



“Netweb Technologies India Limited Conference Call”

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MODERATOR: **MR. HARDIK RAWAT – IIFL CAPITAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Conference Call of Netweb Technologies.

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 call, please signal an operator by pressing "*" then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Hardik Rawat of IIFL Capital Services. Thank you. And over to you, Sir.

Hardik Rawat: Thanks Reyo. Good afternoon, everyone. On behalf of IIFL Capital, I welcome everyone to the Netweb Technologies Conference Call.

We have the pleasure of having with us the Senior Management Team of Netweb Technologies led by CMD – Mr. Sanjay Lodha; CFO – Mr. Ankit Kumar Singhal; Whole-Time Director – Mr. Navin Lodha; Chief Sales & Marketing Officer – Hirdey Vikram and Head of Uirtus Advisors – the IR advising firm to Netweb Technologies, Mr. Sanjeev Sancheti.

Without further delay, I would like to hand over the floor now to Mr. Sanjay Lodha, post which we will have the Q&A session.

Over to you, Sir.

Sanjay Lodha: Thank you, Hardik. Good afternoon everyone. Thank you for joining us today. I would like to take this opportunity to address the “Recent Global Developments” surrounding the emergence of DeepSeek, the new AI Large Language Model Platform and provide clarity on its potential impact on Netweb’s growth trajectory.

As a leader in High-End Computing, with AI as an important vertical, we view the emergence of DeepSeek as a significant opportunity for our business growth.

This perspective is grounded on the “Three Key Factors”:

1. **Market expansion** – DeepSeek paves the way for inclusive AI adoption, expanding the market further by lowering the cost barriers associated with advanced technology. It enables a wider range of customers previously hesitant due to the high adoption cost to access and utilize appropriate computing resources. This empowers them to leverage AI effectively to address the business challenges driving greater demand for our solutions.
2. **GPU Neutral Solutions** – Netweb’s AI Solutions portfolio is designed to provide multi-GPU/APU Platform that cater to both inference and training architectures. Our offerings include hardware, middleware and utilities that seamlessly integrate with end use application like DeepSeek. As such, performance acceleration enabled by platforms like DeepSeek will drive greater adoption of our solution.

- 3. Government and Enterprise Adoption** – The 3rd and critically important factor is the adoption of platforms like DeepSeek aligns with the interest of the local governments and enterprise. This will accelerate the development of similar platforms within India. The Indian Government current AI policies explicitly emphasize developing indigenous large language models and domain specific AI models as a key pillar. This focus is aimed at harnessing global technology disruptions, which will further propel India's AI driven efforts and investments. In fact, such disruptions will only hasten India's commitment to advancing its AI initiative and allocating resources towards this transformative technology. These factors clearly demonstrate that evolving platforms and technologies will significantly boost the adoption of our AI solutions, reaffirming ample growth potential. These developments align seamlessly with our product and solution design strategies. As a result, we do not view this advancement as a threat to our business. Rather, we see them as a catalyst for future growth and innovation.

Netweb's Fundamental and Growth Momentum:

The Netweb's fundamentals remain robust, both technologically and financially. This is reflected in our consistent growth over the last two years. We consistently achieved strong year-on-year growth. In Financial Year '24, our revenue from operations increased over 62% and in Nine-Month Financial Year '25 it grew by more than 60% on significantly higher base. This demonstrates our ability to sustain robust growth momentum even as we scale.

Strong Order Topline:

Our order book stands at 3,603 million with L1 at 3,481 million and a pipeline of 38,149 million as on December 31st, 2024. Our R&D driven in-house design and manufacturing capabilities enable us to produce technology agnostic world class compute platform. With a strong business pipeline, continuous enhancement of our capabilities and ongoing product expansion, we are strategically positioned for sustained growth while preserving our leadership in technology.

Our road map for future growth is guided by the following three key pillars:

- 1. Curated Product Lines** – Our product line that designed to be resilient against sudden disruptions, which each line offering robust growth potential, our business model is dependent on these three growth pillars like HPC is representing over 30% of our revenue, Private Cloud and SCI contributing over 30% of our revenue, and AI systems is accounting for more than 14% of our revenue. The growth driving technology with these product lines provides ample headroom for continued expansion and a clear road map for coming years. Our products and solutions are strategically positioned in the market, becoming the preferred alternatives to many globally recognized technology platforms for customers' high-end data center and computational needs. Thanks to our continuous product innovation and competitive pricing, we are confident our offerings will drive significant disruptions in the technology space in the years ahead.

2. **Minimal CAPEX Requirements** – Following the completion of our recent capability enhancement, our capital expenditure requirement to support near-term growth will be minimal. This will go a long way in ensuring that we continue to maintain strong return ratios. Netweb distinguishes itself as a leading technology OEM with a unique market position.

Thank you.

Moderator: Shall we begin with the Question-and-Answer Session?

Hardik Rawat: Yes.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask questions may press “*” and “1” on the touchtone telephone. If you wish to remove yourself from the question queue, you may press “*” and “2”. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from Aditya Moona from Yes Securities. Please go ahead.

Aditya Moona: Hi, good afternoon. My first question was regarding DeepSeek, we have seen that DeepSeek is showing a rapid growth, signaling a shift in the AI industry dynamics, especially towards the lower trading costs. How do we as a company, position ourselves in this environment to have a much more positive impact?

Management: So, hi, thanks for question. So, just to answer that, DeepSeek is ultimately, it is a user application in the form of an LLM platform and such platforms are ultimately enabling the solutions which we provide by creating a possibility of accelerated computation. As such, it is not leaving any negative impact over our business prospects, number one. Secondly, it is only helping us to accelerate the performance of our platforms because the platforms, what we provide or solutions we provide, this comprises of hardware and the middleware and the utilities which sit over above that and after that only the user applications come, so whatever acceleration we can see through DeepSeek, that can be utilized by us, while delivering performance through our solution. So, that way it has gotten positive impact only on our solutions.

Aditya Moona: So, just a follow up on that. So, in terms of that, do we feel that we have to readjust our AI aspects towards the R&D aspects or the product portfolio?

Management: No, actually. I said that the solutions what we design, the product which we manufacture, so that has got support for all the architecture based on all the different designs. It comprises of low-end GPUs, mid-range GPUs and even high-end GPUs also. And the same goes with even APUs also. So, from that perspective, if DeepSeek is an application utilizes low-end GPUs, let us say for reference then that can also straight away be used by our customers who wish to basically

use DeepSeek or a similar platform in case of our solution. So, we don't need to make any change to our architecture. Our architecture very well accommodates not just DeepSeek, but even similar platforms as well.

Aditya Moona: So, no matter what the platform of this, basically whether it is a middleware hardware, your product will be adaptable to whether it is DeepSeek model or AI which model?

Management: Our solutions are already designed as for those architectures as well.

Aditya Moona: Thank you very much. I will join back the key if I have any more questions.

Management: Thank you.

Moderator: Thank you. Next question is from Chirag Khasgiwala from Neo Asset Management. Please go ahead.

Chirag Khasgiwala: Hi, so a couple of questions. One is, there is a lot of news flows going around that with the DeepSeek coming in, the demand for data centers will go down significantly. So, what is your view on that? If that happens then what could be the impact on your demand? And secondly, you have tie up with NVIDIA, now DeepSeek has shown that the AI LLM can be built up without using NVIDIA chips. I don't know how correct, that statement, but assuming if that is correct, so what happens to your tie up with NVIDIA? Does it become irrelevant, how soon you will be able to shift your servers and all from the technology provided by NVIDIA, then to the technology which has been used by DeepSeek and all?

Sanjay Lodha: So, basically, I would like to unfortunately, the answer to both your questions is no actually. Basically, first is that that you say the data center demand will go down, I strongly oppose this actually that data center demand will not go down. Data center demand will go up rather because basically what is DeepSeek doing. DeepSeek is helping so as to basically train the models faster, so more and more models will get trained. So, basically, I personally feel is that and I think that is the industry view also, data center demand is nowhere going to go down, it is going to go up only. So, that is to answer you number one. The number two is that that basically DeepSeek is doing without NVIDIA. I think you need to check it very clearly. DeepSeek is also using GPUs and just not which basically primary they are using NVIDIA GPUs, but basically they can be done even without, but it cannot be done without GPUs. So, DeepSeek is they have not developed some GPUs or something, it is primarily LLM model which is more efficient and basically designed in such a way that it runs on a lower GPU power actually. But primarily it cannot be done without GPUs. The entire model is based on NVIDIA GPUs only which they have tried to do actually, so this will not delight the demand away from NVIDIA. Rather what happens is that this will make adoption of what we have been, which I covered in my opening remarks also like basically this will make AI more affordable. So, basically more and more application, more and more users will like to basically train their models and take use of and take make use of AI. It is democratizing the entire AI infrastructure. So, primarily this will derive

demand in a big way and you see in that direction only the India government yesterday also had great announcement wherein basically the India Government is trying to work on India's own LLMs actually. So, all the countries, everybody will try to work on their own LLMs which will be efficient and that will be the total cost of deploying these LLMs will go down. So, basically, the more adoption will happen and hence we feel this is a great demand basically generator rather than demand killer.

Chirag Khasgiwala: Thank you.

Moderator: Thank you. The next question is from Manish Choraghe from KJMC Capital. Please go ahead.

Manish Choraghe: Hello. Good afternoon, sir. So, recently, we just saw the announcement of Cabinet Minister, Mr. Ashwini Vaishnaw about the India Zone AI mission for which they have allocated Rs. 10,000 crores of budget and daily procuring more than 10,000 GPUs. They have also impaneled few domestic companies so NetWeb is directly or indirectly is getting any benefit from them or do we see any opportunity there for the growth?

Sanjay Lodha: So, see just to share with you, the current RFP which they have floated there is basically an interim arrangement for the empanelment of cloud service providers to basically provide GPU cycles available through cloud. So, that is basically, you can say that they are trying to use the available resources by means of a cloud. So, that is quite a stopgap arrangement, which you can see, and the actual requirement or the actual infra which government of India is trying to build, that is a separate one. So, we are focused around that and definitely you can see in coming quarters the actions around that. So, absolutely, the opportunity is definitely ahead us and we are focusing on that.

Manish Choraghe: Thank you.

Moderator: Thank you. Next question is from CA Garvit Goyal from Nvest Analytics. Please go ahead.

CA Garvit Goyal: Hi, good afternoon. Am I audible?

Sanjay Lodha: Yes.

CA Garvit Goyal: Yes, sir. Sir, you mentioned like DeepSeek is using a low-end GPUs right, and they are also using NVIDIA chips only. So, I want to understand like what is the difference between low-end GPU and high-end GPU? Isn't going to affect us anyway in financial terms like in terms of margins or anything like that that is one? And secondly, you mentioned like India is also working on their own LLM and like other countries will also do it. All these are going to procure the GPU from NVIDIA only with which we are having the tie up?

Sanjay Lodha: So, basically to answer your question, basically high-end GPUs and low-end GPUs actually what is happening is basically DeepSeek has basically made the models more efficient. So, they are

still using NVIDIA GPUs, but basically those products can be run, not on the top grade model of the GPUs, even on the basically the GPU which are #2 or #3 in the range also. Even they can also perform the task because you understand that necessity is mother of invention. If basically because there is a Chinese company and they were denied GPUs that is the reason they made their LLMs more efficient, so definitely it is running on NVIDIA. They have not developed their own GPUs or something. It is primarily running on the GPUs which have been manufactured only. So, basically the LLMs have become more efficient, so they can run on the high-end GPUs and even result faster. They can run on slightly lower GPUs also and still provide you the result. So, that exactly is the meaning of that and as regard, basically the business of margin is concerned, what we personally feel is that it has got a positive impact on us because please understand the technology becomes more affordable, so more and more use basically of because we are not manufacturers of GPU. GPUs we have to buy from NVIDIA from different OEMs. Actually, we are vendor agnostic in that case. So, what we do is that basically the demand for GPU based systems for such kind of basically LLM training and all will increase and this will further fuel the inferencing demand. So, I think this is basically a great India moment wherein they see government as also understood wherein basically such demand will really go higher.

CA Garvit Goyal: For low-end GPUs, and high-end GPUs, there is no difference in the pricing is what you are saying?

Sanjay Lodha: No, I never said that. They can be difference in pricing, but adoption will increase. Basically, like if you are running a model on basically IH100 and you are running a model on a low-end GPU, definitely IH100 will perform better and faster, but you may not need that kind of fastness, so you may need lower number of GPUs, maybe for the training. So, that will reduce your cost or if you are using the lower GPUs also, basically your total cost of the infrastructure will go down, but the infrastructure which has been used currently will multiply. Please understand that that more and more applications will clearly try to take advantage of this and try to do it.

CA Garvit Goyal: Understood, so right now like the arrangement that we have with NVIDIA is we are procuring the chips from them, so the cost of those chips will get reduced and we are integrating those chips with our systems and then we are supplying to our end customers, is that understanding correct?

Sanjay Lodha: I will not say that the cost of the chips will reduce because NVIDIA has not yet decided to reduce the cost of the chips at all, but we were still supporting all the chips from NVIDIA and we will keep on supporting all the chips for NVIDIA. So, basically, previously we were selling 100 chips, we will be selling maybe 500 chips to explain you in very simple language.

CA Garvit Goyal: Understood. That is fine. I will join back the queue.

Moderator: Thank you. Next question is from Lakshya Aggarwal from **Growth Tree Ventures**. Please go ahead.

Lakshya Aggarwal: Hello, sir. So, I just wanted to understand that due to the recent developments, the amount of compute required for training would reduce as we would not be requiring like high amounts of data to train the model. But likewise, inference compute would also increase, but do you feel that due to these companies, like our customers, they would be investing less on the infra as of now because they were investing more but will slow down their decision making and accordingly we could see some slow growth in our order book, at least in the shorter to medium term?

Management: So, see, basically, just we explained this a minute back also that basically the requirement is not going to get killed with such kind of LLM applications or any other application. Such platforms will only enable set of users who basically want to focus on certain type of workloads, for example, DeepSeek is largely oriented around FPA kind of workloads and all. So, they will focus on that. So, this will basically help the users to adopt AI in a bigger way. So, those who are basically sitting on the fence and they were not finding an option to basically, utilize AI as in technology, they will also start using it now. This is not killing the opportunity of taking away the opportunity, that is one. And second is that for those applications where the need of workloads do require higher-end GPUs and they require higher precision as well for the processing of data, they will have to still use high-end GPUs only. So, both the cases are completely different, whereas with the help of DeepSeek etc., it will help users to adopt AI in an easier way. So, you will rather find that those who were not earlier using it, they will also start coming to that bracket wherein they will start using AI. So, this is only going to increase the demand nowhere, basically taking away the opportunity.

Sanjay Lodha: And as you know basically, our business is split into three major pillars of verticals. One is the HPC that is around 30%-35% of business, 30%-35% of the business is Private Cloud and HCI, around 14%-15% business is AI systems, and we have very categorically clearly mentioned that this 15% will become maybe 20% in next maybe one or two years. So, that is the kind of growth which we are seeing on that. Since we are a company which is growing at 30%-35% CAGR year-on-year, so all the segments are growing for us. So, we personally feel this will rather boost our growth and anyway not hamper our growth.

Lakshya Aggarwal: Correct, I did understand that. Actually, I was asking from a short to medium term basis because I do understand that in the longer term, obviously we will be having more traction and it will just increase our demand, but okay and secondly, I missed on the order book. If you could again repeat that, what is the current order book size and how does the pipeline look like?

Sanjay Lodha: So, basically, as I have been mentioning, since we got listed for 7 quarters that the first thing is that our order book is Rs. 360 crores as on 31st December, and basically it was around the similar number last quarter also. So, but basically please understand that. The order book will look to you same, but it is completely building for us, because the order book got 80% rebuilt because our order book gets invoice within 8-12 weeks. So, what happens is that if there is an order that will definitely get built in 8-12 weeks, so the new orders will come in and they will be there, so order book is really we are not, because once the order comes, we consider it sold actually really

speaking. So, for us, what matters is that for our forecasting and all, we use a funnel, and we have a funnel of around Rs. 3,800 crores which will suffice us for around 1 year to 18 months and with the convergent ratio of 60%. So, we will be seeing growth in that and we are very confident that basically that is the reason we have presented the seventh quarter result and we have shown consistent growth actually and whatever we have committed we have over delivered and we will continue to do that.

Lakshya Aggarwal: Understood. So, thank you, all the best.

Sanjay Lodha: Thank you.

Moderator: Thank you. Next question is from Nitij Mangal from Jefferies. Please go ahead.

Nitij Mangal: Hello, Sanjay, thanks for taking my question. One, can you talk a little bit about how the lead times on various steps, especially on the NVIDIA GPUs? And secondly, when you look at your overall hardware bill of material, is it possible to roughly split that across various companies? How much in NVIDIA, how much are other companies? Thank you.

Sanjay Lodha: Yes. So, basically, as the lead time is concerned, basically we don't get much in because since we are a OEM partner with NVIDIA, they have our forecast and even in the most crisis period also, we are getting good support from NVIDIA and since we are the only basically a design and OEM partner for them in this reason, we get adequate amount of support from them. So, we don't have any particularly as regards lead time we get it as per plan. We don't have much challenges in that. As regards basically split around because our major technology providers, I can tell you, is Intel, NVIDIA, AMD, Seagate and Samsung, but basically components come from various companies, various people. It is very difficult to basically distribute and segregate who are the basically in terms of what kind of revenue, what kind of we generate for each of them, but all our direct relationships and basically different types since we manufactured design and manufacture our boards and everything, so and we have 8500 components on one of the motherboard itself. So, basically, it is really a huge list which is there.

Nitij Mangal: Thanks. Just one follow up on the first one, at an industry level, are there reduction in lead times or the wait times are still pretty long?

Sanjay Lodha: Actually, for us, basically, I really personally feel is that wait time for what we were getting earlier, it is almost all similar for us. It has little bit you can see it can be on reducing cycle only, but as I mentioned to you, it has not impacted me when it was impacting the world also at that point of time for the crisis. That time also we had good support that was reflecting for revenues also and I don't think delivery basically has been a challenge or will be a challenge for us as regards chips are concerned, because please understand we are not into the volume manufacturing, we are not manufacturing basically, we are not into contract manufacturer or volume manufacturing. We are basically high-end computer manufacturer. So, basically our demand is well planned. We have complete basically product which are listed, which we have

designed, which we have to manufacture. So, we have a very good purchase mechanism wherein the forecasting and everything is done accordingly. So, we don't really have to bother much about the lead times.

Nitij Mangal: And just one more thing, if you have some assessment of this, so when you are selling your systems or at an industry level in India, how much of the compute you think is really going into training activities versus inferencing activities?

Management: Currently, the major demand which is coming is from the training side only and I think slowly the inference side of the market is also catching up and that is the reason we were clearly saying that the adoption of such algorithms will ultimately lead to inference in the market also, become bigger in the coming time.

Nitij Mangal: Thank you. Thanks for taking my questions.

Moderator: Thank you. The next question is from Hardik Rawat from IIFL Capital Services. Please go ahead.

Hardik Rawat: Thanks for the opportunity, Sanjayji, firstly, the understanding that we have currently is that out of the total topline that we have today, roughly 15% coming from the AI enterprise workstations vertical, our current exposure to LLM as a business should be less than 5%. Is that understanding correct?

Sanjay Lodha: Yes, actually, really speaking, only LLM is the basically business would be around 4%-5%, not more than that in any case because the GPUs are not only used for LLM. GPUs are being used for various kind of things, various applications, even HPC, even Arawa, if you see today the Arawa is one of the fastest supercomputers in the country. They have a queue for more than 6 months actually for application users who are really waiting to get time on that and they are not running on the LLMs actually. So, LLM is the value as you rightly said 4%-5% is a good number.

Hardik Rawat: Got it. And since we are envisaging a better growth rate for the AI enterprise workstations vertical versus other verticals, which is leading to the share increase from 15%-20%, what is the extent of LLM led growth that we were factoring in when we were estimating this increase in share?

Sanjay Lodha: I think basically it was very marginal, maybe 7%, maybe 5% may become 7%, 7.5%. It is not really basically LLM related one plus again it depends. As the government is putting focus, I am seeing more growth now because basically what after hearing yesterday, whatever Ashwini Vaishnaw he has mentioned that basically the India LLM, they will get lot of traction and all. So, I think basically in what we were envisioning was around, I think maybe 5% will become 7%, 7.5%-8% at the most.

Hardik Rawat: Got it, sir. One last question was with regards to the outlook. Like you mentioned, with the DeepSeek thing coming in, the CAPEX cost for developing an LLM has reduced substantially considering if people are able to build more efficient models. Are you seeing anything on the ground in India as well, people looking to deliver, like setting aside the announcement that was made yesterday by the IT Minister, but apart from that, private enterprises getting into action of probably developing more efficient models, using the limited resources at hand and some demand from there, are you seeing that on ground?

Management: See, even currently if you see, even the policy also clearly creates or shows this as one of the pillar of the mission. So, definitely, LLM development not just only for PSUs, even for government enterprises, even for the private enterprises also, this is going to happen, but yes, it largely depends that who really want to basically take an advantage of it. It also depends on the workloads of each and every vertical of the market. So, it is not something that every organization is going to start, straight away start working on LLMs. This is something will be largely be need dependent. So, I think that is how the adoption is going to happen. And as we already mentioned that usage of AI is not only going to remain dependent on the LLM part, there are many other workloads also, for example, there are scientific codes also available, there are high precision workloads also available wherein FP64 kind of workloads are there, so we cannot just discount that set of the market also which is there with the existing enterprise or the government enterprises also. So, that is how it is going to progress. As we mentioned that adoption of LLMs will only be adding what we foresee is that making the market for us for example from 5%-7% that kind of adoption is what we are seeing.

Hardik Rawat: Got it. That is helpful. Thanks for that. Thanks team. I will get back in the queue.

Moderator: Thank you. Next question is from Akshay from CD Integrated Services. Please go ahead.

Akshay: Hello, sir. Am I audible?

Sanjay Lodha: Yes.

Akshay: Sir, my question is more on the fundamental side, like, for example some companies using some legacy products or the older system and now they have started using our system like our Tyrone range of products, then what are the better yield companies can generate, and can you give some practical example like after using our system whether it is because of the faster speed or large huge workload or something like that? Can you give some practical example?

Management: So, practical example, just to share with you that overall, if you see the way we serve these solutions, it is basically a very good amalgamation of the hardware, the middleware and the utilities. And the advantage which we deliver is basically in terms of on one hand the performance acceleration, second is the ease of usage of the entire solution, so the customers who buys our solution, they basically look at us from these two perspectives. So, practically, if you see you talk about any application, be it related to private cloud or related to supercomputing,

the best way we serve the customers and that is for which they look up to us is on one hand the complete solution end to end design with a seamless architecture coming from us, second the acceleration in the performance which we deliver by means of our architecture. So, that goes with all the applications whether you are looking at complete private cloud kind of architecture of the scientific application to be used in a supercomputing environment.

Akshay: Sir, how different are we from the other OEMs like Dell and HP? So, they might also be using the NVIDIA chips and the high-end chips, so how different are we? Are we more customizable or something like that in a work front?

Sanjay Lodha: So, basically, we are very focused. We don't target basically normal run rate servers or those kind of things. We are not box pushers, please understand. These are box pushers, actually. Their margins will be in single digit, our margins are much better than them. So, basically because of value addition, we bring on the table as because the solution. The design is more focused and more optimized. That is one. The second is that what Hirday mentioned is we have our own software and application stack which we bundle along with our system. In their case, they have to basically buy or get all those applications from third party, whereas basically these applications we give it to our customers. So, I think these are the two major differences which makes our solutions more efficient and more acceptable in the domains we target.

Akshay: Sir and my second question is on the?

Moderator: Mr. Akshay, I am really sorry to interrupt, but may we request you to rejoin the queue as there are several participants waiting their turn also.

Akshay: Okay, sir, thank you.

Moderator: Thank you very much. The next question is from Himani Shah from Alchemy Capital. Please go ahead.

Himani Shah: Hello.

Sanjay Lodha: Yes. Hi.

Himani Shah: Hi, sir. Sir, I just wanted to check with you on this, the Ashwini Vaishnaw also mentioned it and then there is some empanelment that the government has started to do for the 18,000 GPU units, are we one of the empanel runs and if not, how would we be involved in this?

Sanjay Lodha: This is basically it is an interim arrangement, which is basically for the purpose of empanelling the cloud service providers who are going to basically provide GPU compute cycles through the cloud. So, first of all, that is the reason we are not directly participating first of all, because this is quite a stopgap arrangement as we mentioned earlier also while answering the other question in this session that the infrastructure which Government of India is trying to build that is not

which is getting built in this case. This is only for the purpose of renting some compute cycles. So, that is the reason we are not directly participating in this case.

Management: We are not CSPs actually.

Sanjay Lodha: Yes. We are not CSPs actually, so it is not basically meant for our solutions actually, but just to share with you those who have participated, we are backing some of those CSPs by providing them the solution at the back end.

Himani Shah: So, in terms of an order book outlook, should we say that the outlook for our order book is our order inflow has increased from year on?

Sanjay Lodha: Order outflow, I did not get it actually because the order book outlook we have indicated very clearly that our order book cycle is also basically 12 to 8 weeks and we have already indicated our order book. So, growth momentum, ma'am, I will tell you is that or basically the funnel if you want, if you are asking me the funnel, we have not basically once the government RFP comes, then the India AI mission funnel will be added into our funnel and till the time we are not projecting that into the proposed funnel which we are showing to you.

Himani Shah: Understood, sir. Thank you so much.

Moderator: Thank you. Next question is from Keshav from Niveshaay. Please go ahead.

Keshav: Yes. Thanks for the opportunity, I hope I am audible. So, as you rightly mentioned that inference will grow in the future, so if you have heard about Grok and Cerebrus, so they have developed their hardware around it. So, do you see that as threat to NVIDIA and ultimately to your business? Just wanted to know your views on that?

Sanjay Lodha: So, basically, the compiling technologies always keep on coming and nobody stops me from getting with compiling technologies, but definitely the compiling technologies, therefore mass adoption, it will take time. If we become popular, we are vendor agnostic. We can cooperate with them and I think since we have the end user base, any new technology will always like to collaborate with us.

Keshav: How much like configuration that you have to do in your systems to run those solutions?

Management: See, we do the complete architecture designing at RN, so that includes the sourcing the chips from the back end. So, in case, if there are other comparable technologies which may get available, for example, alongside X86 architecture, we had also introduced ARM architecture as well. That was a right move in our case, because we looked at as a good option available for certain section of the market. Same way, so in case in future also we find such similar technology which may be comparable to NVIDIA and which can be adopted by masses in the market, we

don't hesitate designing our architecture basis on that. So, that would be a swift move in our case because we have got our in-house designing. So, that helps us to move in that direction easily.

Keshav: So, how much time do you think like it will take to design that architecture?

Sanjay Lodha: First, you should ask how much time do they take to become comparable to NVIDIA. They are there for one. How much time we are waiting for them to come up?

Keshav: They were there for three years actually.

Sanjay Lodha: Three years actually, but still you should ask them that how much time will they take to come to NVIDIA level? Once they come, we are ready.

Keshav: Sure. Thanks. That is all from my side.

Moderator: Thank you. Next question is from Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Yes. Hi. Thanks for keeping this call, sir. Sir, just to understand correctly, in your reply to a previous question, as of now, LLM related revenues are 4%-5% on the topline and may increase to 7%-8%. So, is it fair to say within the pipeline also which we track, the LLM related pipeline is not that big. Why I am asking is clients may take slightly longer time to understand the new architecture and to award the deal or convert the pipeline into revenue or deal. Can you share some thoughts regarding this?

Sanjay Lodha: So, Sandeepji, thank you for your question. Actually, we don't basically split our pipeline into various segments here, but basically I am telling you in total business what we do, LLM as I mentioned to you is around LLM base would be the total AI would be around 15% and basically AI which is being used for LLM development would be around 5% and that we feel that it can go up to 7%-8%. So, basically, it will be very difficult to say because in the pipeline the conversion rate is 50% which gets converted, what gets converted, it becomes bit difficult, but you can take it in similar range actually really speaking.

Sandeep Shah: So, in that summary, we don't foresee any major slowdown in our client decision making because of this new architecture?

Sanjay Lodha: We are looking at increasing basically the client decision making. You see what did yesterday, Ashwini Vaishnav has mentioned. If you go through that first interview, very clearly India is trying to give he was talking about 10,000 GPU, 18,000 GPU. The government is very clear on spending more and more money and basically, this is the India moment which India wants to grab upon. So, basically this is only the government, so the enterprises would also like to do that. So, there are lot of modern development will keep on happening. So, I feel rather the recent development will really help so as to grow the market.

Sandeep Shah: And sir, last thing, the newspaper articles, media articles indicate that out of the Rs. 10,000 crore budget of Government of India on AI mission, roughly Rs. 4,500 crore budget is towards the CPU or the computer architecture. So, in that scenario, are we tracking, we will have a role-playing in that Rs. 4,500 Cr because that maybe controlled by the cloud service provider or our addressable market would be balanced, which is Rs. 5,500 Cr and for which you believe the RFPs may be floated by the mid of the calendar year?

Sanjay Lodha: So, as Hirdey mentioned that earlier, Sandeepji, this is basically, even the Minister also clarified that basically, since this is an interim arrangement, so that the India AI story should not get stopped and they should get the momentum, the government wants to fund it. So, basically that reason this is the GPU renting, which is happening from CSPs actually, but government intends to spend the money in setting up its own infrastructure and we are definitely part of that discussion. We are definitely part of that.

Sandeep Shah: Thank you.

Moderator: Thank you. Next question is from Vidyadhar Ginde from Sohum Asset Managers. Please go ahead.

Vidyadhar Ginde: Thank you. Just wanted to get your thoughts on the fact that there is a view that the cost of training of DeepSeek reasoning model at 6 million is actually the comparable number for Open AI's reasoning model is 15 million and the view therefore is that this model came roughly thereafter, so the fall in the cost is roughly in line with expectation that the cost of compute has 50% every year, do you think that is true? In any case, do you think cost of compute will keep falling and is that positive for your revenue growth?

Sanjay Lodha: So, basically, to tell you very first thing is that that number, we have also seen that number. But the country which has declared the numbers, how true the numbers are we have to really understand that. I think slowly as the time passes on, we will understand the number. That definitely is that number or definitely it is a lower number, then since the models are efficient, the number will be lower. So, that is there. One is that. So, one is that the GPUs are basically AI is not only for developing LLM. That is one. The second is that basically if the cost of compute reduces, what we have been telling from the very beginning is that this will democratize the entire AI development. So, more and more models will migrate, because you are only seeing the cost of the GPUs or the cost of the infrastructure, you are not seeing the manpower cost, that is the major cost. Like basically, previously, so many man hours were needed to develop the LLM, not less number of man hours we needed actually on that. So, that will reduce the manpower cost also. So, more and more basically it will become more efficient, so more and more users and more recent models have become efficient, more and more use cases will get into the AI actually. So, that will significantly boost the demand actually for the AI. That is there. So, I personally feel this is all basically this will help to increase the demand and I don't feel the reduction in cost will any way impact basically the demand for systems or something of that nature if it happens.

- Moderator:** Thank you, Mr. Ginde, we request you to rejoin the queue. We will take the next question from Rudresh Kalyani from Kalyani Private Business. Please go ahead.
- Rudresh Kalyani:** Hello. Am I audible?
- Sanjay Lodha:** Yes.
- Rudresh Kalyani:** DeepSeek is based out of China, are there any regulations from our Indian Government on using it?
- Sanjay Lodha:** The government has got regulations, but basically please understand DeepSeek is an open architecture, you don't need to use only DeepSeek, DeepSeek like models can be used, so basically whether you use DeepSeek or DeepSeek type of products is almost similar. So, they have really showed how basically models can become efficient. These are all open source. Even the OpenAI is also all open source actually. Quite a lot of programs in OpenAI are basically Lama is open source actually. So, I don't think that putting any restriction on DeepSeek will create any kind of impact.
- Management:** But just to share with you, you can also see that none of the countries will basically try to build their Sovereign AI Infra by sourcing such kind of imported LLMs and all. Please understand. That is the reason if you see the way policy has also been defined, one pillar is completely dedicated for development of such models. So, you will have to understand that AI Sovereign Infra is not just limited to the hardware part of it. It basically reaches to those LLMs. So, it is actually the need of the art. So, sourcing LLM would not be the solution for large enterprises or the public enterprises.
- Moderator:** Thank you. Next question is from Ankur Jain who is an Individual Investor. Please go ahead.
- Ankur Jain:** My question is for Sanjay sir. Sir, regarding this AI mission, what I have understood is that 10 players have procured 18,000 GPUs and they will provide an infrastructure for others to use because the small companies cannot create their own infrastructure, so they will provide it on rank. And in last earning call, you said two things. One is that you said that Arawa is proof of concept, so one thing I want to know that what exactly you mean by proof of concept? Second thing that you said is that you are providing government some advice on the design, so probably it was related to this thing only, this AI mission only. So, the advice you are providing them, so is it free of cost or you are some part of advisory or what? This is my first question after that I will ask?
- Sanjay Lodha:** So, basically to answer your question, one is that that Arawa is basically what Arawa is a proof of concept for the AI mission only that what has happened is that the government basically wanted to prove because AI infrastructure is costly and the Government, they initially only wanted to make basically AI infrastructure affordable. So, basically, Indian Government created a large cluster called Arawa wherein basically such startups for Indian scientists, Indian, all those

people, they have got time on that so that they can run and tame their models and see how to use it and how to understand it, which basically they are seeing a lot of demand on Arawa is huge successful. So, they understand that basically this is the way forward how the employment can be generated, how India can become the AI factory of the world. So, these are the two perspectives on that. As regards India AI mission is concerned, India AI mission as we have categorically told you that at this point of time basically so as not to delay things. They are offering basically whatever infrastructure was available with the cloud service provider in India, they are trying to provide that basically to the researchers, basically to the startup and to different organizations, so that they can start their work actually. In the meantime, government is setting up its own infrastructure so as to basically build a complete large AI Cloud. As we have design and all, we are not charging anything, we never charge anything from the design, we have been involved with, even working with the government for 20 plus years on various kinds of areas. We don't charge anything for design or anything. We co-work with them. We help them so as to basically make the design more and more indigenous and more state of art. So, I think that answers your question.

Ankur Jain:

Yes. Sir. Sir, one more thing that now I understood whenever you said all the concalls that we provide the full stack of services. So, regarding this DeepSeek issues, I have got that, DeepSeek has actually worked on lower requirement of GPUs, but with a superior algorithm. So, I think our work is also similar kind of thing that we use some GPUs of NVIDIA and we integrate our software with it. So, we can also provide some superior algorithms and help reduce the costing of the things. Am I right, sir?

Sanjay Lodha:

No, just to correct here that we have never said that we are into the space of providing end user applications. We do not provide so, we only provide the hardware, the middleware and the, utilities or like cloud stack or similar which basically enable customers to run their end. So, first of all, we are not in that race to compete with DeepSeek by introducing our own LLM. So, that is not our forte or we don't wish to basically enter into that space.

Moderator:

Thank you very much. We take the last question from Vidyadhar Ginde from Sohum Asset Managers. Please go ahead.

Vidyadhar Ginde:

Thank you. So, if I am not wrong, your AI has enterprise workstations revenue, which was 7% of your revenue in 23 and it is up to 15%. So, what were the main drivers of this strong growth and how do you see going forward what are the factors which could drive this growth as strongly and not more than what could be the risks to growth?

Sanjay Lodha:

So, basically, really speaking as a growth as we have some 7% to we have been, it has been gradual and the adoption of AI, the more and more applications moving to AI, you see today's India's enterprise, whomever we are dealing in various kind of things, they all basically, because you see the annual report of maybe 200 or maybe the top 500 companies they have the AI word in it. So, everybody wants to experiment with AI and this is not a new tendency. This has been happening for last, maybe a year or so. So, basically people are investing on AI. People want to

test AI, try AI and try to incorporate more and more AI. So, I think that is an answer to you that basically how AI adoption is helping us and plus even the large enterprises, all of them, they have all been trying to do it. The government is trying to do it. So, basically that is the reason that momentum is there and we personally feel with the current situation also as a demand generation will increase as we have mentioned that this 15% can become 20% within a year or two actually.

Vidyadhar Ginde: And what are the risks usually or you don't see any real risks?

Sanjay Lodha: Really speaking, I don't see any risk.

Vidyadhar Ginde: Bye.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Sanjay Lodha: Thank you so much. Thanks for your question. We are very confident of basically continuing the growth trajectory which we have mentioned, which we have indicated that we keep on growing in the same way and basically that is it. Thank you so much.

Management: Thanks a lot. Have a great weekend.

Moderator: Thank you very much. On behalf of IIFL Capital Services, that concludes the conference. Thank you for joining us, ladies and gentlemen, you may now disconnect your lines.