Netweb TECHNOLOGIES

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To, The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code: **543945**	To, The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai- 400051 Scrip Code: **NETWEB**

SUB: TRANSCRIPT OF Q1 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 Q1 FY27 held on Wednesday, 29th July 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: 2026.08.01 11:14:56 +05'30'

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"Netweb Technologies India Limited

Q1 FY27 Earnings Conference Call"

July 29, 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 LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Netweb Technology Q1 FY27 Earnings Conference Call hosted by ICICI Securities 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 this 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 Mr. Seema Nayak from ICICI Securities Limited. Thank you, and over to you, ma'am.

Seema Nayak: Thank you. Good afternoon, everyone. On behalf of ICICI Securities, I welcome everyone to Netweb Technologies Q1 FY27 Earnings Call. We have the pleasure of having with us the senior management team of Netweb Technologies. Netweb CMD, Mr. Sanjay Lodha; Whole-Time Director, Mr. Navin Lodha; CFO, Mr. Ankit Kumar Singhal, Chief Sales and Marketing Officer, Mr. Hirdey Vikram; and Head of Uirtus Advisors, the IR Adviser for Netweb Technologies, Mr. Sanjeev Sancheti.

So without further delay, I'd like to hand over the floor to Mr. Sanjeev. 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 the 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 Q&A starts so that you are aware of the same.

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

Sanjay Lodha: Thank you, Seema. Thanks Sanjeev. Good afternoon, and a very warm welcome to all of you to Netweb Technologies Q1 financial year '27 Earnings Call. I'm pleased to share that Netweb Technologies delivered a record quarter, achieving its highest ever quarterly revenue from operations and profits.

Our revenue from operations for the quarter stood at INR8,197 million, reflecting a strong year-on-year growth of 172.1%. Profit after tax stood at INR853 million, representing a 179.9% year-on-year growth with a PAT margin of 10.3%. The performance reflects sustained demand momentum, coupled with disciplined execution across our business.

Our AI segment continues to be a key growth driver, contributing INR5,105.70 million, being 62% of revenue from operations and growing at a huge number of 484% year-on-year. Our other two core segments, HPC and Private Cloud maintained robust traction at INR1,252.94 million and INR1,353.46 million, respectively, reinforcing the breadth and resilience of our three growth pillars.

Our order book stood at INR25,069.35 million as of 30th June 2026 with an L1 position of INR8,480.47 million and a pipeline of INR10,401 million together providing the strong business visibility in the medium-term. Sorry, INR104,100 million together providing a strong business visibility in the medium-term.

The world and India, in particular is witnessing unprecedented AI infrastructure build-out anchored by India AI Mission GPU compute initiative, indigenous sovereign foundation models and world-class demand from new cloud providers and CSPs. Sovereign AI compute is no longer aspirational. It has become a strategic national imperative, creating a deep multiyear demand pipeline for high-end computing system designed and manufactured within the country.

As NSM 2.0 transitions into build and design in India approach and HPC adoption broadens across enterprises, indigenous design and domestic manufacturing are emerging as decisive qualification criteria.

As one of the India's leading Indian origin OEM in the high-end computing solutions with fully integrated design, manufacturing and deployment capabilities, we are well positioned to address this opportunity.

Our leadership across the HCS portfolio reinforced by an early mover advantage in AI infrastructure continues to strengthen both our growth trajectory and our opportunity pipeline. Looking ahead, our strategy is anchored in deepening our three core verticals. In HPC, we are investing in low footprint architecture, advanced interconnects and direct cooling technologies for pre-exascale and exascale systems.

In Private Cloud and HCI, we are delivering indigenous solutions to colocation providers, cloud providers and enterprise -- through Tyrone Skylus, our indigenous private cloud platform, we are enabling enterprises to accelerate their high-speed cloud strategies while addressing the growing need for data localization and data sovereignty.

In AI systems, we continue to innovate across every layer of the stack from dense AI compute to advanced liquid cooling to GPU orchestration. AI workspaces, our cloud software stack, we are also developing pre-curated sovereign AI appliances to ready-to-deploy reference architecture for enterprise as well as central and state sovereign AI programs.

Beyond our core, we are investing into two emerging opportunities. In physical AI, which is emerging as the next frontier for AI adoption, we are investing in R&D across physical AI and positioning our AI systems, digital twins, in-house software and training simulation backbone for India's physical AI developers, with a focus on defense, national security and strategic manufacturing.

In quantum computing, we have commenced R&D for quantum simulators and emulators and have started engaging with institutions, earning hubs and start-ups in the ecosystem as technology partners. With sustained investment in innovation and chip-agnostic design philosophy, alignment with the Major India vision and strong order book and pipeline, we remain confident in our ability to deliver long-term sustainable growth and create enduring value for all our stakeholders.

I will now request Ankit to take you through the financials in more details. 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. 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 in more detail.

Our revenue from operations for Q1 financial year '27 stood at INR8,197 million, a growth of 172.1% on a year-on-year basis. Operating EBITDA for Q1 FY27 stood at INR1,205 million, a growth of 169% year-on-year with an operating EBITDA margin of 14.7%. Profit after tax for Q1 FY27 stood at INR853 million, a growth of 179.9% year-on-year with a PAT margin of 10.3%.

Now I would like to throw some light on key balance sheet ratios. Return on capital employed was 48.2% while return on equity stood at a healthy 44.6%. Gross fixed asset turnover ratio stood at 43.9 times as on June 30, 2026. Our cash conversion cycle as of June 30 stood at 96 days. Receivable days improved from 86 days in March 2026 to 78 days in June 2026, reflecting stronger collections.

Inventory days increased from 86 days in March to 110 days in June, primarily on account of a buildup of raw material stock to secure adequate inventory of key inputs in light of surging global demand for AI compute infrastructure.

Net debt as of June 30, 2026, stood at INR1,999 million. Our growth priorities remain on track, supported by high demand for high-end computing solutions, a healthy order book, and a solid pipeline. We are well positioned to deliver consistent revenue and profitability growth going forward.

With this, I now hand over the call back to Seema.

Seema Nayak: Operator, we can now open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Renu Baid from IIFL Capital.

Renu Baid: So my first question is, we have seen a very robust buildup of the order book, INR35 billion, including L1 orders. Could you share some insights in terms of the mix of orders coming from the AI customer clients? And how have we seen the ticket size of AI orders for us moving up, average ticket size orders if you can indicate? And what type of customer client applications have we seen these orders? That's the first question.

Sanjay Lodha: So basically, thank you for your question, actually. You might have seen that basically, it has been a very, very robust quarter for us. And basically, primarily, if you see the order book, it will give you an indication around INR2,500 crores we have of the order book already, and we have the L1 is that is almost all basically the orders which have been won and not yet received actually. That is what we call it a co-order book. That was also around INR800 crores.

So approximately, if you add both of them, it's somewhere around maybe INR3,400 crores approximately. So that's a very, very healthy order book. And basically, as you know, our ordering cycle, our execution cycle is pretty fast actually. So that will give you an indication that basically that can give you some indication of what kind of numbers we can expect actually in this financial year.

Okay. That is one. As regards to the order book mix is concerned, it is basically as guided by us, our mix is remaining the same in AI supercomputing as well as primarily on the private cloud side. So basically, it will remain that way.

But basically, you can say the order book, maybe around 40% to 45% should be around on the AI side of it and balance would be between the other two segments. So all the three pillars are very robust and growing very fast for us, and they are very much intact actually. So that's exactly I'd like to answer you.

Renu Baid: And sir, to support this kind of growth, do we think incrementally we might have to invest in assembly facilities or facilities to ramp up capacity because the current capacity is sufficient enough to drive 50%, 60% CAGR growth?

Sanjay Lodha: You know that basically, we are primarily -- we are a capability basically driven kind of organization, not basically primarily we are driven by capacity, okay? So currently, also, you know that we don't do any kind of contract manufacturing or anything, the facilities which we have built up, as we have told you earlier also was already built up for basically sustaining a huge turnover of INR3,000-plus crores.

So definitely, that is there. So I think at this level, we don't think we need to do any major capex, some light capex, will go on and routine capex goes on continuously that will still go on. But basically, I'm not guiding on any new capex as such recently.

Renu Baid: Sir, secondly, if you look on the working capital side, pretty smart improvement which has been seen. And it's clearly reflected from the numbers also that cash has been deployed to source materials and draw down inventory. So in this context, if you look at the growth expectation, how do we see the growth funding requirement for the company to drive this INR4,000 crores of revenue and…

Sanjeev Sancheti: So Renu, thanks for this. I'll take that. This is Sanjeev. So I think as you can see, the last quarter, the growth has been very high. And I think for the first time in a very long -- in many quarters, we've had a positive debt closing figure, reflective of the growth. And obviously, as Sanjay had guided already that not guided really, but the L1 and the order book is significantly large for us to drive a very strong growth in the current financial year.

So obviously, we will have -- we will invest in -- the company will have to invest in the working capital for growth. We do not want a situation where a very large growth looking at the pipeline is available for us to grab and we don't grab it because of the lack of capital. So obviously, we will take calls as to in what form and when we will introduce capital debt equity or any combination. But as of now, we have not firmed out what trajectory will grow.

Renu Baid: I have one more question, if I can ask. On the competitive landscape, given that the AI deployment is growing multifold in the domestic Indian market, how have you seen the competitive environment? Has it intensified domestic foreign players or Netweb continues to have a dominant share in the space? And if we have any input on the market share, that would be helpful.

Sanjay Lodha: So basically, on the competition numbers, actually, really speaking, you can see basically how numbers are speaking. Basically, 62% of revenue came from the AI there actually. At this point of time, I'm very proud to say we are shipping the highest number of the large GPU deals we are trying to do.

But primarily, as you know, we don't target the volume kind of thing. We don't do any box selling. We primarily try to focus on more and more solutions. So basically, the focus will remain intact. And basically, we are very -- since because of our strategic relationship with our technology providers, we are very well placed so as to handle any competition.

We were earlier also placed and now also we are placed -- so in this situation, we definitely have an end-to-end design since we do the complete hardware, software design and manufacturing. So that kind of offering definitely helps us to keep our competitive advantage actually.

Moderator: The next question is from the line of Divyesh Mehta from Invesco India Mutual Fund.

Divyesh Mehta: Can you share -- so there's been a new order disclosure which you have shared, which includes the strategic order. So just for comparative purpose, can you share either what was this number, the pipeline, L1 and the order book in the last quarter, including the strategic orders or perhaps strategic orders, what are these numbers in Q1 that will help investors in terms of continuity?

Sanjeev Sancheti: We'll wait for your second question and then answer together.

Divyesh Mehta: Okay. And if I'm not wrong, this quarter also had some strategic order execution. yet our margins have increased. So I want to understand what has led to this? Is it the case that because of inventory buildup, we were able to price slightly higher because we have memory chips already bought at a lower price or what drove this?

Sanjeev Sancheti: I will take the first one first. So if you look at the order pipeline, which we have released this year, it is upwards of INR10,000 crores. Now last -- as you know, we had been guiding that we are not guiding for the strategic order, and we will take it as it comes.

That was because if you go back one year, 1.5 years, this whole AI mission and the AI large AI orders were evolving. But as we reflect and as we have gone through this cycle for the last one year, we believe that this is something which now is as a part of a normal business.

So we do not want to segregate both of them. This includes all kind of pipeline that we have, whether it's AI, whether it is HPC, etcetera. So this is how we're going to report as we go forward. It will -- it gives better clarity to the market as to what is the overall business that we are chasing. And that's the reason we have now started to reflect the entire pipeline into our pipeline pool. That's how it answers the first question. The second question, I will…

Sanjay Lodha: Second question basically on the margin front. Basically, I will try to answer it and Ankit can add on that. So basically, if you really see the margins are very well within our guidance range actually. We have always been guiding -- basically, it has been very stable actually. We have always been saying that our margins will remain between 13% to 14%.

And it will basically -- some basis point up and down is always possible because it cannot be controlled to that level actually. But still, basically, it's a very, very delighting fact that still the turnover and company is growing at 90%, still we are keeping our margins intact. So basically, it's very much within the guiding range.

There is no question of some memory pricing or something because basically, we have the pricing power. We -- as I have been always been mentioning that we price our products very well to our customers, and we want to price our products appropriately so that we show value for money to our customers.

It's not that today, if memory is sometimes scarcity is there, we increase the price or something of that nature. That's not the tendency of the company. The company has a very clear mandate to basically show value of money to the customers because you see the repeat customer revenue for us is phenomenal.

All customers are associated with us for many years altogether. The kind of trust and relationship which we build our customers is really very high for that, so we have maintained that. So in that line, I will still keep on guiding. As I have been guiding, if you see my -- if you see our reports for the last 3, 4 years, you'll find the memory -- the margin in the similar range, and it will remain in the similar range.

Divyesh Mehta: So -- just I think in the first question, I also mentioned if you can share the comparable number of what was the pipeline and L1 and the order book, including strategic orders in the last quarter. So at least we can compare has the pipeline grown on a like-to-like basis? Has the L1 grown on a like-to-like basis?

Sanjeev Sancheti: Of course, it has grown, but I don't think we have that number handy at this point in time because we will have to then go back and turn it out. Last quarter, we have not given the pipeline what he's asking about. So our pipeline of INR4,400 crores without the strategic, now it is merged. So obviously, there has been growing every -- it's grown, but we don't have the exact number of the last quarter sitting here.

Moderator: The next question is from the line of Jatin Kalra from Bank of America.

Jatin Kalra: Congratulations to the team. Sanjay, my first question is around your incremental addition to your pipeline. It would be great to understand breakup of the incremental addition to the pipeline that you reported between government versus private enterprises versus some of these new cloud companies that are your customers. Which of the engine would you think is hiring the most?

And is this mainly coming from your existing customers or do you expect to onboard any new large customers through your pipeline? The second part to that question is, in the past, you've generally indicated that you expect to convert about 55%, 60% of your pipeline in a span of about 18 to 24 months. Does the current pipeline also fit in that plan? I have another one, but I'll first?

Sanjay Lodha: Yes. So basically, I'd like to tell you one thing. We avoid basically because pipeline is something very, very confidential to the company because these are prospective orders, okay? And basically, for competitive advantage reasons, we would not like to disclose too much actually. That's very clear.

So we should keep -- you should basically respect the confidentiality of the company because it serves the business interest. So basically, I would not like to disclose too much details about the pipeline because the pipeline is still a pipeline.

As regards to your second question, I would like to give you very good comfort. Basically, the factor which I have always been guiding that 60% conversion ratio, still I will keep on guiding that. Once you see the pipeline growing so much, still I'd like to guide you that basically 60% of this pipeline is expected to get converted. The dynamics of our own having basically a case into the pipeline remains the same actually. So I think that answers your question.

Jatin Kalra: That answers it. My second question, Sanjay, is some of your existing marquee customers on the private cloud side, like, let's say, for an example, in HCL, they have recently announced that they will also be setting up AI data centers with capex planned on their own books. And we have obviously heard some of these more examples coming from these larger conglomerates.

So the ecosystem in that manner appears to be expanding. Would love to hear your views on what's your go-to-market strategy for some of this work? Do you think they will prefer the OEM route more or they also have the option to go to box sellers with their own design? Where do you think they will tilt more is essentially what would really help us gauge that demand?

Sanjay Lodha: So basically, on specific deals, I would not like to talk about. But primarily, I'd like to tell you all this is very interesting times actually really speaking. You see and that is being reflected from last 2 quarters of the growth, which my AI segment is showing actually. At this point of time, the completely in-house design and basically our software stack and everything is adding a lot of advantages.

So definitely, we have a competitive advantage while we are facing in front of a customer. And customers are recognizing that and customers are really adopting our solutions more what they were doing earlier even. So that is there. So market is basically, you know the worldwide demand of AI compute is phenomenal actually at this point of time.

And as it looks like that basically for at least for next 1.5 to 2 years, it will remain the same. And basically, the most important thing which we should not ignore and which we should look into is the India demand for AI.

Basically, what is happening, the whole world is looking for data centers to India today. You see all the large cloud providers, everybody wants to come and set up data centers in India actually for doing their AI workload and different kind of workloads. All that works very positively for the country.

And if you really see more than the compute, the data center equipment is under shortage actually. Data center equipment means the rack, the chillers and all those things, the mechanical things are getting into shortage. So that itself is a great indicator how this industry is growing. So basically, I think we have a very robust pipeline and all these are really good opportunities which you mentioned. Definitely, we will have our share in them.

Moderator: The next question is from the line of Sandeep Shah from Equirus Securities.

Sandeep Shah: Congrats to the whole team. Sir, the first question you answered that in terms of conversion of pipeline, even with the strategic order included would be closer to 60%. But whether the time line to convert gets further extended because strategic orders could be bulky deals and the decision-making could be slightly slower versus normal deals?

Sanjay Lodha: Thank you, Sandeep. Basically, your question is very relevant. The tenure basically normally, we used to say 18 months, but basically, it will remain 18 to 24 months, but not beyond that.

Sandeep Shah: And sir, even in this year with the robust increase in the order book, you believe 1H would still contribute 35%, 40% of the whole year revenue or you believe the ratio could be more or less in?

Sanjeev Sancheti: Sandeep, slightly difficult to say because we are exiting some of the large orders. And you know that the difference between something falling in one quarter to the next quarter is the day. I mean if you're trying to ask me to project on a days decision is very difficult. But you've seen the pipeline and L1 you've seen the L1 in order book, so I think you can decipher the full year, and I think that should be more important.

Sandeep Shah: And sir, looking at the raw material prices and the memory prices, the GPU, CPU prices and the supply chain management issue because of geopolitical issues, do you believe these things normalize, we may need to have 100, 110 days of inventory on a going forward basis?

Ankit Kumar Singhal: So Sandeep, on the inventory days, the inventory-led approach has actually acting as a hedge, not a risk, first of all. So maintaining the inventory days is actually helpful to cater the strong order book what we have. And as far as the memory prices are concerned, so we do not see a softening in next couple of quarters, maybe a year or so.

Sanjeev Sancheti: So Sandeep, just to answer your question, if we -- obviously, it has kept us in good stead that we have been able to stock up and there's a very strong pipeline. And obviously, we would like to maintain the inventory levels.

Sanjay Lodha: And plus, basically, please, as I have been always been mentioning, we are -- our business is very predictable. Please understand that. We are not into box business. Basically, I know what's going to come. So we don't basically depend on -- basically, we are not reactive on our orders, okay?

So we are able to advance plan very well actually. That really helps us to keep our margins intact. And these -- basically, these price disturbances, definitely, I will not like to say that this doesn't impact us, but we are able to handle them much more better.

Sandeep Shah: And just a last question. Globally, enterprises are also evaluating the Chinese open source models to optimize their total cost. I do agree it is too early to predict this for the Indian enterprises, but could that lead to delay in decision-making for enterprises to order AI-led server because they may be evaluating which kind of Blackwell chips to be ordering and optimizing the open cost. So any color on a medium to longer term in terms of any delay in this year making?

Hirdey Vikram: Sandeep, thanks for the question. So basically, I tell you that emergence of Chinese foundational players or, let's say, the other U.S. players, I mean, the emergence is only widening the horizon of Indian foundational model landscape in the country. And that is ultimately eventually driving the growth in the country in terms of AI systems or AI adoption.

So I would say that this whole exercise, I mean, which is going on across the world, this is helping soverign models to, first of all, build as part of the regulatory actions by the country, which is ultimately leading towards the adoption of more AI systems.

So I think this is only emerging as an opportunity for us. It is nowhere acting as a threat to us. So I think we are welcoming the -- whatever is happening worldwide. So we are welcoming all this. And I think this is going to have a very good reflection of the Indian market as well.

Sandeep Shah: And my last question, if I can squeeze. In terms of the AI sovereign demand tailwind, we were earlier mentioning it has 2 legs. One, the demand coming from cloud service providers, which we have started witnessing some traction through order wins and the second leg coming from government as an order as a customer. So whether that second leg also started forming part of the deal pipeline and the order book?

Hirdey Vikram: I think as of now, we can only say that the pipeline that we have is a very strong pipeline. And definitely, the thing you have mentioned that the on-prem procurement activities by the government. So that has already been taken care of by us in our pipeline. So answer to your question is yes. And I think we are very well placed for both the streams of business. So whether it is coming through CSPs or for the on-prem part. So I think we have taken care of it very well. So we are fully prepared for it.

Moderator: The next question is from the line of Vinay from Monarch Capital.

Vinay: Congratulations on a great set of numbers. Just a couple of things. One is in terms of order book, the number is about INR3,400-odd crores. Now typically, you have always mentioned you execute this over 8 to 12 weeks. Is that the correct understanding even for now?

Sanjay Lodha: So basically, 8 to 12 weeks was earlier. Now we are mentioning basically 16 to 20 weeks. So that's the kind of guidance we would like to give, but it can stretch a little bit or can be early actually.

Vinay: And this R&D you have mentioned on physical AI and quantum computing, obviously, these are much larger opportunity. What kind of expenditure could go in terms of percentage of revenue? What kind of quantum are we looking at from this perspective?

Sanjay Lodha: We are not guiding on revenue at all these are the new opportunities which we are talking about and Sanjeev will answer it.

Hirdey Vikram: So basically, your primary question was this only that when do we see the revenue or what percentage we see coming from these 2 verticals. So we are very clear that we are right now not liking to basically guide about it. So I think we have entered into these 2 verticals with a clear thought process because the products are quite relatable and we have got some offerings which are going to make us fit into this segment. So that way, we are gearing up and we are prepared for entering into these 2 verticals. So that much we can disclose at this moment.

Vinay: My question is more about what kind of costs are we putting into R&D? And like any quantum or anything which you can mention, which any guidance on what kind of money is going into it, I think that would be helpful?

Sanjay Lodha: So basically, we are not quantifying it actually, Vinay. The thing is that basically primarily you know we have a huge R&D team now. Basically, around 125 people are there into the R&D team, very sly-focused. So basically, again, these are logical extensions of the work we are trying to do actually. Physical AI is also basically very, very related what we are doing. It's a logical extension. So slowly, you will see the results also and investments we cannot quantify at this point of time.

Vinay: And one last thing is, are we working with any Indian companies on the LLM side because with Chinese models coming up, do we kind of anticipate Indian models maybe in the next 3, 6 months? And are we working with any of them on those kind of projects?

Hirdey Vikram: So the good part is that some of the largest players in the country, they happen to use our systems at the back end. So that much we can disclose. And we take pride in that, that we are able to build the AI backbone of the country using which these kind of players on which India is also driving their AI journey. So they are ultimately using our infra at the back end. So that much we can share with you. And I think that's how we are serving them. And in future also, we have plans to serve them in many ways.

Moderator: The next question is from the line of Rohit from CLSA.

Rohit: I actually had a couple of questions. The first on the component inflation that we are seeing in memory and other components that are going on in AI. And how has that played a role in revenue acceleration for this quarter? And how has that affected both margins and working capital?

Sanjay Lodha: So basically, as regards I cannot say that these things doesn't impact us. But tell you very clearly, as I have been mentioning very clearly from day 1 that we are not reactive players. We are basically, it's a very predictable kind of company, what business we do. So we take our time basically to close the orders and all those kind of things are there. We know what is going to happen. So accordingly, we are able to plan better. Plus the direct technology relationships, which we have our technology providers, that also helps us to enter into long-term contracts and to basically secure our pricing and all.

And in case any new order which is being talked about, the pass over for the pricing definitely happens. So basically, there is a very minimal impact, which company tries to take from these price increases and all those kind of things. That is there.

Ankit Kumar Singhal: And along with this, there is also a shortage shocks, which is going through the industry. So for that, we need to definitely have to have the inventory in hand because this actually helps to do the delivery execution on the right timing. So that is why the inventory days have been deliberately been taken as a decision, it's not a drift of increasing the inventory days.

Rohit: Right. So a quick clarification with respect to given how memory prices have increased over the last few months, when you all would have taken a particular contract, has it kind of been a price-through or you all would already have that as a back-to-back arrangement before you kind of sign on a contract in order to deliver any of the offerings that you have.

Sanjeev Sancheti: Yes. Rohit, I think we've answered this a couple of times. I don't know when you joined this call. We've clearly said that this is a predictable business and the planning of what orders received happens long back. And for the existing orders, we already have orders in place. So there is no question of a significant change in the costing on what we got order on and what we are billing. For future, obviously, when we bid, we bid on the base of the current prices. So I think this is a very well-established situation, and we answered this in one of the previous questions. I hope this clarifies.

Sanjay Lodha: And plus, basically, you might have seen our margins are not impacted actually. Had our margins got impacted, then we put the question of where the memory prices have impacted us. So we have the testimony in front of you actually really speaking.

Rohit: So that's actually very commendable because it actually shows it's not actually a simple pass-through, right? Because if you're actually getting a margin, it's either kind of either constant or actually increasing despite the price increases. That's commendable and which is what I kind of got the question as to how are you able to make that happen?

Sanjay Lodha: Yes. But basically, I would like to again clarify that we are not overcharging our customers. We are pricing our products very, very appropriately. We are not taking advantage of the situation and trying to overcharge the customer. If anybody has that infusion, kindly clear that there is nothing of that nature.

Sanjeev Sancheti: Yes, because every order, every quarter margin cannot be exactly the same. I mean this is not a consumer product, right? So there will be differential in margins. But what is more important is that we build our cost, we predict our business and accordingly, we plan our supply chain. That's very, very important.

Rohit: And maybe another question in terms of just the availability of some of the components, especially on the AI leg. Do you all see any risk on the execution, if at all? Have you all seen any of that in maybe not in the last quarter because you all have done so well, but is that something that is a risk for the forthcoming quarters?

Sanjay Lodha: Actually, people have got used to this scarcity actually, really speaking. The world scarcity is not a new thing now. We are seeing this for basically for -- we have been seeing it for a couple of years now. Recently, since last few quarters, the scarcity is increasing but definitely that has made us much more basically, I think, much more matured so as to plan better.

So if we are planning better, I think since we have direct relationships with our technology providers, and we basically, we do manufacturing ourselves. So we are in a better supply situation than others. Hence, we are able to sustain this and sales through well.

Moderator: The next question is from the line of Akshay from AK Investment.

Akshay: Congratulations on the great set of numbers. Sir, my first question is recently, we had the exchange billing of INR1,200 crores QIP. So what is the rationale for INR1,200 crores QIP?

Sanjeev Sancheti: I don't know where you got this news for the QIP. I haven't seen anything like that. There was an enabling resolution which we took to raise capital if need be. It has a valid of 12 months. So having said that, for the growth, if at some stage, we think we need to raise capital, we'll look at it.

Akshay: And sir, my second question is about the future growth areas for the presentation. So what are we developing in the physical AI and quantum computing and over the -- when can we see some meaningful development on that front going forward?

Hirdey Vikram: So see, thanks for the question first. So as we have clearly mentioned that these are the 2 areas of the product lines we are venturing into. So at this point of time, we can -- we are at the liberty to disclose this much only. But yes, as you have seen in case of the other product lines also, so we have always been very serious and consistent about our efforts with respect to each product line.

So same goes with this case also for quantum and physical AI. So we have started putting in our efforts, our R&D efforts and all. So I think in coming quarters, you will start seeing the results coming. So for now, this much information can be shared with you.

Moderator: The next question is from the line of Mansimer Singh Sethi from Citi Capital

Mansimer Singh Sethi: So in May con call, there was INR1,600 crores of strategic order as mentioned in the PPT. Can you please tell me how much of that INR1,600 crores strategic order was consumed in Q1 this year?

Ankit Kumar Singhal: So out of that INR1,600 crores strategic order, close to INR430 crores was executed in this June quarter.

Mansimer Singh Sethi: And my second question is with regard to our funding. We are fundraising INR1,200 crores, right? So will there be such more fundings going on?

Sanjeev Sancheti: No, no. So first of all, we haven't raised. So there's no question of further more. We've taken an enabling resolution. We have a very strong growth pipeline. So if and when we need to raise

	capital, we'll raise capital. It's just an enabling resolution, which will -- which is valid for 12 months. I think beyond this, I don't have anything to say at this point in time.
Moderator:	The next question is from the line of Omkar from Shree Investments.
Omkar:	Just one clarification, first question. You said that you don't have anything to say on the enabling resolution which you have taken, but at least you can tell us like at first place, why did you take that call and what it is for exactly?
Sanjeev Sancheti:	Yes. So I told that -- I gave that answer. We are -- you've seen the pipeline and the order book that we have, it is possible that in order to pursue that both, we may at some stage need capital. Which form of capital, whether it will be debt or equity, we have not decided. But at that point in time, we cannot suddenly raise the resolution and take the capital. So we have taken an enabling resolution for this. At this point in time…
Omkar:	Yes, please go ahead, sir.
Sanjeev Sancheti:	Yes, that's it.
Omkar:	But is it for additional capacity expansions, because you have already said that it is not certain something which you are currently doing. Then there must be some purpose for taking the enabling resolution to…
Sanjeev Sancheti:	Yes. So this is for growth capital. We will need working capital for growth. It is -- if any capital we raise, it will be for that only for working capital.
Omkar:	So this is for working capital, right? If you raise anything?
Sanjeev Sancheti:	If we raise anything, it will be for working capital, you're right.
Omkar:	And not for any M&A or something like that?
Sanjeev Sancheti:	No, no, no, not at all. Not at all. Absolutely no.
Omkar:	So this is only for working capital, if and only if you decide to do it, right?
Sanjeev Sancheti:	Yes, it will be largely for working capital, no M&A, absolutely.
Omkar:	And like for the next -- I mean, it's too early to ask about this, but like whenever the strategic orders, they start to fade away, like how do you see the realistically your growth numbers? I don't think it's too early to ask or they are coming.
Sanjeev Sancheti:	I don't think we have guided any specific orders separately. So I think the current…
Sanjay Lodha:	So there is no strategic order now. All orders are normal orders actually. The strategic is the new normal.
Omkar:	And like for how much period do you think that will be like a normal thing?

Sanjeev Sancheti: We don't know. We don't know that. That's a very different question. I mean we can tell you that this order pipeline and the order book is going to serve us for 2 years, as we said. And I mean it's very difficult beyond that I think today to address. Obviously, we would continue to grow.

Hirdey Vikram: Absolutely. So the business discourse is also taking its own shape now. So basis on that only, we have started disclosing this way.

Omkar: So this strategic orders, you are saying they are the new normal ones.

Sanjay Lodha: We already -- whatever we have to say, we have already said that.

Omkar: No, I'm asking just that…

Sanjeev Sancheti: You're asking what we already answered.

Omkar: Okay. And given the government also focus on this, how do you see this sector in the coming years? I know there's a huge potential, but if you can contribute something to this, it will be helpful.

Sanjeev Sancheti: I think we have put up -- that's why we specifically put up the industry slide, and you can see the kind of growth that some of these sectors are looking at. I mean, at a very conservative level, I would say that we're talking of a 38% CAGR at the national level, which is huge, which for the next 3 years, 4 years -- next 4 years. So there's a huge amount of headroom. It's -- the market is for people to capture. Now we'll have to strategize to capture it as much as we can.

Omkar: This 38% CAGR for next 4 years, you're saying is for the entire category you are saying?

Sanjeev Sancheti: It's for the AI product line.

Omkar: Only for the AI?

Hirdey Vikram: Just for the product lines also, the headroom is -- I mean, there is a huge headroom available for growth. So, we have clearly showed the figures for that as well.

Omkar: Just finally, if you can answer like currently, everything is looking…

Moderator: Sorry to interrupt, Mr. Omkar. May we request that you return to the question queue for follow-up questions? The next question is from the line of Jatin Kalra from Bank of America.

Jatin Kalra: This one is more on the bookkeeping lines to Ankit. Ankit, it does seem like that the R&D effort that we've been putting in is generally expensed in our P&L. Just wanted to understand what's the typical consideration that goes behind expensing it versus capitalizing it? Because I do understand that software for us is definitely our moat. So why not capitalize it versus expensing it? Just your thoughts on the consideration.

Ankit Kumar Singhal: So Jatin, as you know that we have always maintained this policy of not capitalizing it because we do not want the balance sheet to have any kind of fictitious assets because the R&D has been expensed off since day 1 of the company. And there are a lot of factors which goes in R&D. We cannot quantify it properly. But yes, there is a team of 125 people in the R&D. They continuously work on that area. Along with that, they are testing labs. There are a lot of equipment, which goes into the R&D. So all these -- considering that fact, we do not capitalize because the R&D evolution is very fast, and that is what we have been maintaining.

Sanjeev Sancheti: So just -- I will just like to add here, Jatin. You understand that there is a huge amount of technology upgrade, which happens every time, and we continuously invest in R&D. If we start capitalizing it, the balance sheet will become bloated and at some stage, some of these R&D will convert into monetizable business, some will not. I think it's a great thing that we are not capitalizing it. Believe me, the investors love it. Everybody loves it, and we want to be conservative as we are on our guidance as well.

Moderator: The next question is from the line of Jayalaxmi Gupta from the Wealth Company.

Jayalaxmi Gupta: Congratulations on good set of numbers. Sir, I noticed that certain balance sheet numbers for your prior period has been restated. So could you explain the nature of these changes, whether they are due to accounting change policy, especially if you net debt? And secondly, also could you help me understand the expected conversion timeline of INR104 billion pipeline? Specifically, what portion of that do you expect or that you expect to be converted in FY27 and FY28?

Ankit Kumar Singhal: Regarding the balance sheet, there was a restatement on account of the inventory policy. So we shifted our inventory valuation from P4 to the moving weighted average method that is to actually get in line with the proper policy of maintaining the inventory going forward. So that is there. Sir, second part.

Sanjay Lodha: The second part is basically -- I already answered that question. Whatever funnel you are seeing total that the conversion ratio -- conversion cycle for that will be around 18 to 24 months. But basically, we have already given you the order book, which you can -- which will get converted as indicated, but we cannot guide what portion of the funnel will get converted this year and all that. That is basically -- but the guidance which you would like to give is the funnel will be -- basically conversion rate will be around 60% and the conversion time will be around 18 to 24 months.

Jayalaxmi Gupta: Sir, and lastly, can you give a broad breakup of your funnel across AI system, HPC and cloud business? I basically wanted to understand that AI system share of pipeline has increased materially over the past few quarters or how is it?

Sanjay Lodha: Definitely. What you are saying is right. But basically, since all our customers are very well integrated and all our solutions are very well integrated, so it's very difficult at this point of time to give segment-wise comment.

Moderator: The next question is from the line of Anuj Kashyap from A3 Capital.

Anuj Kashyap: Sir, my question is a little bit of forward-looking in nature. Like sir, what we are reading these days is that companies, first of all, it was state who was worried about their data sovereignty. Now the individual companies are also worried about their data -- the legacy data which we are carrying on the systems. So now the market is talking about small language models or maybe something of that type. So don't you think, sir, like our order book is going to go through the roof, like what -- I'm not putting much thing into it, but future is all about like loads and loads of data will also increase. So don't you think, sir, like future is all -- because I wanted to know from you because you are in the position -- like you are in the market, so that is why.

Sanjay Lodha: So whatever you are saying is music to our ears, no doubt about that. And more than that, I would not like to comment anything more.

Anuj Kashyap: And sir, last time, sir, you told that like exports are like 4% to 5% of your book -- of your contribution these days. And sir, what is the future, sir? Are we looking for it or our hands are quite full now?

Sanjay Lodha: Domestic demand is phenomenal actually, okay? And so first, the idea is to service the Indian customers. So we have that. So we'll definitely do that first. When you look at exports, you are seeing the growth, you are seeing basically whatever we are guiding, we are overperforming from that. So basically, you can see the market is growing and the worldwide India needs the AI systems, Indian service providers, Indian LLM providers, Indian SLF providers, all of them needs that, okay, at this point of time. Hence, basically, I think exports is -- we are not focusing on exports actually.

Moderator: The next question is from the line of Saurabh Sadhwani from Sahasrar Capital.

Saurabh Sadhwani: I was looking at the Ethernet switch portfolio of the company, and there are 2 switches right now based on the Broadcom platform that have a maximum bandwidth of 100 gigabits. So the first question I wanted to understand was how is the demand for the switches in India basically for maybe higher bandwidth and maybe the NVIDIA spectrum ASIC? And secondly, what is our product development pipeline for these switches now?

Sanjay Lodha: So basically, we -- as you know, the company's objective is not to sell boxes. So basically, we have stopped our focus on selling switches independently. So switches, definitely, we are in line with the market actually with the current high-bandwidth switches, but we are trying to use it in our own solution. Hence, we are not disclosing it as a separate basically product SKU on our -- basically wherever product details are available.

But definitely, you are right, the switching is an important component. And basically, we are -- we clearly know that and all the solutions which we are selling like GB300, B300 and all, all are based on the latest architecture and primarily, the switching is very important, and we are already selling those switches in our solutions.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Sanjeev Sancheti for closing comments. Please go ahead.

Sanjeev Sancheti: Thanks a lot, everybody, for taking out time for this call. Really appreciate and wish you all the best. Thank you to ICICI Securities also for organizing this call so well. Thank you, Seemaji. Thank you.

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