E2E Networks Limited

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Date: May 6, 2025

Listing & Compliance Department
The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai, Maharashtra-400051

Ref: NSE Symbol- E2E

Sub: Transcript of Analysts/Investor Earnings Conference Call for Q4FY25

Dear Sir/Madam,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable Regulations, please find enclosed herewith the Transcript of Analysts/Investor Earnings Conference Call which was held on Thursday, April 17, 2025 to discuss the Company's Q4FY25 earnings.

The aforesaid information shall also be made available on the website of the Company at https://www.e2enetworks.com/.

Kindly take this on record.

Thanking You,

Yours faithfully,

For E2E Networks Limited

RONIT Digitally signed by RONIT Date: 2025.05.06 13:40:05 +05'30'

Ronit
Company secretary & Compliance Officer
ICSI M. No.: A59215

“E2E Networks Limited

Q4 FY '25 Earnings Conference Call”

April 17, 2025

MANAGEMENT: **MR. TARUN DUA – MANAGING DIRECTOR – E2E NETWORKS LIMITED**
MS. MEGHA RAHEJA – WHOLE TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – E2E NETWORKS LIMITED
MR. RONIT GABA – COMPANY SECRETARY – E2E NETWORKS LIMITED

MODERATOR: **MS. SOUMYA CHHAJED – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to E2E Networks Limited Q4 FY25 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the lesson-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Soumya Chhajed from Go India Advisors. Thank you and over to you ma'am.

Soumya Chhajed: Thank you Yusuf and good evening everyone. We welcome you to E2E Networks Limited Q4 FY25 results call. We have with us on call today Mr. Tarun Dua, Managing Director, Ms. Megha Raheja, the Whole Time Director and CFO, Mr. Ronit Gaba, the Company Secretary. I must remind you that the discussion on today's call may include certain forward-looking statements and must be viewed in conjunction with the risks that the company may face.

I now request Mr. Tarun to take us to the company's business and financial highlights, subsequent to which we will open the floor for Q&A. Thank you and over to you sir.

Tarun Dua: Yes, thanks Soumya. Good evening everyone. Thank you for joining us for E2E Networks Q4 Financial Year '25 earnings call. I hope all of you are doing very well. So let us begin with like this has been a momentous year for E2E Cloud and E2E. So we started doing GPUs in 2019 and we have slowly built up our capacity.

So last time I think we spoke we were practically at 700 or so 700 or 1,000 hopper series GPUs. Today including all our GPUs we almost have a GPU capacity of almost nearly 3,700 GPUs. This makes us practically the very largest of GPU cloud GPU installations in India amongst the Indian players.

This year we also successfully did two fundraisers aggregating to nearly INR1,500 crores. And so just to recap our capabilities we have been around since 2009 initially as a private company in 2018 onwards as a public company. Today we have nearly 100 plus engineers working on our AIML and cloud infrastructure platforms.

From a data center standpoint we have access to 10 megawatts of data center IT power capacity spread across majorly Delhi NCR and Chennai region. So what has set us apart is we were the first say as you go cloud in India starting our operations in 2009 our claim to fame historically of course has been that a lot of large customers were born on E2E cloud in the Indian internet world. So 2014 onwards we have continuously built our own infrastructure software for running our public cloud.

And 2020-21 onwards we started working on the cloud GPUs and lot of our software capabilities around cloud GPU we started building around that time. All of those capabilities like coalesced around our Tier platform. Now all of this software that we built is our practically own proprietary software which wraps around a lot of curated open source software to deliver a platform experience.

And we have also positioned this particular software as a sovereign cloud platform for running both CPU workloads, CPU compute workload as well as sovereign AI workload. So we'll talk more about like what's the sovereignty part in our software. See essentially one is of course we continue to expand our public cloud software platform where all of our data is hosted in India.

We have the a lot of our customers they have the ability to build their org boundary on top of our public cloud platform where they are assured of security and that their data is not being used to train AI belonging to someone else in any way. So that produces the effect of having AI sovereignty over your infrastructure.

So essentially it should not be that usage of AI results in loss of competitiveness to the users of AI because they were running something that either could not make use of their own curated data set, their own proprietary data set, because of concerns of sharing those data sets with someone else or alternatively it should not result in like you shared a data set and you got a better result but that better result also propagated to other users of the same AI platform.

So in our cloud GPU approach basically we are focusing on customers who want to run single-tenanted AI solutions and achieve complete sovereignty over their data and how their data is used and we are also extending the same capabilities on-premise or using customers own equipment in the form of sovereign cloud platform.

So this is something that we have started doing in the sense that we have extended our cloud platform usage by in any form factor. So the earlier form factors we were looking at were private cloud hosted with us, public cloud or any workload running on public cloud, any hybrid cloud workload.

Now we are also extending those workloads to include completely sovereign usage for on-premise customers or co-located customers who want to use our platform where the platform can completely air gap the way the data gets transferred within their whole compute infrastructure.

Now we have been a major partner for NVIDIA in India. We have partnered with Intel and AMD, the other chip makers for a very very long time for the CPU world. So having our own software which we have built over last 10-11 years or 10 or 12 years has enabled us to deliver leading price performance ratio for our solutions.

More recently our strategic partnership with Larsen & Toubro gives us access to the enterprise channel. So these are the some of the things that are really setting us apart in terms of our ability to help with the AI workload. So we started post the major fundraise that we did in the last couple of quarters.

Like we as a company we shifted our focus to make sure that we are servicing the needs of larger customers. Now larger customers come with their own requirements in terms of typically we were working for a long time with customers who were using maybe 16 GPUs, 8 GPUs, 64 GPUs. Larger customers typically tend to go between 64 GPUs to even 512 GPU clusters.

So what we felt over the last couple of months was that yes we are pursuing the larger customers but we are not able to do enough trials for those large customers and that is something that has resulted in us not being able to gain additional MRR. Like MRR has stayed, monthly recurring revenue has stayed constant from December to the March period.

So major reason for that has been that we have been running a lot of trials with larger customers, larger startups both directly as well through our strategic partnership and these are long cycle sales and we felt the need that there is a lot more waiting for us in the pipeline based on all the conversations our team has been having with various parts of the AI ecosystem in India.

And based on the ground level feedback we decided that we need to really build up our capacity for pursuing bigger goals. So we have built additional capacity of 2048 GPUs which is getting rolled out and getting integrated with our platform and we have been a believer in AI/ML infrastructure long before GenAI was cool from 2020 onwards being ahead of the curve and our belief that this is a multi this is at least multi-decade opportunity.

AI is a multi-decade opportunity continues to remain very, very strong and we continue to see ourselves as a supporter of sovereign AI in India, supporting AI startups in India, supporting enterprises, supporting educational institutions. So we see some big opportunities so one opportunity that I described was a Sovereign Cloud Platform.

So where we are working in a market which where it is dominated by two players today both of them – so one of them does about $10 billion of revenue and the license cost is almost 4x to 5x higher than what we are charging for our platform.

And the other player does nearly $2 billion of revenue. Again the license cost is very, very similar on per CPU core basis. So what we feel is that a lot of our customers who were running public cloud workloads with us they also were running a lot of workloads where they didn't want to put those workloads on a public platform where they did not control the entire network completely end-to-end.

So Sovereign Cloud Platform was our answer to having that severity for their data, ability to keep it air gap, ability to work in any kind of regulated and compliant environment with complete vendor independence. So the second thing that we are focusing on this year we your company got a panel as one of the major CloudGPU providers in India AI mission.

Now we feel that next couple of weeks this is going to pick up a lot of steam one of the major demands that is coming through coming into India AI mission from what we have heard is basically again most of that is like public information on India AI mission's website is that they are inviting a lot of applications for people who want to build sovereign LLM for India and we have spoken to quite a few of those applicants and typically we have seen that the requirements run into hundreds to thousands of GPUs for building sovereign LLM and we do hope to get a piece of this action.

In India AI mission like government has allocated a budget of nearly INR4,500 crores for CloudGPU which is 40% subsidy over the overall which means that India AI mission itself

will drive additional demand of AI infrastructure of about INR10,500 crores over next three years. So essentially you're looking at new demand in India AI mission in AI in India to INR400 crores.

So essentially that is also a big part of why we chose to do a rapid capacity expansion as opposed to controlled capacity expansion that we were doing earlier and with access to investment we felt that this is the right time to bet big on our capacity expansion.

Now India is home to largest number of engineers in the world or the very largest number of engineers in the world we are practically talking about three to four million engineers who are currently in engineering colleges or equivalent like MCA or BCA or so what we believe is that AI being the future a very large portion of these engineers would want directly or through their institutions to access AI labs as a service where they are able to learn and do demos on AI and build a career in AI.

So that is also something we have announced very recently we have built a complete product for any student to be able to learn AI and we believe that with a very large student base in the engineering side of 30 to 40 lakh students even if we are able to take 10% of that overall market we are looking at thousands of GPUs being consumed in either of these two things that we have mentioned in AI mission and AI Lab as a Service.

We continue to work very strategically with startups that are working in the AI ecosystem where we are identifying good quality partners for building complete solutions end-to-end solutions where many of the partner startup solutions we will take to the market along with them with a joint go-to market and there we feel that there are large vertical industry segments each of which could be worth couple of thousand GPUs or a couple of hundred billion dollars of revenue every year from a market size perspective.

And we do intend to pursue a couple of these verticals and build our software into these verticals to expand into these markets which are developing very, very rapidly. We have recently strengthened our team in all its aspects to pursue more expansion from a sales point of view where we are building a partnership very rapidly across the ecosystem boards, the major hardware OEM and the chip makers and from a channel perspective, channel which reaches out into multiple sectors.

So we have the team now to be able to start leveraging that and we will continue to leverage our major strategic partnership from one of our major investors to reach out across the globe for selling our Sovereign Cloud Platform. So we have couple of sects into multiple ways into the market where each of the ways. At least even in the Indian market alone we are talking about overall demand of tens of thousands of GPUs.

Now we have built a capacity where the capacity is enough to take us from monthly current revenue of INR11 crores to maybe around INR35 crores to INR40 crores where we are targeting this number to be by end of say March '26 or maybe a quarter here or there and we believe that -- so this is the MRR number which translates into ARR and from a revenue

perspective we do expect to improve our showing next year from whatever current number we have to maybe about 1.5x to 1.7x of that.

Now from a so these are aggressive goals we are setting a very aggressive goal of three times monthly recurring revenue growth and we have robust deal pipelines where we are doing fairly large size POCs many of which are waiting for most of our new capacity to get tested and get deployed for these and we continue to pursue more contracted business compared to on the hour or monthly business.

So hopefully we feel that the time is right for our expansion in the next couple of years and now I would like to hand over our call to our CSO, Megha who will briefly touch upon the financial highlights for the year and the quarter ended March 2025. Over to you, Megha.

Megha Raheja: Thank you, Tarun and good evening everyone. Let me first start by giving you some of the key financial highlights. First I will summarize the performance for Q4 FY '25. For Q4 FY '25 the revenue from operations stood at 335 million which witnessed a growth of 14% on year-on-year basis.

EBITDA margin for the quarter is 40% and PAT margin for the year is 41% for the current quarter as compared to 12% for Q4 '24. The diluted EPS is 8 for current quarter as compared to Q4 '24 which was 2.4. Coming to the financial year ending March '25 the total revenue stood at 1640 million which witnessed a substantial growth of 74% on year-on-year basis.

EBITDA for the year is 967 million which further shows a growth of around 102% on year-on-year basis. EBITDA margin for financial year '25 is 59% which demonstrate a growth of 820 basis points year-on-year basis. PAT is reported as 475 million which showcase growth of 117% year-on-year basis.

PAT margin for the year is 29% and diluted EPS is 27.2% for the year which is around 85% increase Y-on-Y. That concludes the update for the quarter and FY '25 and

Now we can open the floor for question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Yes, sir. Clarification for the opening comment. So, you mentioned the lower utilization with respect to clients. So, that was not clear if you could tell the asset being put but the utilization dropping is a function of?

Tarun Dua: So, basically I was talking about doing a lot of trials and TOCs. So, which means that paid revenue basis we did not pursue greatly, because we were having very limited capacity. So, our goal over last couple of months has been to focus on the customers who can grow very large for us.

So, in that sense we prioritized future growth over today's revenue and we have now done a lot of POCs. We have a lot of POCs waiting from larger customers for us and we feel that like, so

we have built the capacity to cater to those customers that like, we have trialed with and newer customers who want to trial with us and we are seeing quite a robust pipeline of demand for cloud GPUs from us. I hope I am able to answer that question.

Pritesh Chheda: Yes. So, based on that are you saying that your MRR will head INR35 crores to INR40 crores as an exit number for March 26?

Tarun Dua: Yes, around that time we should we are targeting that we should be able to hit that kind of MRR.

Pritesh Chheda: Okay, the other question is how much capex, you will do in FY '26 which is your ongoing and how much capex you will do in FY '27 based on whatever visibility that you have as on date business visibility that you have?

Tarun Dua: I think like, it would be a combination of number of factors. So, infrastructure gets built in waves. So, one is of course we have built a lot of hopper infrastructure where there would be a lot of hopper related demand. At some point of time we will continue to sell hopper. We will obviously look at a reasonable percentage of that hopper platform being filled and when we see that a reasonable percentage of hopper is filled then we will also look at adding a lot more Blackwells into the mix.

So, essentially from the perspective of like, how much capacity to build would be a combination of these two factors where we start seeing the demand for the newer architecture. So, we'll aggregate that demand and then make a conception and immediately invest into that and also we want to have some reasonable amount of utilization on the hopper before we start building out infrastructure on Blackwell.

That is not to say that we will not build any infrastructure on Blackwell we'll obviously to build initially a small portion of Blackwell infrastructure compared to the total we intend to build and with every major generation that comes through we obviously would build additional infrastructure.

I know that's a qualitative answer from a quantitative perspective like, we are very positive that the growth that we have started seeing in the Indian Cloud GPU and GenAI market is sustainable and long term. So, I believe that we could potentially see any large number in terms of like, what's the number of GPU you want to add potentially every generation add at least 2,000 GPUs and each generation is about 30% to 40% higher than the previous generation.

So, if we look at like, say next 2-3 years, we would be targeting anywhere close to 10,000 GPUs plus overall on our platform. Today we are at 3,700. So, anywhere next 2 years we should be to add anywhere between 6,000 or so GPUs maybe even more.

Pritesh Chheda: Okay. And my last question is in your capital work in progress what actually sits in the capital?

Tarun Dua: This is the 2048 GPUs being deployed. So, that is the capital work in progress.

Pritesh Chheda: So, this is 2,000 GPUs. It is [inaudible 26:32].

Tarun Dua: So, we have the delivery it has already been delivered currently these GPUs are being tested on a cluster. These individual GPUs will always work but the clusters before you give them out in production or even for POC to any customers need to be very well tested before you give them out to anyone. So, currently most of these GPUs are undergoing very rigorous tests that are designed by our team, as well as the tests which are recommended by the major hardware OEM.

Pritesh Chheda: Okay. Thank you very much and all the best. Thank you.

Tarun Dua: Thank you.

Moderator: Thank you. Next question is from the line of Keshav from Niveshaay Investment. Please go ahead.

Keshav: Thanks for the opportunity. As you mentioned in the previous quarter, you have given the GPUs for trial. So, your expenses must have gone higher but in the financial statements we are not able to see that. So, could you please give some color on that?

Tarun Dua: So, actually our EBITDA this quarter came down to 40% from 60%. Steady state is of course we intend to get back to 60%. So, more or less the expenses have remained the same but obviously like the GPUs on POCs which are non-revenue or GPUs on trial which are non-revenue, the costs have remained nearly constant over there.

Keshav: Okay. And if you could highlight some like what kind of revenue we can expect from this Sovereign Cloud like how much is the opportunity size that we are seeing?

Tarun Dua: Opportunity size for Sovereign Cloud is very, very large the two major companies working on this one like between the two of them they do about $12 billion of revenue. One of them does $10 billion of revenue. The other one does about $2 billion of revenue. So, from a sizing perspective like Sovereign Cloud and Sovereign AI global market runs into $10 billion.

Now to pursue that obviously we have to do a lot of work in terms of popularizing, introducing, trialing, working with a lot of customers for that, working with a lot of partners for that. So, this year we are not making any prediction on what would be the revenue for Sovereign Cloud platform.

Primarily for revenue we are projecting only the cloud revenue, Cloud GPU revenue based on the amount of capacity that we have built up. So, we are making an estimate based on that which is what we have projected. Sovereign Cloud platform would be over and above that whatever that number is.

So, software sales initially when you bring it out where you say that yes, we have a better tested software that we have operated for last 11 years, where we have solved hundreds of customer problems, where we have solved hundreds of security, performance, reliability problems.

So, yes we do have a better tested platform but then people who buy this kind of a software they have their own set of tests they want to run, they may have additional feature requirements. So, this will definitely take more time. So, it's a long gestation period on this but again it's very, very rewarding.

Keshav: Got it. And sir those customers which were on trial last quarter, so what could be the timeline that you can expect the conversion timeline, if you can guide us on that?

Tarun Dua: We are seeing increased conversion already. So, now the quantum of conversions you cannot predict, but in a quarter but what you can predict is what you feel would get done in next four quarters or six quarters. That's easier to predict than saying what is going to happen next quarter.

Keshav: Now, the customer which were on trial last quarter, so what could be the timeline that we can expect three months, two months or four months, what is the trial period that they generally take?

Tarun Dua: So, I would again once again repeat that look these are long cycle sales where we are asking for a lot of money from the customers we are working with. So, it's not - it's very, very hard to predict when you do the closure you could be doing the closure at the beginning of the quarter, you could be doing the closure at the end of the quarter. A single customer with 128, 256 GPUs makes a massive difference over the MRR.

So, these things are hard to predict in the short term. So, easier to kind of say that okay over a long cycle with a larger number of trial customers on a larger base of GPUs, eventually it would become more and more predictable. So, today again we are looking at a very small base to begin with. We had very small capacity all through till the end of March. We have now built a capacity.

We now have the sales talent and the other talent in the company at the back end to be able to do larger number of POCs and trials. We should expect currently it’s the predictability is over a yearly time cycle. We should expect more predictability as we grow bigger.

Keshav: Got it. And one last question. So, is it any data centric line or is it a work in progress?

Tarun Dua: Sorry, say that again. I didn't understand your question.

Keshav: So, is the Chennai data center live or is it is a work in progress?

Tarun Dua: It's like in almost live state. So, where we are still conducting a few more tests before we go live. Like to go live is still a couple of weeks away, but a lot of work has already been done.

Keshav: Okay. Got it. Thank you. Thank you so much for the opportunity.

Moderator: Thank you. Next question is from the line of Kshitij Saraf from Tusk Investments. Please proceed.

Kshitij Saraf: Hi Tarun. Good evening. Question on the capex deployment. So, we understand that, okay, we are sitting on the cash and we are at the POC. So, how would you time this capex in terms of the POCs you're running and in terms of the deal? So, if you could just give a sense of what the average deal size would be, the kind of clients you're working with?

Tarun Dua: Definitely. So, we have today built a capacity of nearly 3,700 GPUs out of which about 2,300 or so of them are H200s. And this is based on our assessment of what sort of demand cycle we are seeing today. So, based on that, basically the capex deployment plan is that in every GPU, SKU family, like the Hopper family, we will estimate the demand for that family. We'll invest into that.

We'll go and invest into the Blackwells. Then we'll go and invest into the generation after the Blackwells. Every time we want to build a capacity of at least minimally at least 2,000 GPUs. And hopefully next year, we might be talking about maybe do 4,000 GPUs in the next generation.

Kshitij Saraf: Okay. And could you share a flavor on the clientele, the size, what kind of workloads will run, what kind of enterprises are we talking about?

Tarun Dua: Today, it's very, very workload dependent. It's not from what industry, where you're coming from. Typically, we are working with everyone. We are working with higher education and research. We are working with startups. We are working with media and entertainment. We are working with enterprises. So, enterprises include all sorts of enterprises.

So, we are practically working with everyone in our pursuit of AI workloads. And, of course, with the AI mission, we will start working in a very big way with the government as well.

Kshitij Saraf: Okay. And just another quick one. Are you doing joint go-to-market? We've just seen some events where in the L&T Cloudfiniti team and you guys are lining up?

Tarun Dua: L&T is our largest partner. So, obviously, we would be doing a lot of activities jointly with L&T. We also have a lot of other partners who we are already working with. So, these partners include the AI community partners. So, where we are working together with them, where we are doing events for startups, for students, for industry, for enterprises, for government and its higher education ecosystems. So, we are present everywhere where cloud GPUs for AI are required.

Kshitij Saraf: Thank you so much. All the best.

Tarun Dua: Thank you Kshitij.

Moderator: Thank you. Next question is from the line of Aditya Agarwal from Sagun Capital. Please go ahead.

Aditya Agarwal: Thank you. I just wanted to understand the economics of IndiaAI Mission because it looks like we have offered the GPUs at the market at a discount of about 80% of the market rate. And even after the subsidy...

Tarun Dua: That is not true. That is not actually true. So, the street price, the difference between street price and what we have offered to IndiaAI Mission, the difference is about 20%, 25%. So, you can't really compare the MRP of workloads, which are very, very infrequent and compare them with where the workload coming in are in a much higher volume and almost assured workloads like long running workloads.

So, it's two very different platforms. There is no customer acquisition cost. There is no sales and marketing cost. And, of course, when you go through one single generation of a GPU, the beginning of the generation if the GPU is most expensive by the end of the generation, the GPU becomes cheaper.

And the same thing also happens when you are selling the cloud GPU. In the first year, you make more money. Then second year to fifth year, the money stabilizes. Sixth year again, it becomes kind of a slightly lower utilization. But all in all, you're looking at five good years in a GPU. Now, IndiaAI Mission is an outlier in terms of the demand that IndiaAI Mission can do.

We are talking about 3,500 crores of new demand every year. And this is a demand which does not require you to go out, sell to one customer at a time. This is a demand where you don't need to do trials. So, your customer acquisition cost is very, very low. So, reflect all of those savings and maybe some bit more discount with a view to win the bid. Typically, that's how the pricing is done. So, it's not crazy pricing that we have offered that's not the case. It's reasonable, commercially viable pricing that we have offered.

Aditya Agarwal: Okay. Thanks for explaining that. And when do you expect this mission to take off and can we start some good amount of revenue coming in from this?

Tarun Dua: It's already taking off. I think hopefully, in the next couple of weeks, we'll start seeing the workloads and all of this coming through IndiaAI Mission.

Aditya Agarwal: Okay. And you have any expectations about what type of numbers will that be?

Tarun Dua: See, we are talking about some INR3,500 crores of revenue every year. Now, we would obviously go and target minimally about 10% of this revenue. And hopefully, we could even top that 10% to maybe even do maybe potentially 20%. So, let's see how it goes.

Aditya Agarwal: Thank you.

Moderator: Thank you. Next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

Bhavya Gandhi: Hi. Thanks for the opportunity. Tarun sir, my question is regarding the peak revenue that you can generate from the existing set of GPUs, assuming that you don't add any other GPUs, what sort of revenue can you generate total?

Tarun Dua: That would be close to INR40 crores. So, that's why the number of 35, with the view that there would be some percentage which remains unutilized for utilities, etcetera., or for hourly users

to be able to use at any given point of time. So, peak should be all the way up to 40 and reasonable utilization rate of somewhere between 85 to 90 should result in about 35 or so.

Bhavya Gandhi: Okay. And sir for these incremental capex of 6,000 GPUs, basically we are at 3,700 GPUs and you mentioned about a target of 10,000 GPUs. For additional 6,300 GPUs, even if you assume a 45 lakh per GPU cost, that comes to closer to INR2,500 crores to INR3,000 crores of incremental capex. So, how do we intend to fund this?

Tarun Dua: So, obviously, once you start generating cash flows, it opens up the possibilities of using a lot of debt. So, we have used that in the past we have done very well with that. And we'll continue to be very, very aggressive in terms of being able to arrange whatever capital is required for our expansion, either as debt.

Bhavya Gandhi: Okay. And with respect to AI and sovereign cloud, overall, if you were to calculate or separate these businesses, what would be the rough EBITDA margin? I understand there will be some cost savings, but if you were to just separate the entire two verticals, AI Mission and sovereign cloud, what would be the margin range?

Tarun Dua: It would not be very, very far. I think the difference would not be very high.

Bhavya Gandhi: So, with AI Mission and sovereign cloud also, we'll be able to maintain the 60% sort of EBITDA margins?

Tarun Dua: Yes.

Bhavya Gandhi: Okay. And sir is there any seasonality in Q4 because I see other expenses, even last year were high in Q4?

Tarun Dua: I tried to explain that look, we had very, very small amount of capacity also last couple of months. So, yes, that some of that capacity actually went idle, which is what we were able to utilize for doing trials with our larger customers. And the thought process was that immediate revenue is not that super important. What is more important is to build for the future.

So, based on all the conversations and all the trials and the engagements that we have had with a lot of customers, we decided to build the capacity of overall additional 2048 GPUs. And that is definitely the goal. Now, obviously, the costs do not come down because you were at that cost structure, but the revenue was not there to kind of like...

Bhavya Gandhi: Yes. Let me just rephrase this, sir. So, in Q1, Q2, Q3, there was other expense of closer to INR2.3 crores to INR2.9 crores. And in the fourth quarter, it has directly jumped to INR5 crores. And the same period last year, it was INR4 crores. So, just trying to understand what is this variability or volatility in other expenses?

Tarun Dua: So, see we had a very, very small company and a very consistent feedback we got when we met people that, oh, you guys are doing great. Like you guys have great technology, you are able to deliver great services, but how come we never heard about you. So basically, we had to

up our game on the marketing to, obviously, correct this. So, which is what is showing up in terms of higher end on the marketing and even marketing and marketing efforts from our side.

Bhavya Gandhi: Okay. And just last thing on the long cycle customers, what would be the cycle range? Is it a two-year, three-year commitment and what sort of margins? Is it going to be lesser than the historical margins or how are we going to sign this up?

Tarun Dua: No, I think the price and margins would be very, very similar to what we have been doing historically. And typically, we look for yearly renewable contracts, 6-month to 1-year renewable contracts. And mostly, depending on the customer, typically, the 6-month or 1-year contracts do get renewed for the same period again. And we hope for a reasonable lifetime value of 2 years to 3 years with more stable and larger customers.

Bhavya Gandhi: Okay. And sir on the overall demand environment, are we seeing reduced infra spending across India or globe or what is the environment out there?

Tarun Dua: No, infra spend keeps on increasing. So, we have seen that in the cloud in the last 20 years. The amount of compute you can buy with the money, that can increase, especially with newer software and newer SKUs, but the demand continues to remain for everything that has gotten built into the cloud on a continuous basis. So, the cloud always gets utilized. So, that demand is never a problem on the cloud.

Bhavya Gandhi: Fair enough, sir. All the best, sir. All the best to you and the team. Yes, thank you.

Tarun Dua: Thank you.

Moderator: Thank you. Next question is from the line of Harshi Shah from Beas Capital. Please go ahead.

Harshi Shah: Hi, Tarun. Just wanted your broad view on how the update on this L&T partnership is going, impact of gaining enterprise clients and you mentioned marketing. So, all along those lines, how are we placed to get more of an enterprise client and maybe the next 1 years, 2 years, how do you see the mix changing toward these bigger clients?

Tarun Dua: Yes, obviously, the L&T partnership is very, very strategic to us. So, I think L&T brings a lot of capabilities to us, which we have not yet fully started leveraging, which we intend to change over the next couple of months and couple of quarters. Now, it's a very large ecosystem, extends across the globe.

We have been limited to India. So, I think one of the major changes with L&T is automatically being able to kind of pursue more international business, especially for our sovereign cloud platform. Dream big and think big. So think bigger deals, bigger customers, be able to put more towards customer acquisition costs by having a well-qualified sales and pre-sales team and sensing of the overall thought process towards longer and bigger vision.

So, I think that's all some of the things that have changed for us in terms of having partnered with someone as capable as L&T.

Harshi Shah: Understand. And how's the progress on the Chennai data center?

Tarun Dua: Yes, it's almost ready. So, we should go into production mode very, very soon. So, it's up and running already, but we have to flip the switch and say now we can accept production customers. So, that hasn't yet happened, but that will happen very, very soon.

Harshi Shah: Okay, great. Thanks a lot.

Tarun Dua: Yes. Thank you.

Moderator: Thank you. Next question is from the line of Amar Maurya from Lucky Investments. Please proceed.

Amar Maurya: Sir just wanted to understand. Now, you said you have how many H200, how many H100, how many L5s and V5s?

Tarun Dua: They are all mentioned in the presentation. Approximately, we have 700 H100s and nearly 2300, H200s. So, practically, the near latest generation we have nearly 3000 or so GPUs today in the hopper generation.

Amar Maurya: And secondly, this INR626 crores of capital work in progress?

Tarun Dua: That is majorly the 2048 H200s that we procured around end of March and which are going live into production very, very soon. So, they are already up and running in Delhi NCR and they would be flipped over to production soon in Chennai data center as well.

Amar Maurya: Okay. So, basically, in three, four months, in Q1 everything will be capitalized, right?

Tarun Dua: Yes. In Q1, everything will go live.

Amar Maurya: Go live. Got it. And secondly, sir, this IndiaAI mission, we aspire to - what you are saying is targeting a 20% market share?

Tarun Dua: Yes, absolutely. So, over the long term over a three-year period, we are obviously trying to be a major player in the IndiaAI Mission. So, we would definitely try and target somewhere between 20%, 25% of the market share within IndiaAI Mission.

Amar Maurya: So, when you are saying, sir, INR4,500 crores is the spend of the government and you are saying that…

Tarun Dua: That is 40% subsidy. So, overall spend over a three-year period would be INR10,500 crores.

Amar Maurya: Yes. But then, sir, ultimately subsidies, whatever, customer is going to pay that. So, for you, it is a revenue?

Tarun Dua: Yes. For us, the whole thing is revenue absolutely.

Amar Maurya: So, practically, you are talking about a INR900 crores kind of a revenue just from IndiaAI Mission at the peak?

Tarun Dua: It could be possible. Yes.

Amar Maurya: Okay. And you mentioned that sovereign cloud will also have a similar kind of margin profile, what your GPUs have?

Tarun Dua: So, sovereign cloud is practically which is air-gapped cloud for customers who are running it typically on-premise or on their own controlled co-location environment. So, you are practically looking at apart from support, sales, marketing costs. So, essentially, you are looking at 80% to 75% kind of a gross margin profile on sovereign cloud platform.

Amar Maurya: Okay. So, basically, you are saying the majority of that is going to flow to EBITDA. That is what is your understanding here?

Tarun Dua: Yes, absolutely.

Amar Maurya: And according to you, how much scale-up, let's say, in a three-year period of sovereign cloud business can happen to you? Because I believe you are targeting here the government business as well as the global business with the L&T partnership. So, if you can give us a near-term as well as a long-term vision about this particular business?

Tarun Dua: See, long-term, of course, this is a very, very large market. So, even as a small player in a very large market, we are practically looking at even if we capture a couple of percentage points of that market, that could be worth hundreds of billions of dollars. But practically, we can't really start predicting it today. So, we would like to give it some time before we kind of make some sort of predictions around how big it can be.

Amar Maurya: Okay. But early indications like what are the kind of RFPs, what is the range of RFPs you are bidding with L&T in government business?

Tarun Dua: So, they are all sorts of ranges. Typically, of course, any requirements or multi-year requirements. So, essentially, they could range from very small numbers, some INR100 crores to INR2,000 crores. That's the intent that where our software should go along with our partners in larger RFPs that's the goal that we have for us. We'll not talk about what we are doing currently over there.

Amar Maurya: Got it. Thank you.

Moderator: Thank you. Next question is from the line of V. P. Rajesh from Banyan Capital. Please go ahead.

V. P. Rajesh: Hi, thanks for the opportunity. And I just wanted to check, what was the revenue in March 25, like with MRR?

Tarun Dua: That is mentioned in the presentation. It's nearly about INR11 crores or so.

V. P. Rajesh: And did I hear it right that from INR11 crores, it will go to INR40 crores in the next March, March 26?

Tarun Dua: That's the goal.

V. P. Rajesh: Got it. Okay. Thank you. I just wanted to clarify that. Appreciate it. All the best.

Moderator: Thank you. Next question is from the line of Prathamesh Dhiwar from Tiger Asset. Please proceed.

Prathamesh Dhiwar: Sir just if I missed it earlier, I just wanted to know about our TIR platform more. So, as it updates, what sort of incremental MRR it can generate for us?

Tarun Dua: So, TIR is an integrated part of our cloud platform itself. So, it's in a way bundled along with when someone is using any kind of cloud SKU, they have the ability to use the platform with that. So, it does not represent additional revenue on the public cloud platform, but it increases the stickiness of the public cloud platform. It increases the value being produced for a customer on the public cloud platform.

And it allows the customer on a public cloud platform to do more with less amount of time spent and less amount of effort spent.

Prathamesh Dhiwar: Okay, got it. So, it will kind of increase our contract timeline with the customer?

Tarun Dua: So, it increases the stickiness for the customer. So, once they are used to a particular platform. So, it's any major software when you get used to a particular software, you want to continue using that software rather than learning something new. And you build your workflow, like the software becomes a part of your workflow. So, to make making your life easy. So, broadly, that's the value of any software features that we build on our cloud platform.

Prathamesh Dhiwar: Got it. And sir the INR900 crores revenue we're expecting from AI mission, from when are we looking at?

Tarun Dua: Over the next three years, what's the distribution in year one, year two, year three we don't know that yet today.

Prathamesh Dhiwar: Okay. Got it, sir. Thank you so much and all the best.

Moderator: Thank you. Next question is from the line of Neil Munot from Pico Capital. Please proceed.

Neil Munot: Hi, sir. My first question is with respect to what is the current capacity utilization on the existing GPUs, excluding the 2048 H200?

Tarun Dua: Yes, sir. It's total 3,700 GPUs. So, 3,700 minus 2048 is the current capacity on GPUs. That includes multiple generations and multiple queues on the GPUs, starting right from V100, C4, A140GB, A180GB, then L40, L4, L40S, A40 and so on. And A30, a lot of A30s as well.

Neil Munot: Yes. So, what's the capacity utilization there?

Tarun Dua: Capacity utilization, typically we track not on a per GPU or number of GPU basis. So, we track the capacity utilization overall from a perspective of what it can generate. So, if you subtract the 2048 GPUs, then you're looking at maybe sort of like MRR capacity of around,

say, somewhere close to INR16 crores to INR18 crores per month overall, including all the existing GPU storage and GPU capacity.

And including this one, the overall MRR capacity comes close to around INR40 crores. Obviously, subject to variations in terms of what I feel get used by the customers, whether these are hourly, whether these are yearly, whether these are monthly and so on.

Neil Munot: Understood, sir. This was helpful. Also, sir, if...

Moderator: Sorry to interrupt Munot, may we please request you to rejoin the queue for follow up.

Tarun Dua: No, it's just a follow-up. Complete the question, please. Yes. Please, sir, go ahead.

Neil Munot: Just to interpret this correctly, so the remaining 2048 GPUs would get us an MRR of INR22 odd crores. Is that correct?

Tarun Dua: Yes, roughly. Yes, that would be correct.

Neil Munot: Yes. And one last question. With respect to the hourly pricing on the AI Mission, if you could put some color on it?

Tarun Dua: Yes, sir. Like I said that this is reasonably close to the street price. It's not way off. And hourly is a representation of monthly and six-monthly and yearly pricing. So, most customers they don't tend to use hourly pricing at all. Most customers are on monthly or six-monthly or one-yearly pricing. So, basically this is by and large, very similar to the street pricing. It's not very far off.

Neil Munot: So, isn't the current revenue dip in the last two quarters with respect to pricing or the mix seems to be a pricing issue rather than a utilization issue?

Tarun Dua: See, we focused all of our inventory to the future, where we focused not on converting that inventory to immediate revenue with smaller customers. We prioritized doing trials and display our capabilities to the customers who could grow potentially very large. And that is where we spent a lot of our capacity. And so, that decreased the paid revenue basis utilization on our inventory. So, that is the cause of the dip. Like practically, from a price point perspective, I don't see a major challenge over there.

Neil Munot: Okay, sir. Thank you for taking my question.

Moderator: Thank you. Next question is from the line of Gunjan Kabra from Niveshaay Investment. Please proceed.

Gunjan Kabra: Hi, Tarun. Thank you so much for the opportunity. So, from the industry dynamics and adoption, I wanted to understand that the longer-term trend of adoption looks pretty interesting and intact at this. See last quarter, there were trials and this quarter also we witnessed a lot of trials that day. So, where we wanted to convert the customers in a big way you mentioned.

So, just wanted to understand from this first question is what is the percentage growth in terms of new inquiries and trials that we saw basically quarter on quarter? And secondly, from E2E perspective and from the industry perspective in India also, approximately considering the customer base also that we have right now in terms of trials that we are witnessing, where do you think this learning curve will translate from our customer base also and from the industry perspective also will translate into an exponential growth kind of a scenario from overall E2E perspective?

Tarun Dua: Sorry, it's a multi-part question. I don't understand it fully, but I'll try to answer it as best as I can. So, I think broadly, you're asking whether there is demand for GPU, has the demand grown or has the demand come down?

Gunjan Kabra: So from an E2E perspective I wanted to understand what's the number of trials that…

Tarun Dua: I'm talking from an E2E perspective. I am not talking from an overall industry perspective over here. I think we've seen increased demand in terms of number of inquiries and number of conversations that we have been having. The pipeline has been very, very robust and that is the main reason why we decided to build capacity very, very rapidly.

If you remember, we have been talking about why don't we build maybe 256 or 512 GPU clusters like every quarter and then would be change in our strategy and said that, look there is enough demand. We don't need to wait that long. We can go ahead and build 2048 GPU cluster right away.

So, that is our view that the demand is quite robust and see, long sales cycles the conversions, you cannot time them. So, there are certain objectives of every trial that you need to meet and then customers, of course, like larger customers have their own processes. They have multiple stakeholders.

So, these conversations, these conversions in the enterprise side, larger customer side they obviously take time. So, you cannot predict like, okay, what's the sales cycle. So, this is practically we've started working with customers much larger than us or customers who have much larger scale than we have seen in the past, over the last two quarters only.

So, we'll obviously, we are also gaining a lot of experience over there. So, like I said that we do not have immediate predictability, but we are very, very confident that over a yearly cycle or maybe four or five quarter cycle, we are targeting that overall INR35 crores to INR40 crores MRR. So, that's what we are more confident about to be able to say that, okay, do we know what is the measurement of the sales cycle today?

The answer is no. Do we know that when a particular customer will grow from say 8 GPUs to 1,000 GPUs, we don't know the answer to that like so many of the customers are also growing very fast in terms of their utilization of cloud GPUs. And sometimes we ourselves are surprised that, okay, well this customer was doing a couple of lakhs of MRR and now that is already doing say 5 times of that or 10 times of that.

So, these are not super predictable items, but over a longer term on a larger customer base for the capacity that we have built, we are confident that we'll get on with our journey to where we intend to reach.

Gunjan Kabra: Okay. I understood it. Okay. So, thank you so much.

Tarun Dua: All right. Thanks Gunjan.

Gunjan Kabra: Thanks.

Moderator: Thank you. Next question is from the line of Sampath Nayak from ZTO Capital. Please go ahead.

Sampath Nayak: Hi Tarun. How are you doing?

Tarun Dua: Hi Sampath. Yes, please go ahead.

Sampath Nayak: So Tarun, two questions. So you said MRR of INR35 crores to INR40 crores. So it's exclusive of IndiaAI Mission?

Tarun Dua: No, all inclusive.

Sampath Nayak: All inclusive. Okay. And second question on sovereign cloud platform. So in the agreement with the L&T, you had mentioned number of INR30 crores per year, you'll be licensing for INR30 crores and the reseller agreement is for INR35 crores. Can you tell me more about it?

Tarun Dua: So these are the limits - these are the limits for which we have taken the shareholder approval for related party transaction. Now, this is the maximum number for which we have taken the approval. Of course, if we exceed those numbers, we'll obviously go and take larger limit approval from the shareholders, but these are not the numbers which represent revenue today.

Sampath Nayak: Right. So, I mean, are these numbers per megawatt? I mean, INR30 crores licensing revenue?

Tarun Dua: So you can represent. No, the licensing metrics are dependent on the amount of compute capacity. So power is one measure of those. There are other measures also. So the measure that we have with L&T could be different from what we have with other customers.

Sampath Nayak: So also, Tarun, this SAP platform. So this we launched because are we seeing increased trend of repatriation? I mean, the companies are preferring?

Tarun Dua: Absolutely. So there is a very broad and increasing trend of cloud repatriation that we are seeing. And we are seeing a lot of conversations around our sovereign cloud platform.

Sampath Nayak: Okay. So say, I mean, India comes up with 4 gigawatt of capacity next two, three years. So are we in a position to…

Tarun Dua: See every megawatt of compute from a software licensing perspective, although the license terms would not be in terms of power. So every megawatt of compute capacity that gets built

on the private cloud or sovereign cloud side, that represents about anywhere close to $2 million to $3 million of revenue on the software side.

Sampath Nayak: Right. So coming to that, so if India comes up with say 4 gigawatt of data center capacity.

Tarun Dua: Let's say 2 gigawatts of that is not amongst the public cloud, 2 gigawatt is being used by say private cloud, then that represents about $5 billion of software market for infrastructure software.

Sampath Nayak: Right. So are we in a position to capture at least 10% of the market?

Tarun Dua: Like we have already said that this is early days for sovereign cloud platform. So let us wait for a couple of quarters before we are able to have predictability around the sovereign cloud platform.

Sampath Nayak: All right. Okay, Tarun. Thank you so much and all the best.

Tarun Dua: Yes. Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take that as a last question for the day. I would now like to hand the conference over to the management for the closing comments.

Tarun Dua: Yes. So thank you, everyone for attending our conference call we hope we have answered all your questions. In case you have additional questions, please do reach out to us on email ID investors@e2enetworks.com and we will try our best to answer the questions. And thank you, everyone, once again. And have a good day.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you all for joining us. And you may now disconnect your lines.