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To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. BSE Scrip Code: 543945	To, The National Stock Exchange of India Limited "Exchange Plaza", Bandra - Kurla Complex, Bandra (EAST), Mumbai - 400 051 NSE SYMBOL: NETWEB
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SUB: TRANSCRIPT OF Q2 FY24 POST RESULTS EARNING CALL

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), please find enclosed the transcript of Post results earning call for Q2 FY24 held on Thursday, 02nd November, 2023.

This is for your information and dissemination on your website.

Thanking you,

For Netweb Technologies India Limited

Lohit Chhabra
Company Secretary & Compliance Officer
M.NO A36610

Netweb Technologies India Limited

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NETWEB TECHNOLOGIES INDIA LIMITED
Q2 FY 24 POST RESULTS EARNING CALL
DATED: 02ND NOVEMBER, 2023

PRESENTER :

Mr. Sanjay Lodha : Chairman & Managing Director

Mr. Hirdey Vikram : Chief Sales & Marketing Officer

Mr. Prawal Jain : Chief Financial Officer & Chief Human Resources Officer

Mr. Sanjeev Sancheti : Head of Uirtus Advisors LLP and Investor Relations and Advising Firm

Mr. Sandeep Shah : Equirus Securities

File name – Netweb Technologies India – TRANSCRIPT OF Q2FY24 Results Call

Duration – 01:03:20

Speaker1 (00:01): Yes, the call has started.

Sandeep Shah, Equirus Securities (00:26): Sanjeev sir, I am starting.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory Firm of NetWeb Technologies India Limited (00:29): Yes please.

Sandeep Shah, Equirus Securities (00:25): Yeah, so hi, good afternoon, good evening to all the participants. I am Sandeep Shah from Equirus Securities. I welcome all the participants and investor and senior management to Netweb Technologies India post results 2Q at FY24 earnings webinar. Please note that this webinar is for 60 minutes and same is recorded. Now I hand over the floor to Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory firm of NetWeb Technologies India, to introduce the senior management of NetWeb and to discuss the safe harbour statement and the flow of the webinar. Over to you, Mr. Sanjeev.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory Firm of NetWeb Technologies India (01:12): Thank you, Sandeep. Good afternoon to all the participants. It is my pleasure to introduce to all of you the senior management team of NetWeb today to present the call. With me are Mr. Sanjay Lodha, Chairman and Managing Director, Mr. Hirdey Vikram, Chief Sales and Marketing Officer and Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer. Before I hand over the call to Mr. Sanjay Lodha for the opening remarks, I would just like to draw your attention to the safe harbour statement in the earning update presentation. Over to you, Mr. Lodha.

Mr. Sanjay Lodha, Chairman and Managing Director (01:46): Thank you, Sandeep and Sanjeev. Good afternoon and a very warm welcome to all of you to NetWeb Technologies Quarter 2 Financial Year 24 earnings webinar. I will take you through the business and operational highlights of the quarter gone by while our CFO, Mr. Prawal Jain will share the financial metrics. We are happy to state that company achieved strong top and bottom-line growth in the quarter gone by. The total income increased by 100% that is double, year on year and basically 145% that is 2.5 times quarter on quarter reaching 1480 million in quarter 2 for financial year 24. Net profit for the quarter grew significantly by 65.9% year on year and 197.4% quarter to quarter to 151 million. Our business pipeline remains robust at 31,479 million with 3,496 million already qualified as L1 bids. Given our typical conversion order cycle of six to nine months, we anticipate receiving most of the orders related to these L1 bids in the second half of financial year 24. On the back of our strong pipeline and robust order book of 2,174 million, we anticipate a much stronger second half. Future opportunities as mentioned in the previous earnings webinar, we have successfully entered into a transformative license agreement with the renowned industrial leader Intel. This groundbreaking partnership empowers us to embark on a journey towards producing cutting edge high-end computing systems based on Intel's next generation architecture. This milestone step will help us in establishing better control over the designs of the upcoming generation platforms. We also plan to introduce low power RISC based ARM architecture based high

end computing systems in the Indian market. We believe this is a significant step forward as it will help us acquire big ticket cases where enterprises will comprehensively need the lowest footprint of the data center high-end servers and multiply the performance of system with more cores per power per watt. As you are already aware, in order to manufacture our products without relying on our third-party entities and to expand our portfolio by offering products on new generation latest architecture from Intel, AMD and Nvidia, as well as the networking switches, we have initiated the establishment of our own SMT lines. To capitalize on the emerging opportunities in the generative AI and 5G space, we are expediting the setup of SMT line by installing it in a leased premises. This will accelerate our capabilities and we anticipate that our SMT line will be operational by the end of this financial year itself. As you all may be aware, India has a significant potential to seize the opportunities presented by the growth of large language model that is LLM models and widespread adoption of AI across business worldwide marks adoption of AI in enterprise and general workloads by government and large corporates is generating very large requirements for AI compute systems. With our large deployments such as Airawat puts us in a different league and offers us an advantage so as to cater to the upcoming requirements around generative AI. In addition, fresh requirements of cyber security hardened computing systems especially amid the latest successful attacks or cyber-attacks on the foreign OEMs is a big opportunity for us. As ORAN opens up, private 5G and 5G architecture has opened up the space for us to provide our systems and solutions for CU, DU, RU and RIC thereby offering large business avenues for us. Adoption of private cloud by BFSI specifically by public sector banks is again a large opportunity for us as more and more banks are looking at private cloud deployments. Adoption of HPC in oil and gas is on the rise. Having worked on migration of workloads on HPC for India as one of the largest oil and gas company exploring business puts us in an advantageous position to capitalize on this emerging opportunity. We are progressing well on our foray into networking switches and 5G ORAN. Network switches plan to be rolled out by end of Q3 where 5G ORAN is expected by end of financial year 24. I would like to hand over the call to Mr. Prawal Jain, our CFO, to provide updates on the financial numbers. Thank you.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (06:51):

Thank you, Mr. Lodha. Good afternoon ladies and gentlemen. Many thanks for joining the earnings webinar. I will give a brief overview of the financial numbers for the quarter before we open up for Q&A. I hope everyone would have got a chance to look at the earnings presentation and the press release by now. While our CMD has already covered the macro outlook, I will try to explain in more granular manner the financial performance of the quarter gone by. Our revenue from operations rose by 96.7% YoY basis from 737 million in Q2 financial year 23 to Rs. 1450 million in Q2 financial year 24. Gross Profit was at Rs. 392 million marking a YoY increase of 71.4% and a QoQ increase of 76.6%. Gross Profit margin was 27%, down from 31% in the corresponding quarter of the previous year. While the margin for the quarter decreased, the margin for H1 financial year 24 increased to 30% up from 29.5% in H1 financial year 23. This emphasizes that assessing our business on a quarter basis may not be or may not provide a holistic perspective. An evaluation based on the overall annual performance would offer a more accurate reflection of our progress. While the GP margin stood at 30% for H1 financial

year 24, this was due to some high margin orders that got executed in Q1 financial year 24. Hence, as was explained in the previous earnings calls, margin over the year should or will average out to over 27% around. Operating EBITDA increased by 43.8% to 192 million in Q2 financial year 24. Operating EBITDA margins for the quarter contracted by 488 basis points year on year at 13.3%. However, the operating margin for H1 financial year 24 declined by only 231 basis points at 13.6%. This reduction was largely due to the impact of ESOP charge to the tune of Rupees 70 million in the current half as against nil charge in the corresponding period of the previous year. While the gross profit margin will even out over the year as stated above, we expect EBITDA margins to be in the range of 14 to 15% due to operating leverage which will come into play. Profit after tax for the quarter increased by 65.9% YoY basis reaching to 151 million and PAT margin for the quarter was at 10.2%. Return on equity fell from 56.9% in Q2 financial year 23 to 17.4% in Q2 financial year 24 due to increase in the Net Worth on account of IPO proceeds coming in. However, the ROE for the quarter has improved on QoQ basis by 72 basis points in spite of the increased Net Worth on account of IPO proceeds, driven by a significant increase in profit after tax. Similarly, Return on Capital Employed demonstrated an improvement of 323 basis points percentage on a QoQ basis rising to 22.3%. During the quarter, net debt significantly decreased to negative 0.3 million as compared to 239 million in Q2 financial year 23. Kindly note that this net debt calculation excludes un-utilized proceeds from IPO. Net current assets increased to rupees 3362 million in Q2 financial year 24 as compared to 1127 million in Q1 financial year 24. This increase was primarily due to unutilized IPO proceeds lying in bank deposits. The cash conversion cycle in Q2 financial year 24 improved to 108 days down from 140 days in Q1 financial year 24. This reduction was largely due to the reduction in receivables by 59 days, inventory by 73 days, partly offsetting by reduction in creditors by 100 days. We continue to remain focused on our strategic priorities and growth pillars laying emphasis on our long-term goals of sustainable growth and profitability. On the back of a stronger quarter coupled with a robust order book and business pipeline, we are extremely confident of achieving strong revenue and profit growth in the current financial years. With this now I hand over the call to Mr. Sandeep Shah to take it further from here. Thank you.

Sandeep Shah, Equirus Securities (12:20): Yeah thanks, thanks Mr. Prawal Jain. With this we come to the end of the opening remarks. We can now open the floor for the Q&A. Participants request you to all restrict to two questions in the initial round and for more questions request you to join the queue again. Participants, whoever wants to ask questions please press raise hand icon on your screen and once your turn comes unmute yourself, announce your name and company name first and then ask your questions. Once you get the reply to your question please lower the hand icon on the screen. Also sincere request to all the participants if you are not talking please remain on a mute to avoid the echo on the audio sound and then or enable proper hearing to the audio sound. Participants please raise your hand icon to ask your question. So, I think we have a first question from Renu Baid. Please go-ahead Ms. Renu Baid.

Ms. Renu Baid (13:18): Yeah hi, good afternoon team and congratulations for strong results. Numbers seem to be exactly on-line the way you had guided for. So, to start with

the first question, can you share some more details and inputs in terms of the large order pipeline? A, the large orders that we have in the backlog today and how is the pipeline for these large ticket size orders looking for the next 6 months and typically the way you would earlier share what is the kind of overall order pipeline from government and private sector orders that you are looking over the next 12-15 months for your business? That's the first question.

Mr. Sanjay Lodha, Chairman and Managing Director (13:56): Thank you. Thank you Renu Baid for your question actually and definitely we will always try to strike by whatever we promise. The idea is that so basically as regards the order book is concerned, the order book has seen a considerable jump. So, basically the currently order book is somewhere around 217 crores approximately. Okay which was basically earlier used to be less but actually as I told you our company cannot be judged on the fact of the order book because order book conversion cycle is quite good. Actually in our case what happens is that between 12 to 16 weeks we are able to close the orders. Okay so basically we are a pipeline driven company. So, our pipeline currently stands off as somewhere around 3,100 crores, little more than 3,100 crores approximately. Out of that somewhere around 350 crores we are already L1 actually. Okay and so we feel there is a very, very robust pipeline already. We have already achieved 204 crores approximately in the last quarter. We have already an order book of around 217 as on as on 30th September and basically, which will definitely get built out in this quarter itself and plus basically, we will have a, since basically, we have the L1 at 350 crore, so basically, other than that also, we have a robust pipeline, so we are very, very, basically, I can tell you, we are very, very well on the track, so as to achieve our, basically, the growth CGR, which we have predicted and to achieve the ultimate objective of around 600 crore plus, which we are targeting for the year-end, actually.

Ms. Renu Baid (15:38): Sure, any large ticket size orders, sir, of typical those 100 crores kind of project size that we have in pipeline or that we are already L1 on?

Mr. Sanjay Lodha, Chairman and Managing Director (15:48): Basically, actually, I am not, suppose, I don't think we should, but basically, we have, there is one very large order from ISRO, which we are already working upon, we are already L1, we are expecting it at any point of time and basically, we have already won an order, basically, from one of the India's largest security firms actually, that is basically that is somewhat certain, which is already there, actually, in the order book as well, so we have large orders, actually, coming in even from the enterprise segment, we are seeing a lot of attractions of the enterprise segment as well, as well as the government, so basically, as regards business is concerned, we have a really, very, very robust and a very good funnel as well, which gives us complete confidence of achieving our numbers without any problem.

Ms. Renu Baid (16:31): Got it. And, sir, my second question is, if you look at the new product pipeline on which you are working, right from switching devices for telecom sector domestically in India under Make in India program, and the devices for 5G private operators, private operator applications, so what kind of opportunities you think could translate in terms of revenues for these businesses in the next two to three years? And

how is the ramp up on the export portfolio with these specialized equipment that we are working through?

Mr. Sanjay Lodha, Chairman and Managing Director (17:05): Great. So, basically, as regards our product line is concerned, basically, it's ever growing, actually, what happens is that, as I already mentioned in the opening remarks, basically, working on the Intel new generation chipsets, and basically, in this technology domain, people who come with the newer technologies always get more traction because the performance is better than what the earlier products were. So, our kind of customers always want to focus on that. So, we will have our new servers, new designs are almost all ready, and basically should be, are almost ready to roll out as regards on the server side also, on Intel platforms, on AMD platforms, as I already mentioned to you, we are working on a very good, basically, product designs with AMD, with ARM, actually, which is with NVIDIA, which will be really a game changer. And how basically, generative AI is getting traction, and how, basically, generative AI, basically, India is also having a lot of, basically, getting a lot of uptrend primarily from the business potential with generative AI generating for the country at this point of time. So, basically, there is large infrastructure installations, which are being planned by all the major vendors all across, there is a lot of noise in the markets, we see that is there. Other than that, networking switches, as I told you, is basically, has got a very robust growth, and a number of products are about to be launched anytime this quarter itself. We did a very good show with the India Mobile Congress, our booth, got a lot of attention, and basically, we had a large booth there promoting our products as well. So, basically, we were showcasing our Make in India complete online solution with DU, CU and everything, everything integrated. So, we have generated a lot of interest around that, and this market is evolving, we feel that definitely, we will get good traction around that. As the export is concerned, definitely, we are on track, we are already working towards that, the new unit, which we are setting up is basically the tax exemption zone. So, that will help us so as to basically export easily. So, that is also being done. And plus, basically, we are already in the process of exploring various markets, because we see all these products have got good traction outside, and you can very well understand, under the current geopolitical situation, I think India has got a better place and basically acceptance of Indian products and solutions is also higher. And since basically, the pressure on India will be there, rather than the other countries.

Ms. Renu Baid (19:46): Right. Sanjay ji, just to interrupt, your explanations are pretty elaborate, and thank you for that. Just the number that I was looking out for is for the two new product segments, 5G O-RAN solutions and networking switches, which you're planning to commercially launch by second half of next year. What kind of revenue potential do these two new product lines or segments could be in your view from a two to three year perspective? So, do we have any number that how large could be the networking switches profile for us from a two to three year business once it kickstarts? Or similar for the 5G O-RAN when we do on project basis with other EPC system integrators for overseas markets or so?

Mr. Sanjay Lodha, Chairman and Managing Director (20:30): Yeah, so basically, as regards network, I just like to basically correct, basically networking switches are being launched actually this quarter itself. Okay, and basically 5G O-RAN should be launched by

the end of by March, approximately 24th. So, basically, definitely the product launch is all expected to be done within this year, only we want to do it. As regards basically networking switches revenue, we definitely have projected a revenue basically somewhere around I think 15 to 20 crores approximately this year. Okay, and as regards 5G O-RAN definitely as it has been launched during the end of the current financial year, we are not forecasting any particular revenue of this particular year. But definitely next year, since you are seeing the way 5G adoption is happening and basically since Make in India has got again a significance, we need a very good head start there also. And plus basically international acceptance of the product launch also we feel will be higher. I feel definitely these will occupy a good space in our total revenue. But at this point of time, I'm not like to really comment on that. But you can very well understand that the other areas we are working are also growth areas. So, basically, they will slowly they will increase their total size in a product portfolio.

Ms. Renu Baid (21:46): Got it, got it. Thanks much and best wishes, sir. I'll get back in the queue. Thank you.

Mr. Sanjay Lodha, Chairman and Managing Director (21:52): Thank you.

Sandeep Shah, Equirus Securities (21:53): Thanks, thanks. So, we are next in line, Mr. Parv Jain. Go ahead, unmute yourself and ask question.

Mr. Parv Jain (22:01): Hi, sir. I am Parv Jain, an individual investor. Sir, on this Intel partnership, can you please throw some light on what exactly are we partnering for? And what is the incremental outlook we can see from this partnership?

Mr. Sanjay Lodha, Chairman and Managing Director (22:17): Yeah, actually, Intel partnership is primarily around basically what happens is that the new generation chipsets are being developed regularly. So, basically, we have partnered with them so as to basically help them. So, basically design the servers of the new generations, new generation architecture, which is being announced. So, basically, we already have the design team in place. And basically, we have increased since Intel wants to focus more on the local manufacturing of the units as well as basically take it across also. So, on the Grand Rapids and the new platforms, we are all working with them so that basically we have the latest state of art platform ready, maybe if not earlier than others, but at least in time with others.

Mr. Parv Jain (23:03): So, we are developing an architecture for that server. Is that so, sir? Again?

Mr. Sanjay Lodha, Chairman and Managing Director (23:11): Come again.

Mr. Parv Jain (23:12): We are developing an architecture.

Mr. Sanjay Lodha, Chairman and Managing Director (23:16): Yes, actually, what happens is that we get the chipset designs from them and then basically we develop an architecture completely looking at our user requirements. So, basically, our servers are primarily designed for supercomputing needs, for cloud needs accordingly, the kind of basically the bandwidth, the kind of networking, the kind of memory bandwidth, the kind

of basically the PCI Express bandwidth, those things are needed. Then accordingly, we design our products based on that.

Mr. Parv Jain (23:45): Okay, sir. And what is, I mean, how much are we seeing in monetary terms, this can be converted into and the outlook by when we can see this flowing in?

Mr. Sanjay Lodha, Chairman and Managing Director (23:55): Yeah, actually, basically, what happens is that currently also, if you really see in the total market also, in the server market, I think more than 70% of the market is being occupied by Intel, actually. So, definitely, since we have an early access and since we will be ready to launch with our products in that, we definitely think this will be very, very instrumental so as to maintain our growth rate.

Mr. Parv Jain (24:22): So, any figure, I mean, any estimated that you can throw for this?

Mr. Sanjay Lodha, Chairman and Managing Director (24:26): I told you, basically, if we are projecting a growth rate of around 40% CAGR, and basically, definitely Intel servers are a major part of it, because basically most, I don't want to really comment that what will be the competitive scenario, because we are working equally with all the major technology providers. But basically, since Intel has got a major share in that, so definitely, it will help us so as to make our growth very, very robust.

Mr. Parv Jain (24:54): Okay, sir. Thank you. I'll come back in the queue.

Mr. Sanjay Lodha, Chairman and Managing Director (24:58): Thank you.

Sandeep Shah, Equirus Securities (25:00): Thanks, thanks. We have next question from Ashish Rawat. Unmute yourself and go ahead. Ashish, you are not audible.

Mr. Ashish Rawat (25:10): Am I, am I audible?

Sandeep Shah, Equirus Securities (25:11): Yeah, now you are audible.

Mr. Ashish Rawat (25:13): Thank you, Sanjay ji. First of all, congratulations, robust results for this quarter. Sanjay ji, my question is that you have given the approximate turnover of 600 cr plus. Is this including the new SMT line and the switches manufacturing?

Mr. Sanjay Lodha, Chairman and Managing Director (25:30): Yes, this includes everything, actually. Basically, the SMT line will basically will be on only by the last quarter, actually. Actually, we had projected at the time of the IPO that this will come on-line by 2025, actually. But since we are trying to work on several projects, so we wanted to speed up this process because we are basically working on various designs and we are overwhelmed with the kind of response we are receiving. So, we really like to fast track it and we wanted to set this up ASAP. And since our designs are very confidential to us, we also don't want to share it with third party. So, that's the reason, basically, I think the SMT line should be, will be coming in production only by late February or March, actually. So, we will not be able to take much benefit out of it within current year. But still, basically, because the current setup itself will be giving us the turnover which are projected.

Mr. Ashish Rawat (26:27): All right, sir. Thank you so much and best of luck.

Sandeep Shah, Equirus Securities (26:33): Thanks. Thanks. We have next question from Vimal Gohil from Alchemy. Unmute yourself and go ahead.

Vimal Gohil, Alchemy (26:40): Yes, sir. Thank you for the opportunity. Thank you. Sir, my question is on working capital. Very encouraging improvement over the June quarter. Just wanted to get a sense on how should we see this improving further going ahead? What should be our receivables, etc..? How are they trending as of September, October? Maybe if you can give us some sense. Thanks a lot.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (27:10): So, our cash conversion cycle, if you will see, that has improved from 140 days in June quarter to 108 days. And going forward, we further see little bit improvement which can happen in it. And it can go in the range between 90 to 100 days. So, that is the optimal range in which our working capital or cash conversion cycle will move around.

Vimal Gohil, Alchemy (27:38): Understood sir. Thank you so much. That is all from my side.

Sandeep Shah, Equirus Securities (27:43): Yeah, thanks. We have next question from Jyoti Singh. Please unmute yourself and go ahead.

Ms. Jyoti Singh (27:52): Yeah, thank you for the opportunity and team congratulations on the good set of number. So, first question on the other income side, if you can explain why it is so high on both QonQ and year on year side.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (28:05): So, this is basically of the IPO funds which have been invested in FDRs. So, the return from those funds have been translated into other income and it is high for the quarter and you will also note that it is higher on the H1 side.

Ms. Jyoti Singh (28:24): Okay, thank you, sir. And the next question on the H2 side. So, we are still expecting good numbers on the H2 side and also we will be having any impact of furloughs during Q3. (Overlapping 28:40) Yeah, leaves.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (28:47): No, no, not in our type of business. There is no impact of furloughs and whatever has been, I think, so given guidance of that will come.

Mr. Sanjay Lodha, Chairman and Managing Director (28:59): Yeah, actually, I mentioned to you, basically, if you see a historical EOB also, one third of our business comes in the H1 and two third of business comes in H2 actually, that is how it has been always been progressing the same way. So, we are very confident of having those numbers and our order book, our pipeline really basically shows that as well.

Ms. Jyoti Singh (29:18): Okay, thank you so much, sir.

Sandeep Shah, Equirus Securities (29:22): Thanks, thanks. We have a next question in the message box. The question is, is the partnership with Intel exclusive to NetWeb and how will this help NetWeb in its growth journey?

Mr. Sanjay Lodha, Chairman and Managing Director (29:36): Yeah, actually, basically, I cannot say that any partnership is exclusive to Intel, but this agreement is the agreement which we have with Intel, that is particularly on the server design transfer part. So, that definitely, that agreement only covers us very clearly, but we need to have agreements with others also. But at this point of time, as we are the only Indian OEM into this domain. And so basically, it's a very good choice for Intel to have us here. That is basically, it will help NetWeb, as I mentioned to you in my earlier question, around basically, if you see of the entire server space, around 70% of market is still, they used to be 90%, but at least 70% of the market is still basically based on Intel. So, definitely, once we have a very good latest design roadmap on Intel, that will definitely help us because you can understand that once somebody wants to have a cloud or a supercomputer, definitely the one who has the latest technology, that will save power for them, that will save basically, the total footprint is also low. So, there are more and more regions for customers to buy that. So, basically, I think that will really help us and that will really fuel the growth which we are projecting.

Sandeep Shah, Equirus Securities (30:51): Okay, thanks, Mr. Sanjay. We have next question on the message box from Vidhur Chhabra. What are your employee hiring plans? Are they specialists or they get trained in your facilities? Also, what is your approximate current employee count?

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (31:14): So, for the H2 part, we have approximately a hiring plan of around 70 people and there will be a combination of specialists and they will be trained on site also. Our current manpower is around 300 approx.

Sandeep Shah, Equirus Securities (31:35): Prawal sir, you mentioned that in the second half, you will recruit another 70 employees.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (31:41): Yes, yes.

Sandeep Shah, Equirus Securities (31:43): Okay. I have third question in the message box from Sanika Khemani. Hello, sir. I just want to know what is the revenue growth guidance over the next two to three years?

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (32:00): So, in absolute numbers, we cannot say but our revenue growth will be something in the range of 30 to 40 percent CAGR growth.

Sandeep Shah, Equirus Securities (32:13): 35 to 40 percent?

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (32:15): 30 to 40 percent.

Sandeep Shah, Equirus Securities (32:17): Okay. Participant, if you want to ask question, please press, raise your hand icon. Sir, this is Sandeep here. Just my question is, when do you plan to introduce the ARM-based server using the RISC architecture? And is it you believe the growth opportunity through large language model still far away may be

realized in FY25? Are you getting some inquiries from some of the enterprise clients in India on the ARM-based server and the LLM models?

Mr. Sanjay Lodha, Chairman and Managing Director (32:57): Yes, Sandeep. Actually, as regards to answering the first part of the question, the design work is already started. As you know, there are very few OEMs who are currently primarily trying to work on the NVIDIA's ARM-based architecture. They are among those. And there is a huge demand around it because you can very well, you are aware how the traction for generative AI has built up. You see all the major data centers, all the major data center providers in the country, all are running. So, as to have a setup on LLM, there were a lot of procedures in September from basically various, all the major data center providers or the ITS companies in the country or even basically large ITS companies like Infosys and all, they are all trying to set up their own generative AI, basically their test labs and all those kinds of things. People are trying to set up infrastructure for that. So, I think the market is really waiting for that. And there is a huge demand. Basically, even NVIDIA is not even able to provide the chipsets also. So, definitely, to answer the first part of that, that is there. The demand is there. And because of our products are concerned, we are definitely working on that at this point of time. I personally feel it should be launched by sometime maybe Q1 this year, end of Q4 this year, but early Q1. We are trying to do it for Q4 this year. But basically, I cannot promise you that it may be Q4 this year or Q1 next year. So, that should be there. But the earlier we come, the better it is for us.

Sandeep Shah, Equirus Securities (34:32): And Sanjay sir, just a follow up. Here also, everything end-to-end design of the motherboard would be done by us?

Mr. Sanjay Lodha, Chairman and Managing Director (34:39): Yes, it's already started. The process has already started. The end-to-end complete thing will be done by us.

Sandeep Shah, Equirus Securities (34:46): Okay, fair enough. We have next question from Debashish Mazumdar, who is from Motilal Oswal Mutual Fund. Go ahead, unmute yourself and ask question.

Debashish Mazumdar, Motilal Oswal Mutual Fund (34:57): Hi Sanjeev ji and hello team. Brilliant set of numbers. So, two questions. One is a little cliché. So, first one, the first question is, if I see the H1 number, the growth would be upwards of 45% and you are indicating better performance in H2. So, just try to get some sense that broadly, will you be able to end this year with more than 40%, 45% kind of growth? What is the visibility that you have? So that is the first question. And second question is, when last time we discussed, we have spoken about a large order from a PSU bank, any update on that side or any incremental order pipeline that you are seeing in the private cloud space from the banking sector in India? And the third question is, you have multiple segments, obviously high-performance computing, cloud computing, which are the areas you see more structural tailwinds today in terms of your growth trajectory? So these are the three questions I have. Thank you so much.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory Firm of NetWeb Technologies India (36:09): Yeah, regarding your first question on the two-year guidance. So, as we told that our revenues in H1 is around one-third of the total year

revenue. So, two-third of the revenue is yet to come for the full year. So, we have already close to 205 crores. So, the path is clear of achieving our numbers, what we have set. Yes. Can you repeat your second question again?

Debashish Mazumdar, Motilal Oswal Mutual Fund (36:42): So the second question that I had was around your private cloud order from a PSU bank, which there was there in the pipeline, whether you caught that already? And is there any further pipeline of private cloud from Indian BFS space?

Mr. Sanjay Lodha, Chairman and Managing Director (37:01): Yes. So, basically, it was that we have got one of the orders actually, and others are in the pipeline. You see the order book, Debashis, you might have seen the order book. If you basically track us properly, you will see the order book. Order book is 217 crores already, almost a double of what it was last quarter, actually, maybe. I think even more than that. So, basically, that itself is a real testimony, which is showing that. Plus the funnel is also there. And plus basically, we are seeing a lot of traction from the PSU bank. Some of the orders have come, some orders are in the pipeline. But definitely, I will tell you, all the public sector banks will be going sooner or later on the private cloud, because that is the journey forward. And basically, we are very, very well geared up just to take care of the same. You had a third question also, Debashis.

Debashish Mazumdar, Motilal Oswal Mutual Fund (37:51): Yeah, yeah. So, before going to the third question, another point that I have noticed that your order book has increased significantly, despite that your pipeline or funnel is also up. So, my sense is that you are able to, despite large order wins in Q2, you were able to replace the funnel with further large orders. Is my understanding correct?

Mr. Sanjay Lodha, Chairman and Managing Director (38:12): Yeah, yes, right, actually.

Debashish Mazumdar, Motilal Oswal Mutual Fund (38:16): And third question that I had was, you have multiple segments, the high performance computing and private cloud, and again, some business with government, some business with private, which are the areas you see more structural tailwinds today? And so if you can answer that, then I have one more question.

Mr. Sanjay Lodha, Chairman and Managing Director (38:33): Yeah, I will put that question to Hirdey to answer it for you Debashis.

Debashish Mazumdar, Motilal Oswal Mutual Fund (38:38): Yeah, please. Hi Hirdey. (Overlapping 38:41) The question that I had was, so in the multiple segments reporting that we do, high performance computing, private cloud and stuff. So, which are the areas which where you see the maximum structural tailwind today? I'm not talking about this year or next six months or something like that.

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (39:01): Structural what?

Debashish Mazumdar, Motilal Oswal Mutual Fund (39:04): Structural growth, where do you see the maximum growth?

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (39:08): See, we have always been saying that, see, there are two major pillars in our case. One is, the supercomputing part and second is...

Sandeep Shah, Equirus Securities (39:18): Hirdey sir, sorry to interrupt, can you speak closer to the mic or slightly loudly?

Mr. Sanjay Lodha, Chairman and Managing Director (39:24): Yeah, actually, what basically, I'll try to answer it, maybe Hirdey can basically say that. So, basically, as regards, if you really, if you really see, as basically our, if you see the revenue kind of split, if we give the HPC and private cloud, these are the two large piece for our business, and they have remained a large piece for our business. We have been constantly telling it from the point of time of IPO itself, that both are growth areas, supercomputing is growing and the cloud computing is growing. So, basically, problem wherein basically all the segments we have there, they are all growth segments. The other segment which we see will grow is basically the AI segment, actually, which we'll see which will grow. But what happens in our case is that, that all the segments are also very, very closely related to each other. AI and supercomputing is also very closely related to each other. So, in nutshell, what I will say is that, that I feel that definitely HPC and private cloud would be the leading segments for us. And basically, AI and the services will keep on boosting, and they will be slowly, they will be slowly increasing their share in our total portfolio. I think I am right, Hirdey Ji?

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (40:32): Yes, yes.

Debashish Mazumdar, Motilal Oswal Mutual Fund (40:34): One question is that this high growth trajectory that we are following, and my understanding is we are working in a space where manpower availability in India is a very tough challenge. So, what is your plan around that? And do you getting sufficient manpower to address this growth opportunity in this industry?

Mr. Sanjay Lodha, Chairman and Managing Director (40:58): Debashish, you are seeing that we have 70 people, just my CFO and CHRO has mentioned that 70 people we are going to employ, we already a strength of around 300 people. So, approximately you can say that around 30% more people will be employing in the next half actually. So, definitely we want more people, definitely people has been the major challenge. We went IPO only primarily for the purpose of basically the main purpose and to have the to attract talent. And I think that we are trying to achieve that goal. And definitely, I will never like to say that manpower is not important. Manpower is the most important in our journey. And we are doing everything so as to basically attract the right manpower for us. Only thing is that you need to have confidence in us.

Debashish Mazumdar, Motilal Oswal Mutual Fund (41:43): No, sir. So, the question was not around confidence question was, are you facing challenge in getting the proper manpower available? I was not doubting that you will be hiring people. I was doubting that. See, what happens is, we may plan a very long growth trajectory, but what happens is some challenges may come which is not under our control. Here, in case of us

manpower availability could be one challenge, which can come from external this thing. So, that is what my point is.

Mr. Sanjay Lodha, Chairman and Managing Director (42:13): I understand your point. Actually, really speaking, that is the challenge which I want to face. And plus, basically, if you see my total trajectory also, you will feel that basically whatever growth trajectory which we are forecasting, that is completely very good. Because I told you, we already whatever I committed, we tried to deliver that. Okay, last quarter, we delivered it. Next, basically, I wanted to be at around 200, which my CFO has mentioned to you 205 crores, we already did. We have an order book of 270 crores as of 30th September. Okay, and basically, you see the kind of pipeline is there, actually, which is being added. So, basically, whatever growth trajectory we are seeing, we will definitely achieve it. Definitely, the new product lines and all the things which we are trying to do definitely add to our year. But we want to be a bit conservative in basically mentioning that kind of things. We really want to basically give a very, very, we want to give a very reasonable statement to the market. So, we don't create over expectations. So, manpower is definitely a challenge. But basically, we are addressing it very well. And our basically going public, getting listed is also helping us in that journey.

Debashish Mazumdar, Motilal Oswal Mutual Fund (43:21): Great. So, one last question, if I may. So, if you see that government is very active in restricting import of hardwares, laptops and everything, I understand that we all don't play in the area of pure hardware, we are end to end integrator. So, how do we kind of think of addressing this opportunity? Because my sense is there is a very big opportunity to play. So, any thoughts around that?

Mr. Sanjay Lodha, Chairman and Managing Director (43:55): I'll let Hirdey answer it for you.

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (43:57): Actually, we have always been ready to take up the challenge, to take up the requirements which are coming up. So, I think we welcome the opportunity with open arms. And since the capability has been in our system for very long, and we have been producing results for market is also especially the government enterprises or even the private enterprises, both are looking at us to serve them with the solutions and even with the, as and when required the hardware-based systems also. So, I think we are ready, we are geared up to take up the challenge. So, definitely it's an opportunity for us. And by the way, laptop desktop is not the space where we are active. So, just to precisely answer your question, the area where we can take an advantage of the current situation is where the restriction has been imposed on the server side. So, there we are seeing a lot of potential for us to grow, because our solutions and systems will go into those areas.

Debashish Mazumdar, Motilal Oswal Mutual Fund (44:56): Sure, great. Thank you so much for answering my question and wish you best of luck.

Sandeep Shah, Equirus Securities (45:02): Thanks, thanks Debashish. We have a follow up question from Jyothi Singh, unmute yourself and word.

Ms. Jyoti Singh (45:10): Yeah, thank you for opportunity once again. So, sir, my question on the margin side. So, just wanted to clarification that we have guided now 14 to 15% which earlier we were targeting 16 to 17%. Just, just to clarify.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (45:37): Operating margins have gone down because of the ESOP cost, which you will, EBITDA margins, if you will see, has gone down because of the ESOP cost. And on the gross margin part, we will go around 27% as we committed during the IPO also. And you will see the year end margins, gross margins will go around 27% around.

Ms. Jyoti Singh (46:01): Okay, thank you, sir. And sir, another only PLI scheme side that 2.0 that we already applied for it. So, are you seeing any progress on that?

Mr. Sanjay Lodha, Chairman and Managing Director (46:13): Yeah, PLI 2.0 basically is an active contribution to the government. And as you might be aware that we have been offered a red carpet into that scheme. Okay, and basically, I think is one of the beneficiaries which will get the maximum benefit because our base year doesn't change there. The base year targets will remain as 2019 actually for us. So, that's a very positive factor for us. And basically, I think any day government will be announcing the list of the awardees of the PLI.

Ms. Jyoti Singh (46:45): Okay, thank you so much, sir.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory firm of NetWeb Technologies India (46:48): And just to add on that, incentives in PLI 2.0 is much significantly higher than PLI 1.0. And that's the reason we have migrated to 2.0.

Ms. Jyoti Singh (47:02): Great, great, sir. Thank you, sir.

Sandeep Shah, Equirus Securities (47:05): Thanks, thanks. Just to follow up to actually have a PLI 2.0, I think we have to claim PLI 2.0 next year, right? We can't claim this year.

Mr. Sanjay Lodha, Chairman and Managing Director (47:17): Yeah, for this year, whatever we do, we will be filing our claims next year.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory firm of NetWeb Technologies India : So, the claim will be for the year 2024, but the filing will happen in 2025. So, far, we have been accounting on the basis of the filing and not on the basis of the accrual year.

Sandeep Shah, Equirus Securities (47:35): Okay, okay. So, in that scenario, sir, there won't be any credit in the P&L account related to PLI in year of FY24, right? Because we are migrating to 2.0.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory firm of NetWeb Technologies India (47:45): You are right.

Sandeep Shah, Equirus Securities (47:48): Okay, okay. We have next question from Ashish Rawat. Please unmute yourself and go ahead.

Mr. Ashish Rawat (47:55): Sir, my question is about 5G and 6G. Are we looking for any revenue opportunity regarding to infrastructure in 5G and 6G because you have recently participated in this recent exhibition in the Pragati Maidan, I think. So, this is my question.

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (48:14): See, Ashish ji, am I right? Mr. Ashish Rawat (48:17): Yeah, thank you.

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (48:18): Yeah, Ashish ji, basically, the best part is that the way ORAN has opened up the market for us, that is something which is helping us to build revenues for us to have business. So, definitely in the ORAN where we are going to contribute to the 5G infrastructure and definitely the private 5G infrastructure, both are the opportunity just for us. And since private 5G and 5G both are catching up, the customers, the organizations in the country are catching up to adopt this. I think by next financial year, we can start seeing the business model getting built up around that. But we are ready to serve our customers and we are already working with certain large organizations to build the RFPs and we are guiding them how to opt for private 5G or even to provide 5G cloud for the even to the large telcos. So, all those discussions are already going on. But yes, FY25 will be the main target for us, wherein we can start cashing the 5G stack for us.

Mr. Ashish Rawat (49:19): All right, Hirdey ji, thank you so much.

Sandeep Shah, Equirus Securities (49:23): Yeah, we have one more question from in the message box from Vidur Chhabra. Some of your technology proprietary, if so, have you filed any patents or any update on the patents?

Mr. Sanjay Lodha, Chairman and Managing Director (49:36): Yeah, actually, we are trying to develop basically some of it. We are already in the process of filing patents. Some of the patents we have filed and basically these take time so as to get approval. But basically, there are some patents which are already in the process.

Sandeep Shah, Equirus Securities (49:55): Okay, thanks. We have another follow up from Hardik Rawat. Please go ahead, unmute yourself and ask.

Mr. Hardik Rawat (50:05): Thanks for the opportunity. I just had a couple of questions. Firstly, with regards to IT PLI 2.0, just wanted to understand, are you looking at any expedited localization or are you looking at like a single component localized every year? Any color or anything like that? Any color on that?

Mr. Sanjay Lodha, Chairman and Managing Director (50:22): Yeah, actually, Hardik, we are basically we are only fully compliant on that. Okay. And basically, we have basically the ministry has taken a lot of inputs from us since we are the significant player in that domain. And basically, accordingly, the policy has been designed also. And first, basically, we have the all our inputs have been really been heard about and they are all been incorporated. Basically, we are fully compliant so as to achieve the localization. Actually, some of the things we have already done it, which people will have to do it actually. So, we are already on, we are above the track what exactly has been asked here.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory firm of NetWeb Technologies India (51:00): We are ahead of the track as far as PLI 2.0 is concerned.

Mr. Hardik Rawat (51:07): Got it. And are you seeing clients like requesting like needing you to, maybe share those incentives? Or are you able to keep those incentives for yourselves at the moment currently?

Mr. Sanjay Lodha, Chairman and Managing Director (51:18): Up till now, we have not been doing any kind of contract manufacturing as on yet. Though we have offers from everybody, but we have been adjusting all those offers up till now. We have been clearly focusing on our own manufacturing because our basically our motto is not volume production. Our motto is basically quality and basically the high-end technology development. So, we have tried to maintain that. But it may be possible sometime later, basically once everything is done, we may think about basically doing something. But at this point of time, we don't have anything on our own as regards.

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (51:50): In case you wanted to know that whether customers are keen to ask for share those incentives. So, was that your question?

Mr. Hardik Rawat (51:59): Yeah, just wanted to understand, like do your customers insist on you, maybe sharing because that I understand that you're not in the contract manufacturing business or doesn't apply to you that much. But other players or contract manufacturing is something that, one question with regards to ARM versus Intel, you mentioned that Intel used to have like a 90% market share, which has dropped to 70% still significant, but it is dropped. Are you seeing any traction within clients are demanding for ARM based servers over Intel? Because ARM chipsets have increased performance like multifold in the recent times with the Apple M1, M3 chips coming and the latest Snapdragon event. So, just wanted to understand what is the performance differential between the best that Intel and ARM have to offer and are you seeing a greater demand for ARM based servers as a result?

Mr. Sanjay Lodha, Chairman and Managing Director (52:59): Basically, what happens in that ARM, basically in the enterprise workload is still catching up. Okay, basically, if you see, whatever you mentioned examples, we are primarily on the client side. But basically ARM, the major advantage you have with ARM is the low power actually. And today what has happened is that if you really understand the technology, the power has become the major significant factor. Today, basically the Intel chips are basically a single socket is taking more than 300 watts of power. Same thing is there with AMD. So, basically if I have dual socket populated more than 600 to 700 watts goes only into the processor, whereas in the ARM basically that is significantly low. So, that is there, but the architecture is different. Basically Intel and AMD, all these are on X86 architecture, whereas this is on the RISC-based architecture. So, definitely this will not come into just the run-of-the-shelf kind of a computing architecture. This will be primarily presently being used for specified workloads. Okay, like basically, again, generative AI is one area where ARM will have a very good say. And basically, since actually you are fully aware Nvidia wanted to acquire ARM, but basically was not able to do it because of the different conditions. But finally, they developed their own processor called Grace. So, definitely, and plus they have again, so they are putting a lot of traction around that. And you see most of the world's major generative AI, the new kind of the IT infrastructure which has

been planned, those are being planned on basically ARM architecture. So, still ARM will not, ARM will take time to become basically generic kind of a hardware. But finally, if you really see on the highly compute intensive kind of cases that will gain a lot of traction.

Mr. Hardik Rawat (54:43): Got it. That really helps. Thank you. One last question, a quick one. With regards to private cloud, just an indication, an assumption, what do you think like what percentage of firstly BFSI companies in India and secondly, big corporate houses Ex of BFSI are yet to shift to private cloud because that reflects your TAM in a way.

Mr. Sanjay Lodha, Chairman and Managing Director (55:07): Basically, the TAM for private cloud is very big. Actually, if you really see basically now, if you see any large enterprise, either they are on private cloud or they have to sit on private cloud because that will make more sense because going on public cloud is only possible for the organization of a particular size or they may go there, but they will definitely be, they will keep on bleeding because basically the cost is too high. And if they have a lot of compute requirements, it makes sense to go to the private cloud. So, basically, the TAM is really very high, we are only doing a small part of it, but basically we are, we want to be focused. We are not into the SMB space. We primarily want to focus on the large, the high-end IT company that we have been doing it. As regards BFSI is concerned, basically, because if you see the entire public sector BFSI is clearly hell-bent upon to shift to private cloud because that is the best way how we can really basically use the resources efficiently and provide the best performance to their customers. And basically, so I'm seeing a lot of, I think there are four or five RFPs already putting into the market and a few more are actually already into the discussion. So, I feel that, as I mentioned earlier, I think I will not hesitate to say maybe 70 to 80% of the public sector BFSI banks will get converted into private cloud without any problem.

Mr. Hardik Rawat (56:28): Got it. Thank you so much. Thank you so much. Thanks. Thanks.

Sandeep Shah, Equirus Securities (56:33): We have another question from Nishant Vas from India Infoline. Please go ahead and unmute yourself.

Nishant Vas, Infoline (56:54): Yeah. Hi, Sanjiv ji. This is Nishant from (inaudible 56:46). Just two questions. One, the number of hiring that you guys are doing, can you just give us a sense in terms of which segments, which verticals are you doing more on the front-end sales and marketing side hiring or you're doing more on the R&D and development side?

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory firm of NetWeb Technologies India (57:07): I'll let Prawal answer that.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (57:10): So, the hiring is on mixed hiring. So, majority hiring will go into sales marketing and R&D team.

Nishant Vas, Infoline (57:17): Okay. So, I presume that's where the final acceleration is coming through. So, that's good to hear.

Mr. Sanjay Lodha, Chairman and Managing Director (57:24): Both the departments are important for us and both keep on fighting that with the HR that you are hiring more for, we are giving them more attention, we are giving them more attention. So, basically that's the issue here.

Nishant Vas, Infoline (57:36): Yeah, no problem.

Mr. Hirdey Vikram, Chief Sales and Marketing Officer (57:36): Market is also expecting us to reach out to more and more organizations in the industry. So, they expect us to have, that's the reason we are also adding up more people so that since the market is welcoming our solutions, they are welcoming our products with open arms. So, definitely this is the opportunity and the time for us to expand as much as possible. That is the intent behind adding up more people on the R&D as well as on the sales and marketing side.

Nishant Vas, Infoline (58:04): Understood. And my second question was on (inaudible 58:09), you talked about the AI side and the LLM side. I think that was the first time you mentioned that portion of the government on their presentation. But is there still that hardware challenge to acquire hardware from the large guys globally, at least on the AI workloads that you see globally, whether it is A100, H100, you clearly have a shortage of supplies. Is that one of also a reason where you think that sourcing and getting those hardware in probably is going to take some time. That's why you expect more acceleration, say next year. Is that the right reason or?

Mr. Sanjay Lodha, Chairman and Managing Director (58:44): Not really. Actually, definitely. Because basically media chips are in a shortage. But definitely, we get preference over that. Overall, we are able to still service our customers. Recently, only we have executed some of the large orders for **Artificial intelligence** using basically for large amount of GPUs. So, we got out of priority basically allocation. But basically the thing is that, so we, as regards, I don't think that is the primary reason. Primary reason is because in the ARM's side, please understand, it's a completely downfall approach. During the entire board is being designed by us. Everything is being done by us. So, that takes time. So, I think that the design work and the SMT, everything is being done locally in India. So, that is the process where it is taking time. And in case of enterprise workload kind of a machine, the entire reliability and everything has to be checked. Then the application optimization has to be done. You understand that currently H100s and A100s which we are talking about, they have been deployed in x86 machine. Whereas basically in the ARM's side, once it goes, it will go into the RISC architecture. So, the application stack has also been supported for that. So, all those things are the factors which we need to take. So, that's the reason we are projecting that. But I will not deny the fact that delivery for Nvidia chips has been a problem. And basically, I think, and that actually makes it more exciting for us that the demand is building up actually worldwide.

Nishant Vas, Infoline (01:00:10): Great to hear. And sir, if it's not we are not restricted to give some details in terms of what is the program on the government side, the generative AI that you guys are working on, if you can shed some perspective in terms of what are the use cases that are being evaluated?

Mr. Sanjay Lodha, Chairman and Managing Director (01:00:26): We are definitely working on some large things, but basically, at this point of time, I'm not allowed to share that information.

Nishant Vas, Infoline (01:00:34): Okay, no problem. Thank you and all the best.

Sandeep Shah, Equirus Securities (01:00:38): Yeah, we can have a last question due to restriction on the time that is coming from the chat box. Given we are coming with new segments and Intel partnership, can we expect an increase in the margin to about 20% or we are looking at 16% kind of margins? And sir, second question from my side, what is the reason for a material decline in our creditors in terms of in terms of why such an accelerated payment to creditors in this quarter?

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (01:01:13): As we are regarding the creditor's payments, so most of the outstanding have been cleared during this quarter. And you will also notice that creditors built up which we have promised, so we have come to around that number of days on the outstanding part from creditors. So, we have around 60 days credit period from the creditors, so our creditors going forward will work around that days only. So, whatever has been built up that has been cleared up, so that has led to reduction in the creditors.

Mr. Sanjay Lodha, Chairman and Managing Director (01:01:54): Because margins actually, we would like to still commit that basically we are serving the large enterprise and the matured part of the industry which I have been telling from day one. So, definitely we can command more margins, but basically we are looking at a customer with a long-term perspective, giving more and more the users for the newer solutions, newer kind of products and all. So, definitely we don't believe in overcharging our customers at all and basically the margins can remain in the tune what exactly what we have projected and maybe Parwal can say.

Mr. Prawal Jain, Chief Financial Officer and Chief Human Resource Officer (01:02:26): Yeah, so gross margins I have already indicated that will go around to 27, 27 and a half percent or you can say between 27 to 28 percent range and that has been the guidance and going forward we are also maintaining the margin at the same rate.

Sandeep Shah, Equirus Securities (01:02:49): Okay, thanks, thanks. I think due to time restriction we need to end this webinar and thank you all the participants, senior management of NetWeb and Mr. Sanjeev for attending the webinar. We can now end this webinar and leave the same. Thank you all once again.

Mr. Sanjeev Sancheti, the head of Uirtus Advisors LLP, IR Advisory firm of NetWeb Technologies India (01:03:04): Thanks a lot for the time. Really appreciate.
