



ESDS Software Solution Ltd.

Industry: Information Technology (Software Solutions)

Date: 30th August, 2026

Rating
SUBSCRIBE

Issue Highlights

ESDS Software Solution IPO is a book build issue of Rs 720.00 crores.

The issue is entirely a fresh issue of 1.68 crore share aggregating to Rs 720.00 crore, at an upper band price of Rs 429 per share.

Objects of the Offer are: The net proceeds of the Fresh Issue are to be utilised in the following manner:

Particular	Amt (Rs in Cr)
Purchase and installation of cloud computing and other equipment and infrastructure for Data Centres.	576
General Corporate Purposes	144

**The amount to be utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue, in accordance with the SEBI ICDR Regulations.*

28th
Aug 2026
ISSUE OPENS

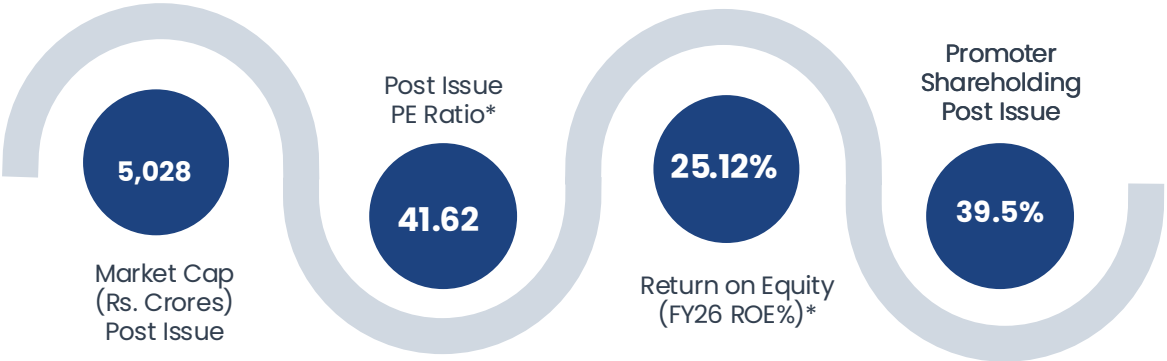
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ISSUE CLOSES

ISSUE DETAILS	
Price Band	Rs 408 to Rs. 429 per share
Face Value	Rs. 1 per share
Total Offer Size	1,67,83,216 shares (aggregating up to Rs. 720 Cr)
Fresh Issue	1,67,83,216 shares (aggregating up to Rs. 720 Cr)
Issue Type	Book-building IPO
Minimum lot	34 shares
Listing on	NSE, BSE

Outlook

- ESDS Software is one of only two players in India offering an integrated portfolio of GPUaaS, cloud services, managed services, data centre infrastructure, and software solutions, making it a differentiated player in the domestic cloud ecosystem.
- The company's diversified cloud offerings, including public, private, hybrid, virtual private, and community cloud solutions, position it well to benefit from increasing cloud adoption across enterprises, government organizations, and BFSI institutions.
- Its proprietary SWARAJ Cloud platform, backed by patented autoscaling technology, enables scalable, secure, and AI-native cloud infrastructure, providing a competitive advantage in a rapidly evolving technology landscape.
- A key growth driver for ESDS is its Rs. 11,831 crore AI cloud infrastructure contract with an Australia-based neo-cloud AI compute service provider, under which the company will deploy and operate an AI cluster comprising 8,208 NVIDIA B300 GPUs, providing strong revenue visibility and positioning it to capitalize on the growing demand for AI compute infrastructure.
- The company has built a diversified customer base of 2,501 customers across BFSI, Government, PSU, and Enterprise segments, while maintaining relationships with over 100 banks, demonstrating its strong market presence and customer acceptance.
- Favourable industry tailwinds, including India's public cloud market growing at a 28.9% CAGR during FY20-FY26, increasing AI adoption, rising data centre investments, and government initiatives such as Digital India and IndiaAI, are expected to support long-term demand for the company's solutions.
- We have a '**SUBSCRIBE**' rating for ESDS Software Solutions Ltd IPO for listing gains.



Indicative Timeline

	On or before
Finalization of Basis of Allotment	Wed, Sep 2, 2026
Unblocking of Funds	Thu, Sep 3, 2026
Credit of shares to Demat Account	Thu, Sep 3, 2026
Listing on exchange	Fri, Sep 4, 2026

IPO Reservation

QIB Shares	Maximum 50% of the offer
HNI Shares	Maximum 15% of the issue
Retail Shares	Minimum 35% of the net issue

Lot Size

Application	Lots	Shares	Amount
Retail (Min)	1	34	Rs. 14,586
Retail (Max)	13	442	Rs. 1,89,618
S-HNI (Min)	14	476	Rs. 2,04,204
S-HNI (Max)	68	2,312	Rs. 9,91,848
B-HNI (Min)	69	2,346	Rs. 10,06,434

Company Overview

- ESDS Software Solution Limited, incorporated in 2005, is an AI-enabled cloud, managed services, data centre infrastructure, and software solutions provider in India. The company is among the only two players in the country offering the complete spectrum of GPU-as-a-Service (GPUaaS), cloud, managed services, data centre infrastructure, and software solutions, and is the largest among them in terms of revenue from operations in FY26, highlighting its strong position in India's rapidly evolving cloud and digital infrastructure market.
- The company offers an integrated technology platform comprising Infrastructure-as-a-Service (IaaS), Managed Services, and Software-as-a-Service (SaaS) solutions. It was among the first cloud service providers in India to introduce community cloud services, providing multi-tenant cloud environments designed for organizations with similar regulatory, security, privacy, and compliance requirements. This capability has enabled ESDS to establish a strong presence among highly regulated sectors and organizations seeking secure and compliant cloud infrastructure.
- Strategic Entry into AI Infrastructure and GPU Computing:** A key growth driver for ESDS is its expanding presence in the Artificial Intelligence (AI) infrastructure and cloud computing segment. In March 2026, the company entered into a strategic AI cloud infrastructure agreement with an Australia-based neo-cloud AI compute service provider. The contract, valued at approximately USD 1.25 billion (Rs. 11,831 crore), has an initial tenure of five years with an option to extend for an additional two years. Under the agreement, ESDS will support the deployment and operation of a dedicated AI infrastructure cluster within an existing Australian data centre facility, comprising approximately 8,208 NVIDIA B300 GPUs along with associated storage infrastructure. The deployment is expected to be completed by September 2026, with revenue generation anticipated to commence from the third quarter of FY27. This partnership strengthens ESDS's position in the rapidly growing AI cloud ecosystem, enhances its access to high-performance computing infrastructure, and provides a significant opportunity to capitalize on increasing global demand for AI-driven cloud and GPU computing services.
- Diversified Customer Base:** The company serves a diversified customer base across multiple sectors, including Banking, Financial Services and Insurance (BFSI), Government organizations, Public Sector Undertakings (PSUs), and Enterprises. As of FY26, the company served 2,501 customers, reflecting the broad adoption of its cloud and managed services offerings. The increasing pace of digital transformation across businesses, government agencies, and financial institutions has created significant demand for scalable, secure, and cost-effective cloud solutions, positioning ESDS to benefit from favourable industry trends. Its offerings allow customers to focus on their core business activities while outsourcing the complexities of IT infrastructure management, cloud deployment, and cybersecurity to a specialized service provider.
- Strong Customer Relationships:** The company maintains relationships with over 100 banks and several well-established organizations, including the Software Technology Parks of India (STPI), reflecting its credibility and domain expertise in delivering cloud, managed services, and digital transformation solutions. The company has also demonstrated strong customer retention, with the proportion of customers having relationships of more than three years increasing from 49.28% in FY24 to 65.60% in FY26, while customers with relationships exceeding five years increased from 23.25% to 47.75% during the same period.

Capability Matrix:

- **Infrastructure-as-a-Service (IaaS) Portfolio:** ESDS operates a comprehensive Infrastructure-as-a-Service (IaaS) platform through a network of five Tier III certified data centres located in Nashik, Navi Mumbai, Bengaluru, Mohali, and Noida. These facilities collectively span over 75,000 square feet and are strategically situated near major IT and enterprise hubs. The data centres are interconnected through high-speed fibre-optic backbone networks, enabling secure and efficient data exchange across customer environments. Supported by power redundancy, disaster recovery capabilities, 24x7 monitoring, and a guaranteed uptime of at least 99.95%, ESDS provides reliable and secure infrastructure services to enterprises, government entities, and financial institutions. Under the IaaS segment, the company offers the following services:
 - **Colocation and Data Centre Services:** This service enables the organizations to securely host and manage their IT infrastructure within the company's Tier III certified data centres. The facilities offer redundant power systems, advanced cooling infrastructure, high-speed connectivity, disaster recovery capabilities, and round-the-clock monitoring support. The offering is particularly suitable for organizations seeking to retain physical control over their hardware while leveraging a secure and professionally managed data centre environment
 - **Cloud Services and Cloud Computing:** ESDS offers a comprehensive suite of cloud solutions, including public cloud, private cloud, virtual private cloud (VPC), hybrid cloud, community cloud, and GPU-as-a-Service (GPUaaS) solutions. Its proprietary SWARAJ Cloud platform provides scalable, secure, and compliance-driven cloud infrastructure while supporting advanced capabilities such as AI workloads, GPU computing, disaster recovery, automation, and data sovereignty.
- **Managed Services Portfolio:** The company offers a comprehensive managed services portfolio designed to help organizations manage, optimize, and secure their IT infrastructure and cloud environments. The portfolio includes cloud managed services, data centre managed services, security managed services, IT infrastructure and network management, backup and disaster recovery services, managed database services, and managed DevOps and automation solutions. Supported by 24x7 technical assistance, cybersecurity monitoring, database administration, cloud migration, disaster recovery management, and infrastructure optimization, these services enable customers to enhance operational efficiency while reducing the complexities associated with IT management.
- **Software-as-a-Service (SaaS) Portfolio:** ESDS offers a subscription-based SaaS portfolio comprising data centre management and monitoring solutions, vulnerability assessment tools, web application firewalls, VPN solutions, and cloud-hosted enterprise applications. The company also operates SPOCHUB, its proprietary digital marketplace that enables ESDS and third-party vendors to provide customized software solutions to enterprise customers through a unified platform. Further strengthening its SaaS capabilities, ESDS has developed the SWARAJ GPU Monitoring Tool, an AI-powered solution that enables real-time monitoring and optimization of GPU infrastructure for artificial intelligence and machine learning workloads. In addition, the company collaborates with government and public sector entities through its G-SaaS initiatives, supporting smart metering, e-governance, smart city, agriculture technology, and cloud infrastructure projects, thereby expanding its presence within the public sector digital transformation ecosystem.

Risks

- **Technology Obsolescence and Innovation Risk:** ESDS operates in a rapidly evolving technology industry where customer preferences, industry standards, cloud technologies, artificial intelligence, cybersecurity solutions, and data centre infrastructure are continuously changing. The company's future growth depends on its ability to continuously innovate, enhance its product offerings, and develop new solutions that meet evolving customer requirements. Failure to keep pace with technological advancements, changing industry trends, or emerging technologies could reduce the competitiveness of its cloud, managed services, and software offerings. The company is also required to make significant investments in research and development, technology upgrades, and strategic partnerships to remain relevant in the market. However, there is no assurance that such investments will generate the desired outcomes or achieve customer adoption. Additionally, rapid advancements in server technologies, cloud architecture, power management systems, and cooling infrastructure could render parts of the company's existing infrastructure obsolete, requiring substantial capital expenditure to upgrade or replace equipment.
- **Government Revenue and Policy Dependence Risk:** A significant portion of ESDS's revenue is derived from government entities and government-related projects, accounting for 27.37%, 29.52%, and 34.04% of revenue from operations in FY26, FY25, and FY24, respectively. Any adverse changes in government policies, budget allocations, procurement practices, or eligibility criteria for government contracts could impact the company's ability to secure new projects or retain existing engagements. Consequently, a reduction in government technology spending, delays in project approvals, or changes in regulatory requirements could adversely affect ESDS's revenue growth, profitability, and overall financial performance.
- **Customer Concentration Risk:** ESDS derives a significant portion of its revenue from a limited number of customers, with its largest customer accounting for 15.93% and top 10 customers contributing 45.36% of revenue from operations in FY26. The company does not have long-term agreements with all key customers, exposing it to risks such as contract non-renewals, lower spending, changes in outsourcing strategies, or customer migration to competing service providers. Additionally, customer-specific factors such as economic conditions, regulatory developments, or geopolitical events may adversely impact demand for the company's services. Dependence on a limited number of customers may also increase pricing pressure and reduce negotiating power. Any loss of key customers or a significant decline in revenue from them could adversely affect ESDS's revenue, profitability, and overall financial performance.
- **Service Availability and Data Centre Operations Risk:** ESDS's business depends on providing uninterrupted access to its cloud, managed services, software platforms, and data centre infrastructure. Any disruption caused by data centre outages, hardware or software failures, cybersecurity incidents, power interruptions, or natural disasters could impact customer operations and lead to service downtime. As the company operates five data centres across India, any interruption could affect multiple customers simultaneously, resulting in customer dissatisfaction, contract losses, reputational damage, and potential financial liabilities. Additionally, any invocation of performance bank guarantees due to actual or alleged service failures could adversely affect the company's financial performance and cash flows.

Financials

Income Statement (Rs. Cr)	FY26	FY25	FY24
Revenue from Operations	472	361	287
Other Income	8	15	6
Total Income	481	377	292
Expenses	238	206	185
EBITDA	234	155	102
<i>EBITDA Margin</i>	49.6%	42.8%	35.5%
Depreciation	63	62	53
EBIT	171	93	49
Finance Cost	12	25	32
Profit before Tax	167	83	23
Tax	47	27	9
PAT	121	56	14
EPS	12	6	1

Balance Sheet (Rs. Cr)	FY26	FY25	FY24
Equity and Liabilities			
Share Capital	10	10	9
Other Equity and Reserves	534	408	217
Non-Current Liabilities	119	176	277
Other Liabilities	1,275	63	45
TOTAL EQUITY AND LIABILITIES	1,938	656	548
Assets			
Fixed Assets	388	353	322
CWIP	4	-	-
Cash & Cash Equivalents	1,253	61	2
Other Assets	293	243	223
TOTAL ASSETS	1,938	656	548

Operational metrics and KPIs:

Particulars	FY26	FY25	FY24
EBITDA Margin (%)	49.60%	42.86%	35.56%
Return on Equity (RoE)(%)	25.12%	17.27%	6.23%
Return on Capital Employed (RoCE) (%)	32.78%	24.73%	14.53%

Product Wise Revenue Bifurcation:

Products	FY26		FY25		FY24	
	(Rs in Cr)	% of revenue from operations	(Rs in Cr)	% of revenue from operations	(Rs in Cr)	% of revenue from operations
IaaS	207	43.88%	204	56.37%	142	49.60%
• Cloud Services and Cloud Computing	168	35.55%	166	46.04%	119	41.60%
• Colocation and Data Centre Services	39	8.33%	37	10.33%	23	8.00%
Managed services	195	41.21%	76	20.93%	78	27.07%
SaaS	70	14.92%	82	22.70%	67	23.33%
Total	472	100.00%	361	100.00%	286	100.00%

Customers & Retention Rate:

Particulars	FY26	FY25	FY24
Total Customer	2,501	1,714	1,465
Average Revenue per Customer (Rs in Cr)	0.19	0.21	0.19
Revenue Retention Rate	94.92%	96.63%	128.24%

Client Wise Revenue Bifurcation:

Clients	FY26		FY25		FY24	
	(Rs in Cr)	% of revenue from operations	(Rs in Cr)	% of revenue from operations	(Rs in Cr)	% of revenue from operations
BFSI	83	17.54%	112	30.87%	52	18.26%
Government	129	27.37%	107	29.51%	98	34.04%
Enterprices	260	55.10%	143	39.62%	137	47.70%
Total	472	100.00%	361	100.00%	286	100.00%

Industry Outlook

- **IT/ITES Industry Overview:** The Indian Information Technology (IT) and Information Technology Enabled Services (IT/ITES) industry remains a key contributor to the country's economic growth, exports, employment generation, and innovation. The sector is increasingly driven by demand for emerging technologies such as Artificial Intelligence (AI), cloud computing, cybersecurity, data analytics, and digital engineering as businesses accelerate their digital transformation initiatives. India has strengthened its position as a preferred destination for Global Capability Centres (GCCs), engineering R&D, and high-value digital services, supported by a large technology talent pool and cost-effective operating environment. The industry is expected to exceed USD 315 billion by 2026 and contribute approximately 10% to India's GDP, while direct employment is projected to reach nearly 6 million professionals.
- **Digital India and Digital Transformation:** Government initiatives such as Digital India, STPI, Start-up India, and the Atal Innovation Mission have accelerated digital adoption across businesses, government departments, and consumers. India's digital economy currently contributes approximately 12–14% of GDP and is expected to reach nearly 20% by 2030. As of March 2026, India had over 109 crores internet subscribers, with almost 97% of villages covered by 3G/4G connectivity. Growing internet penetration, digital payments, e-commerce, and digital public infrastructure have significantly increased demand for cloud computing, data storage, and digital services.
- **Cloud Computing Industry:** Cloud computing has emerged as a critical pillar of India's digital economy and is one of the core focus areas under the Digital India initiative. The increasing adoption of cloud solutions by enterprises, government organizations, financial institutions, and startups is expected to contribute Rs. 31,000–38,000 crore to GDP by CY26 while creating over 1.4 crore direct and indirect jobs. Government platforms such as DigiLocker, Aadhaar, ONDC, National Health Stack, and IndiaAI increasingly rely on cloud infrastructure, reinforcing its importance in enabling digital governance and public service delivery. Businesses are also adopting cloud technologies to improve scalability, reduce costs, and enhance operational efficiency.
- **Shift Towards AI, Cloud, and Digital Infrastructure:** The technology industry is witnessing a structural shift from traditional IT infrastructure toward cloud-first, AI-enabled, and platform-based solutions. India's public cloud market has grown at a CAGR of approximately 28.9% between FY20 and FY26, outpacing the global growth rate of around 20.8%. Growing adoption of Artificial Intelligence (AI), Machine Learning (ML), big data analytics, and automation is increasing demand for advanced computing infrastructure, GPU capabilities, and specialized cloud environments. As organizations continue to adopt AI-powered applications and cloud-native architectures, demand for integrated cloud, managed services, and high-performance computing solutions is expected to remain strong.
- **Data Centre Industry in India:** The Indian data centre industry has emerged as a critical enabler of the country's digital economy. Rising internet usage, cloud adoption, digital payments, e-commerce, online gaming, artificial intelligence applications, and enterprise digitization have significantly increased demand for secure and scalable data storage infrastructure. The industry was valued at approximately Rs. 11,400 crore in FY26 and is expected to grow at a CAGR of 20.7% to reach Rs. 24,200 crore by FY30. As of March 2026, India's installed data centre capacity stood at 1,545 MW, supported by increasing investments from domestic and global operators. Growing requirements for data localization, cybersecurity, cloud adoption, and AI infrastructure are expected to drive sustained demand for Tier III and Tier IV data centres over the coming years.

- **Conclusion:** The Indian IT/ITES, cloud computing, and data centre industries are benefiting from strong structural tailwinds, including increasing digitalization, rapid cloud adoption, growing AI deployment, expanding internet penetration, and supportive government initiatives. As businesses and government institutions continue to invest in digital infrastructure and cloud-based technologies, demand for cloud services, managed services, AI infrastructure, and data centre capacity is expected to remain robust, supporting long-term growth across the digital ecosystem.





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