want to show value for money to our customers. So, basically, and we are comfortable working at around 14%. So, basically, we are not guiding also higher margins. Definitely, AI or something, we can definitely charge more money. But basically, that is helping us to increase our market share to help a deeper penetration. Plus, basically, someone is an HCI customer today. But basically, once they are looking for AI, they definitely look at us. So, those kinds of benefits which we get. So, that is basically, that is our strategy. Our strategy is not to just increase margins.

**Moderator:** Sorry to interrupt you, sir. I would request you to please rejoin the queue as there are several participants waiting in the queue.

**Srinivasu:** This is a follow up question actually. Sir, with the current H100, H200 spot prices are falling, do you see that is going to impact the margins?

**Sanjay Lodha:** Sir, H100, H200, basically, you know that first thing is that the GPU pricing really doesn't go down for NVIDIA. You may be having some other information. But basically, what happens is that once a new GPU is available, people start buying the new GPU. Like basically, today, the same thing as it happens for Apple iPhones. Maybe once Apple iPhone 16 will come in, we will

definitely like to go for 16. You will not like to go for 15. So, it is the same. And basically, here, that will be for consumers, but in case of production, you get better performance. So, people are shifting to B200 and all those kinds of Blackwell, actually. So, I don't think that because there is hardly any H100, H200 available these days. Getting itself is a problem. So, basically, falling prices is not really any concern at all.

**Srinivasu:** Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Sandeep Shah from Equirus Capital. Please go ahead.

**Sandeep Shah:** Sandeep Shah from Equirus.

**Sanjay Lodha:** We know you, Sandeep ji. Whatever name they say, we know you very well.

**Sandeep Shah:** Sir, congrats once again for a very great execution and a quarter, both on margin as well as revenue. Just the question in terms of the supercomputer, whether the supercomputer segment has diversified set of industry or still it is largely concentrated in the government segment? Any new verticals being added in the supercomputer?

**Sanjay Lodha:** So, basically, Sandeep ji, if you ask me, still the dependence of the segment is on the government. But there is a lot of adoption which is happening on the enterprise side of it. One is, as I mentioned to you, oil and gas, even consumer durables company also like Dabur is also using supercomputing now. So, basically, automobile is using it, oil and gas is using it. So, lot of different kind of industry, verticals and domains are using supercomputers. But if you ask me, frankly, still I think more than 70%-75% of that segment is still dependent on the government, actually and basically, it is looking buoyant because NSM 2.0 is just about to be launched. NSM 1.0 National Supercomputing Mission was there earlier, but National Supercomputing Mission, government is focusing upon and NSM 2.0 should be soon launched. So, that will be a great demand booster.

**Sandeep Shah:** Thanks. And just on the export side, any vision, any target can you share in next 2-3 years or 5 years, where you want which country and what contribution it may derive in the next 3-5 years?

**Sanjay Lodha:** Yes. So, Sandeep ji, last year, if you see our exports was around 5%-6% and basically, this quarter it was low, but basically, it is very difficult to do it quarter basis. But on a year basis, we like to predict around 5%-6% of exports, because I will tell you we are seeing a huge domestic demand. So, basically, the first target is to settle the domestic demand. And so, I personally feel over the period of next 2-3 years, exports would be around 10% of the total turnover, but I don't see it going beyond that. Because the focus, domestic demand is predicted to be very high in all the 3 growth segments which we are working upon.

- Sandeep Shah:** And just on the last question on AI mission, you said some growth momentum may start in this financial year. So, you expect it may be a part of the pipeline and the deal wins in the coming quarters. And second, in terms of private side AI adoption, is it you believe the domestic players, especially on the enterprise side has started ramping up in terms of creating AI and LLM led infrastructure?
- Sanjay Lodha:** Yes, basically, that is very true. Because basically, AI is everywhere if you really see. If you really see all the enterprises everywhere, if you really see, you talk about any large enterprise, everybody is talking about AI infrastructure these days. They all want to have their infrastructure. They have, even the large ITES companies, they want to develop their stack so that they can service all their customers, even India or abroad. So, basically, on the LLM side of it, people are getting funding because they are trying to work on primarily newer AI models and all. So, definitely, we are seeing a lot of traction around it and definitely, that will give momentum to the demand.
- Sandeep Shah:** And the question on the AI led mission of the government, you believe it could be a part of pipeline and order wins in the coming quarter?
- Sanjay Lodha:** Possible, I can say that. Up till now, it is not included. But as we see more light, we may start sharing that.
- Sandeep Shah:** Thanks, and all the best.
- Sanjay Lodha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Anush Kashyap from A3 Capital. Please go ahead.
- Anush Kashyap:** Hello. Good afternoon to you.
- Sanjay Lodha:** Good afternoon.
- Anush Kashyap:** Sir, congratulations for Virat Kohli type of consistency.
- Sanjay Lodha:** Thank you.
- Anush Kashyap:** Half of my question has been answered. Just I wanted to know is that annually, what type of R&D expenditure we are doing? And what are the avenues we are looking at while we are doing R&D kind of expenditure?
- Management:** Actually, in our kind of business, R&D is very important, sir. Actually, really speaking, the company today has really progressed so well because of its investments into the R&D. And basically, for R&D spend, as I have always been saying, that we keep R&D budget of around

3% of our turnover very clearly and that has been the policy from the very beginning. And we keep on doing it. And since our basically our base is growing, we are having more money to spend on R&D. So, R&D basically primarily the software side, the R&D team is around 75 people. On the hardware side, we have around 22 people. These are very focused because so many we are working, please understand, we are working on the latest designs actually, whichever is being launched in the world, that same product is being manufactured and designed and manufactured in India. So, definitely, we have to invest quite a lot into R&D. So, R&D is our main focus and plus, basically, as you know that we are into niche segments, we don't get into everything. So, basically, we focus on all the three domains and the new products on the new lines, which basically we need. And both on the software and hardware side, we do R&D expense continuously.

**Anush Kashyap:** Yes, sir. That is good, sir. And sir, what I want to know is, like, you said 3% of the annual turnover we do in R&D. Like, what is more remunerative to us, whether it is software side or the hardware side?

**Sanjay Lodha:** Like, both is a combination, because you know that we don't sell our software separately. And we are able to because today, if we are able to take 14% EBITDA margin, whereas my competition is all on single-digit margin that is because of my R&D. I personally feel so.

**Anush Kashyap:** Yes, sir. That is your strength, actually.

**Sanjay Lodha:** Yes.

**Anush Kashyap:** So, thank you, sir. Best of luck, sir, again. Thank you.

**Sanjay Lodha:** Thank you.

**Moderator:** Thank you. The next question is from the line of Kartik Soni from Soni & Associates. Please go ahead.

**Kartik Soni:** Sir, first of all, I have two questions. First, why is your June quarter always a weak quarter? And the second question is that yesterday there was news that Google is investing \$6 billion in Andhra Pradesh. They are building a new data center of 1 gigawatt. Sir, are we participating in such big projects that are being launched in India? Are we participating in them?

**Sanjay Lodha:** Sir, your first question is that how do you feel that our June quarter is weak? We are growing at 100%. Still, you feel it is weak?

**Kartik Soni:** No, I mean to say it has always been weaker than March Quarter over the last three years.

**Sanjay Lodha:** No, in our business in the March government's buying is maximum as well as the corporate buying is also maximum. So, the March is our heaviest quarter you would understand if you

would see our business because whatever solutions we provide all are related to CAPEX. So, everyone has a tendency to do it in the March because government funds would get expired so from every angle March becomes favorable and March will always be the heaviest. If you would compare year-on-year that you would get a real idea what kind of business it is.

**Kartik Soni:** Sir, the second question is that yesterday there was news that Google is investing \$6 billion in Andhra Pradesh.

**Sanjay Lodha:** Yes, it is a good thing. This will increase the compute adoption. Everything will happen. And basically, even if Google does it today, all the hyperscalers are doing it. But basically, if they bring computes, then a lot of outside usages will also come into India.

**Kartik Soni:** My question is that are we participating? Are we participating in them, sir?

**Sanjay Lodha:** We would not like to say anything that we are participating or not participating. Because still that project is just at the elementary stage. It may be, it may not be.

**Kartik Soni:** Sir, my question is that if the government takes out a tender, does Google also do tendering? Do they outsource the projects in which they participate?

**Sanjay Lodha:** No, see, we don't do contracting work. Basically, we don't do that kind of contracting work. See, Google will take out a tender to make a data center for this, we are not in those things. But if they install a private cloud, and basically, if they want a private cloud, definitely, the government can have a mandate somewhere, in which they may have to use Make in India. That may create an opportunity for us. But now, it is possible that they want to host their YouTube users in India. So, primarily, they are bringing the outside workload to India, which is good for India, actually, really speaking. Whether good for the NetWeb or not, I really don't know. But if it is good for India, then it will be good for the NetWeb. Okay.

**Moderator:** Thank you. That was the last question for the day. I now hand the conference over to Renu Baid from IIFL Securities Limited. Over to you, ma'am.

**Renu Baid:** Thank you. I would like to thank the management of NetWeb for giving us the opportunity to host this call. Sanjay Ji, any closing remarks from your side?

**Sanjay Lodha:** Thank you so much. It was really, I would like to thank IIFL for hosting this call for us. It was a good quarter for us. We expect that the same support which investors have shown on us, that will keep on, they will continue ensuring their blessings on us. Thank you so much.

**Moderator:** Thank you. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.