E2E Networks Limited

Accelerated Cloud Computing Platform
CIN NUMBER - L72900DL2009PLC341980

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November 16, 2023

To,
Corporate Communications Department,
The National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai-400051

Scrip Code/Symbol: E2E

Sub: E2E-Q2 FY24 Earnings Call Transcript

Ref: Information under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") and our earlier communication dated November 08, 2023

Dear Sir/Madam,

In terms of Regulation 30 and Regulation 46 read with Part A of Schedule III of the Listing Regulations, this is to inform you that the Transcript of the Conference Call held on Wednesday, November 15, 2023 with the Analysts/Investors in relation to the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2023 (Q2 FY 23-24), is hereby enclosed and the same is also available on the Company's website.

The transcript can be accessed from the link given below:

https://www.e2enetworks.com/investors/investor-presentations

You are requested to kindly take note of the same.

Thanking You.

Yours Faithfully,
For **E2E Networks Limited**

Tarun Dua

Digitally signed by Tarun Dua
Date: 2023.11.16 19:19:06 +05'30'

Tarun Dua
Managing Director & CEO

Encl: As Above

E2E Networks Limited
Q2 & H1 FY24 Earnings Conference Call
November 15, 2023

Moderator: Ladies and gentlemen good day and welcome to the Q2 FY2024 Earnings Conference Call of E2E Networks Limited hosted by Valorem Advisors.

As a reminder all participant lines will be in the Listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing '*' then '0' on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

Purvangi Jain: Good evening, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of E2E Networks Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the second quarter and first half of the Financial Year 2024.

Before we begin let mention a short cautionary statement. Some of the statements made in today's call may be forward looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now let me introduce you to the Management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Tarun Dua – CEO and Managing Director and Ms. Megha Raheja – Chief Financial Officer.

Without any further delay I request Mr. Tarun Dua to start with his opening remarks. Thank you and over to you sir.

Tarun Dua: Thank you Purvangi and thank you all of you for joining us today. Firstly, let me wish all of you a very Happy Diwali and a Happy New Year. Welcome to our earnings conference call for the second quarter and the first half of financial year 2023-24.

Before we begin with the performance for the second quarter and the first half of the year let me give you a very brief introduction about the company for some of you over here who might be new to the company. E2E Networks was founded in the year 2009 and is today amongst some of the largest public Cloud players in India. We have carved a niche for ourselves by providing Cloud services to businesses across various workloads including artificial intelligence, machine learning, workloads targeting, application developers, enterprise customers trying to run CRM-CRPs and we operate within the infrastructure as a service or IaaS model delivering the Cloud computing, storage solutions for various workloads including databases for load balancing, virtual firewalls and simple queue service, Kubernetes and many other Cloud native platforms. So, we listed on NSE Emerge in 2018 and more recently we transitioned over to the mainboard of NSE in 2022. Over the course of our evolution, we have significantly expanded our customer base and currently we are serving a very robust customer base of over (+3600) active customers. We operate out of data center facilities in Noida and Mumbai. A much more comprehensive list of our product offerings of various types of cloud instances and other cloud services that we provide are also available on our website and our self-service Cloud platform at myaccount.e2enetworks.com.

In the current landscape we have seen an increasingly new workloads in the AI/ML domain and these are completely new workloads which are not replacing the older workloads. These are the workloads that are the workloads of the future. This in itself presents like a substantial opportunity for us to work in an area which is very new and where we are quite at par with our competition in terms of the software and technology that we have built. So, there is an ongoing digital transformation in the entire enterprise and organizational space especially towards the public Cloud. India itself we have seen in some of the recent industry reports that is witnessing a surge in the overall data center capacity, so that is expected to grow by over 10X over next 5 years or so. Now we are very uniquely positioned as an Indian player out of India with leading edge native support for artificial intelligence, machine learning and deep learning workloads from the get go and we have a history of providing very high value solutions compared to their price, so very cost effective and value centric solutions compared to our global hyperscale Cloud players who compete with us. The demand for AI/ML workload is on the rise and that is driven by various sectors including higher education and research. There is also an impetus to this sector for localizing their data because of sectoral regulations and the needs of implementing data protection requirements. The company has offered very competitive pricing in this particular domain and we are very advantageously positioned in terms of price performance ratio and it becomes very attractive for our customers.

So, we anticipate our company to be able to grow anywhere between 40% to 50% over the medium term over next couple of years. The company has successfully transitioned to a self-service model since our IPO and today almost (+80%) of our customer base uses our self-service public Cloud platform. This distinguishes us from our smaller domestic operators and makes us very similar to the global Hyperscale Cloud platform. The self-service model allows the customers flexibility in spending and contributes to the scalability of the product for the customers and increases customer satisfaction. And the self-service model really sets us apart in terms of the Cloud services landscape in India where apart from the MNCs and the MNC hyperscalers nobody else is offering like a complete self-service and billing model to their customers.

During the second quarter of Financial Year 2024, we have launched and made very rapid progress on many new services and features. We have released some of the newer features on our AI/ML platform called Tir which is an workload environment, both for training and inference on AI and ML workloads and this allows customers to run their AI/ML workloads from the get go by simply making sure that they are able to upload the data at the right place and the inference features release of Tir helps in standardized endpoint deployment for the model in a scalable fashion and that allows the customers to save a lot of time. So, we have also released the data set features on our Tir platform with an option to quickly mount the data sets for creating the workloads around those data sets either for training of the models or for delivering the inference. More recently we have also launched the committed node plan on our Tir platform, that allows for customers to be able to cut down their cost by prepaying for longer periods of time. On the Cloud native side E2E container history was launched for customers and that really helps with the Cloud native, Kubernetes and Docker container features. Customers can also clone their existing registries if they are already available with them instead of building new ones. New compliance and security features were launched with additional monitoring capabilities for early modeling of potential telltale signs of intrusions for vulnerabilities and compliance monitoring of the nodes. So on by account or self-service platform, the additional features that were added to the scalable file system products was the ability to snapshot, resize, clone and backup the volumes on the scalable file system.

So, we have broadly explained who we are, what we do today and the kind of innovation we are doing today. Overall, we remain very confident of the overall industry scenario and the positioning of our company in this new scenario of an AI first world and our performance continues to remain very strong currently. Now I would like to handover the call to our CFO Megha to brief you on some of the key financial and operational highlights of the quarter under the review. Over to you Megha.

Megha Raheja: Thank you Tarun and good evening, everyone. I will summarize the performance for Q2. For Q2 financial year of 2024, the company has reported consolidated revenue of INR 21.66 Cr which grew by 31% year-on-year. Our EBITDA stood at around 11 Cr which grew by 35% year-on-year representing an EBITDA margin of 51.85%. Profit after tax, PAT was reported at around INR 6 Cr which is more than doubled year-on-year. The PAT margin was reported at 26.85%.

Now I will come to H1 performance; for H1 of Financial Year 2024, the company reported consolidated revenue of around INR 41 Cr which grew by around 30% year-on-year. Our EBITDA stood at around 21.4 Cr which grew by 37% year-on-year representing an EBITDA margin of

52.7%. PAT, profit after tax was around 13 Cr which we grew by approximately 146 percent year-on-year. The PAT margin is reported at 31.14%. Our revenue growth is a function of consistently increasing the monthly recurring revenue. We continue to maintain healthy operating margins and generate robust cash flow. That concludes the update from the quarter and we can now open the floor for question-and-answer session.

Moderator: Thank you very much ma'am. We will now begin the question-and-answer session. The first question is from the line of Sanika Khemani from Sapphire Capital.

Sanika Khemani: Actually, my question is regarding the profit margin. A lot of it has come from the change in the depreciation policy. So, my question was what kind of PAT margin can we expect after we getting the operating leverage and everything? What kind of depreciation can we expect going ahead like what is the depreciation trajectory?

Tarun Dua: So broadly over the course of time, I can't comment on quarter-on-quarter or year-on-year, broadly over a long term, medium term long term we are targeting 15% to 20% PAT. But I would let Megha answer the questions about the depreciation that you have asked.

Megha Raheja: So we changed the method of depreciation from WDB to SLM from June 2023 and the impact of the same and this new change of depreciation is as per Schedule 2 of Companies Act, the impact of change is also disclosed, for H1 it is around 5.6 crores and for Q2 it is 3 crores.

Moderator: The next question is from the line of Kshitij Saraf from Tusk Investments.

Kshitij Saraf: Just want to know on the H100 chips now coming in, how do you see the margin profile for this business? Is it going to be any different from the traditional workloads you've handled both in terms of at an operating level and at the CAPEX payback level?

Tarun Dua: So, let me try to answer that question in multiple parts. So, the number one part is yes, whenever someone is using say an H100 or like a GPU instance, they would also use many other services over our Cloud platform. So typically, it is hard to predict the blended effect of the margin profile overall for any customer by simply looking at the headline workload that yes, this was primarily an H100 workload. So, this would be the margin profile for the infrastructure being used by this particular customer and so on. Then there is also a lot of impact in terms of how much prepayment a customer has done for 1 year, for 6 months, for 3 months and the total volume bought by a customer. So, whether the customer has a larger volume or whether they purchase a very small volume, so the pricing could vary because of that. But all of that being said the H100 would have a slightly lesser margin by a couple of percentage points compared to an A100 because this is a more expensive GPU. Now that being said it is not uniformly true. In case, a typical customer uses a much larger cluster then potentially the margin could actually be higher than the A1800 as well. Broadly we don't expect it to massively differ from the overall margin profile that we have overall. With the introduction of new workloads based on H100, we don't think there is going to be a massive difference although there is definitely a possibility of a few percentage points of margin being different for some of the headline products. But whether that would actually result in an overall difference to the overall company or not that is very hard to say. I hope I'm able to answer your question.

Kshitij Saraf: Yes absolutely. That's very helpful. And secondly because it's a self-service model and users can opt in and opt out at any time, there is a lot of flexibility for the user. At the same time because the user can drop out at the same time, this would mean a lower sort of lifetime of a customer. However, the growth has been very good and the industry is in an upswing and you're witnessing very robust growth. So how do you sort of navigate this whole piece?

Tarun Dua: We have always maintained that being flexible as a public Cloud is the key for the customers to have the confidence to run and scale their workload on the Cloud platform more easily. So, if we do not offer any flexible options on the other hand, we are also happy to offer longer term contracts to the customers, financial contracts to the customers who want them at a slightly lower price. But the primary mainstay of any public Cloud is obviously the flexible part of the plan. Now that being said typically, we observe that the lifetime value of the customer does not reduce because of offering flexibility. Because of the flexibility the lifetime continues to increase. Now that might just mean that the workload psyche but then across many thousands of customers we have, that kind of evens out at the overall Cloud level.

Moderator: The next question is from the line of Hasmukh Vishariya from SUD Life.

Hasmukh Vishariya: I have a couple of questions. So firstly, if you can give some qualitative data around what would be difference in terms of pricing between our Cloud services versus the other peers?

Tarun Dua: So, the presentation actually mentions a few SKUs around pricing for very similar SKUs on our Cloud platform versus the MNC hyperscalers. So, some of those examples are out there in the main presentation. Typically, the price that we offer varies between say 30%-35% of a similarly priced SKU on a MNC hyperscaler platform and maybe sometimes it all goes all the way up to maybe 50% of that price. But typically, we are about 50% to 60% cheaper overall compared to the large hyperscalers.

Hasmukh Vishariya: If I try to look at a major differentiation for you versus peer, so apart from pricing what are the other factors or features you can call out which would make you differentiate versus peers?

Tarun Dua: What we maintain is that basically, we are building our software to align with the needs of our customers. So, which means that every cycle of our software releases every quarter improves the product market fit for our product and we build and improve on the features that are most used by our customers or most demanded by our customers. Over a period of time that creates its own niche in the category where people who become familiar with our software and kind of expect certain things in our software, they tend to want to continue to use this software over a period of time. So that creates longevity for the customers essentially.

Hasmukh Vishariya: Lastly, so as I understand you might be having or majority of your customers would be into MSMEs. So, if you can highlight what are you doing to get larger clients onto your platform or onto your Cloud platform? So, any strategy behind that?

Tarun Dua: By numbers the majority of our customers are MSMEs and startups. But what we have seen increasingly is that our customer base is driven by the workload rather than by the size of either their company or our company with a view to use our services. We are no longer exclusively focused on MSMEs. So, we have built the features over past 5 years since the IPO where every year, we have seen that larger customers with a larger ARPU are able to utilize our self-service platform to kind of build their production centered Cloud infrastructure on top of our Cloud and they continue to use and increase their usage of our Cloud platform.

Hasmukh Vishariya: So, will it be possible for you to call out what would be top 10 clients revenue share for you, any sense on that?

Tarun Dua: I don't have offhand data about all of these things and of course, if we publish those things then we'll publish them for everyone. Otherwise, if it is generally not available, we'll kind of not put it out over here currently.

Moderator: The next question is from the line of Sanika Khemani from Sapphire Capital.

Sanika Khemani: I just want to understand why are we expecting the drop in the PAT margin in the medium term?

Tarun Dua: Very hard to predict these things. We are not super great at forecasting over the medium term but over the long term I don't see any kind of going down on either EBITDA or the PAT line. I think over a longer term we should be able to maintain those. The reason for that is that basically as we keep building more value into our software, that we are providing to our customers, the newer SKUs with a higher value proposition for our customers would have a significantly better margin profile because there would be a bigger software capability component on each of those SKUs.

Moderator: The next question is from the line of Prateek Chaudhary from Saamarthya Capital.

Prateek Chaudhary: Have there been any price changes in terms of pricing per SKU in the recent past?

Tarun Dua: Typically, we do not change pricing of majority of our SKUs unless there is an **(Inaudible)** (28.35) mismatch. The only SKUs where the pricing changes is typically related to pass through licensing that our customers license through us and over there if the back-end license changes we would change the price of those SKUs accordingly. But typically, once the customer is on an

SKU, they have the assurance that they will have the same price for many years to come. Now typically the pricing on a similar SKU in a newer generation SKU could be different because of the reasons that the underlying hardware was more expensive or less expensive and there would have been additional features which kind of work on the newer SKUs. So, for that reason the newer SKUs would have sufficiently different pricing from the current generation of SKUs. But typically for the same SKUs as much as possible, we try to keep the pricing same for many years to come. That creates a stability in the mind of the customer that yes once I bought something, the price is not going to change unless some real major reason for that happens.

Prateek Chaudhary: Is there any update on any recent development or change in plan for our CAPEX plan for this year?

Tarun Dua: We do not have a plan for aligned with the boundaries of the financial year as such. So, the overall plan to kind of deploy a capacity remains as is basically. So, we have spoken about we are going to overall go and deploy almost like Rs. 150 to 200 crores of hardware over next say 12 months. So, 12 could become 15 but broadly that number remains the same.

Prateek Chaudhary: Are we also looking to raise equity capital for the same or it will be purely debt and internal cash flows?

Tarun Dua: For the current plans, basically debt and internal cash approvals make it possible for us to be able to do that without raising additional equity. That being said in a super short term I don't see us raising equity on a very immediate basis.

Prateek Chaudhary: Because we have now launched this platform and Tir platform, AI platform and our customers will slowly realize its advantages. So, in terms of our asset terms because earlier in your previous call you had spoken about number, the asset turn number being around 0.7. So, does that change in any way or will that have an upward trajectory over the next few quarters or years?

Tarun Dua: Obviously we want it to have an upward trajectory but it will not change quarter-on-quarter that much. So, the long-term view is obviously that as more and more software features start adding a lot more value to the customers, the asset turn would increase. So currently it remains broadly the same as before

Prateek Chaudhary: Which is 0.7?

Tarun Dua: We don't really calculate that number. That is like a post facto number. So, what we calculate is we typically look at the overall payback period of anywhere between 12 to 20 months across the SKUs and that varies very widely. So ultimately what is important is when you look at it post facto and then say okay what was it like looking at the past.

Prateek Chaudhary: Last question. When we look at the nature of these AI workloads for a specific customer, do you see that there's a wide variation in terms of their monthly usage? If we have to talk about one single customer because they train a particular AI model but then after some time does the requirement fluctuate very significantly in different months and quarters for a single customer? Is that how the nature of the AI workload is?

Tarun Dua: Prateek that used to happen a couple of years back where the workload for training customers used to be very versatile. Today what we see is that training has become like a continuous workload. So where typically the customers look forward to having the capacity with them for long term to kind of be able to focus on the task at hand rather than trying to say that optimize, do the training and then exit out of this and then move to inference. So that is no longer the case. People have the requirements of trading continuously these days. Trading has become a much more consistent workload than that was there in the past.

Moderator: The next question is from the line of Dipesh Mehta from Emkay Global.

Dipesh Mehta: I am new to the business, so maybe I try to understand some of the basics. First you indicated about some cost advantage versus hyperscaler for customers as high as 40%-50%. So how it helps us to be so cheaper when some of the hyperscaler has very large scale compared to us and utilization for them would be relatively higher considering con-currency and all those other factors? So, if you can help us understand it. Second point is I think earlier one of the comments, you indicated about medium term growth escalation of 40%-50%. If I look our H1 performance it is lower than that number. So, at lower scale our growth is moderate. So, whether we have step up kind of growth phases where your growth in some phases will be much higher than it moderate for some time. If you can help us understand those kind of tapering off. Third question I missed about the CAPEX number. If I heard it correctly you said 150 crores CAPEX plan for next 12 months, is that number correct?

Tarun Dua: Yes, broadly roughly that is what we plan. But then I'll come back to question one and two as well. So let me start by addressing the CAPEX part. CAPEX is also dependent on the global supply chain. So sometimes you may place an order and then the orders get delayed. So very hard to kind of pin it on exact timelines. But yes, broadly we are looking at that number essentially. So anywhere between 150 to 200 crores of overall CAPEX and this particular cycle lasting about 12 to 15 months. Now coming back to the first question, why we have a cheaper pricing compared to the global hyperscalers. So one is that the major reason for that is that we are not doing everything they are doing. So they want to service a customer spending between $5 to $0.5 billion per month across the globe for every possible workload under the sun. In our case we want to be far more specialized in terms of number one the geography we serve, number two the number of workloads we support and number three the amount of spend that we have on the software development because we are not catering to every possible type of workload at every possible type of scale. So essentially that makes all the difference in terms of our focus on the niche product market fit suiting our customers in a particular geography.

So that actually enables us to have a lower cost structure. Obviously the hyperscalers have the advantage of the scale. They have the advantage of like you mentioned like a higher utilization. So, all that being said, it is possible for a smaller, regular more efficient player to have a lower cost. Now coming back to the second question, yes, the growth guidance that we are providing is for the medium to long term and does not apply to the quarter-on-quarter or half year to half year kind of business that you are looking at. So yes, we have mentioned that before and I would like to mention that before today, that the growth is definitely lumpy. If we look at over the next 5-6 year term we expect to be overall able to do a CAGR of like say 40% to 50%. That's the aspiration that we have.

Dipesh Mehta: Just want to understand. You said we have advantage of some of these payload differences. So, what would be the strength and weakness for us or limitation let me put that better word, in terms of payload what we cater and what we are not catering to? So if you can provide some sense on.

Tarun Dua: We are very focused on the AI/ML workloads today and the infrastructure pieces that we have built are very focused on being able to kind of deliver on the AI enable and training workloads. So that's our focus area and if you look at any typical hyperscaler, they would be focused on doing everything from edge computing, private 5G. The number of workloads in the world out there is unlimited. So, our very specific focus is to make ourselves better for our customers on how to be able to run the AI/ML workloads which is the reason why we have launched our Tir platform which helps our customers do things like faster from the amount of time that people spend on having to configure and use our self-service platform.

Dipesh Mehta: And the second question is about 150 crores CAPEX which you indicated over maybe 18 months period. Now if I look your last year CAPEX it was less than 20 crores, H1 is less than 10 crores CAPEX. So now what you are suggesting in a way you are doing likely to do 7X CAPEX in next 18 months compared to what you spent on FY23. Whether I am comparing right numbers or I'm missing something?

Tarun Dua: What you are missing over here is, the size of the market opportunity that we are foreseeing over here. So basically, our CAPEX plan reflects the reality of the market today that there is an expected demand of that scale happening. So, we want to ensure that we are able to cater to that demand while being flexible and nimble. So, which means that if we see that demand taper before we have committed to spend that money, we can obviously scale that down. So, it's a very optimistic expectation from our side that yes, we do see that if that optimism comes to the pass, we should be able to kind of do that kind of CAPEX.

Dipesh Mehta: And let's first assume 150 crores CAPEX is likely to materialize in next 18 months. Then what will be the potential revenue maybe we can realize over next 24 months once the CAPEX incurs?

Tarun Dua: We talk in terms of ARR. ARR is like basically a 12 month projection of MRR. So essentially if we make say 200 crores of overall CAPEX, then that should result in an additional ARR of 120 to 140 crores over and above our investing revenue. ARR would directly translated to revenue, it translates to future revenue always.

Dipesh Mehta: If I look over ARR and current revenue what will be the gap between these two numbers at this point of time?

Tarun Dua: So, if you look at the presentation like you can derive the ARR from the MRR that is mentioned for the September month. So, multiply that by 12 and you get the ARR. So ARR would always be like a leading figure leading indicator.

Dipesh Mehta: No that I understood. So, your revenue for H1 was 41 crores. If I look your September number it is roughly around 7 crores. So, if I do 7X6, we get 42 crores. So that's how one should look at it when you are doing this arithmetic.

Tarun Dua: Sorry say that again please.

Dipesh Mehta: If I look your H1 FY 24 revenue it is 41 crores. Now that is 6 months forward. So, in a way if I do only September month ARR that it matches with the number.

Tarun Dua: The devil lies in the details. I think you have rounded off 7.2 to 7. So, 7.2 results in an ARR of 86.4 crores and obviously 7 crores leads to an ARR of 84 crores absolutely. So that is like a bit of gap. So that gap can increase when your MRR growth is higher obviously.

Dipesh Mehta: Last which is related to the question which I said, your current growth is slightly lower than your expectation of 40%-50% over medium term. When you are relatively smaller my expectation was growth would be relatively higher and when you have a scale, it should moderate. So what extent is divergence if you can help us understand?

Tarun Dua: The capacity build out on infrastructure side takes time and obviously there have been delays in the overall global supply chain for the primary products that we buy. So that is the major explanation for the lag between kind of like capacity creation and obviously like post capacity creation you need to kind of go through the entire sales cycle. So, all of that takes time essentially.

Dipesh Mehta: So, this one 150-200 which is 18 months' time period which we envisage, whether all the orders are placed or how one should think about it?

Tarun Dua: No, not all the orders are not placed. So basically, we also stagger our orders. So typically, what we do is we place an order, get the delivery then place another order after the first delivery has been received. So sometimes there can be a bit more overlap where we say that 'okay' speculatively we would place more orders even before receiving the delivery but that happens rarely.

Dipesh Mehta: So, whether we are fully funded for this 100 and 200 crores capital investment plan or we may require some kind of funding?

Tarun Dua: No, this we can do like 150 to 200 overall infrastructure CAPEX expenditure. We can fund it through debt and internal expense.

Moderator: The next question is from the line of Prateek Chaudhary from Saamartha Capital.

Prateek Chaudhary: You just said that the 150 to 200 crores spend that we are planning, out of this only some part we have already given in as orders to our suppliers. What would that percentage roughly be?

Tarun Dua: Broadly about 30%. 30% to 35%.

Prateek Chaudhary: Is the order you've already given for our expected CAPEX?

Tarun Dua: Yes.

Prateek Chaudhary: And you were saying something, I cut you in between.

Tarun Dua: No please go ahead.

Prateek Chaudhary: Whenever we get this delivery and then for the next set of order would we be much behind as far as. Because the queue with the suppliers for the Indian geography must have filled up beyond what the supplier can fulfill. So, would that materially impact our chances of getting the next set of orders whenever we put in that order after we get the first order?

Tarun Dua: You can only plan ahead. Basically, you can't predict what would happen. So, we can plan as well as we can. Now multiple things could happen. Your overall sales cycle could delay contributing to generating the entire amount of ARR from what you already have by the time the next order comes in or you could be waiting on that order and you have customers in the queue waiting for you to kind of fulfill the demand. So, it is very hard to predict these things but it's all about kind of being there and kind of doing it in the way where you feel that 'okay' this is the best source of action for the company.

Prateek Chaudhary: And what is the sales cycle as of now in terms of, would you have complete deployment as a full utilization of your equipment from day one?

Tarun Dua: That never happens. So, there is always a time to inform the customers that yes you have the capability to deliver something. Then second part is obviously the customers would take a bit of time to kind of do a proof of concept to kind of start using it. So overall we've always picked up something like a 6 months cycle from the day you have put up a deployment to where you see the significant uptake from that deployment. That's like a 6 month period. The entire uptake could very well be like anywhere between 5 to 12 months as well.

Prateek Chaudhary: Since we were hearing a lot about very major shortages in H100 and kind of SKUs and we were hearing that a lot of these have been prebooked. Is that not the case with you as well? Have your clients not prebooked the 30% order that you have already given to your suppliers?

Tarun Dua: Typically, the first people who are placing the order for all the bigger Cloud kind of operations. So, it is in a way like a projected demand from the customer. So, I think somebody asked the question that last year you spent X amount on infra. This year you are spending about 7X or 8X or that's the plan to spend about 7X or 8X. So, it's similar everywhere in a way where you are obviously looking at the overall demand in the market. Now overall demand in the market doesn't mean that the sales cycle is going to get shortened. You still need to kind of get a customer to do a proof of concept for them to see that yes, they are getting the value out of something. So that cycle will not shorten, you may be able to do many more customers over that set of PoCs essentially. You see my point, right? If yesterday you had smaller amount of capacity, you were able to do a lower number of PoCs but it would take a certain amount of number of weeks or months to kind of get the customer onboarded onto production where they start paying for it. Today if you have built more capacity, you are again doing additional larger number of PoCs. But the amount of time it organically takes the customer to kind of try your services, convince themselves that the proof of concept is successful after looking at the numbers of performance and outcomes that they were expecting going into production on that, that cycle itself they're still there.

Prateek Chaudhary: Last question for this 30%-35% order that you've already placed, in your rough estimation in how many months do you expect to take delivery of the same roughly?

Tarun Dua: I think in this quarter itself, out of the 30%-35% about 70%-75% should come in within this quarter itself.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Over to you.

Tarun Dua: Thank you everyone for participating in this earnings call if you have any further questions. If you would like to know anything more about the company, please do reach out to our investor relations managers at Valorem Advisors. Thank you once for everyone and a good day to everyone.

Moderator: Thank you, members of the management. Ladies and gentlemen on behalf of E2E Networks Limited that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.