



ESDS Software Solution Limited is an AI-enabled cloud, managed services, data centre infrastructure and software solutions provider in India. The company offers cloud services, GPU-as-a-Service (GPUaaS), managed services, cybersecurity and SaaS solutions through its integrated digital infrastructure platform. ESDS serves customers across BFSI, Government and Enterprise segments through its proprietary cloud technologies and community cloud offerings. As of FY26, the company served 2,501 customers, reflecting its strong position in India's cloud and digital infrastructure market.

Investment Rationale:

Integrated End-to-End Cloud & Digital Infrastructure Platform:

- One of the few Indian players offering the entire cloud-to-software stack under a single platform.
- 89% of customers now utilize all three service lines, up from 62% in FY24, highlighting successful cross-selling.
- Revenue retention of ~95% demonstrates strong customer stickiness and recurring revenue visibility.
- Deep presence across BFSI, Government and Enterprise segments with sector-specific cloud solutions.

Strong Cybersecurity Capabilities Strengthen Customer Value Proposition:

- Comprehensive SECaaS portfolio spanning SIEM, SOC, vulnerability management and incident response.
- Serves 123+ cybersecurity customers across BFSI, Government and Enterprise segments.
- Monitored 7,175+ devices and investigated over 0.63 million security events in H1 FY27.

Long-Standing Customer Relationships Drive Revenue Stability and Visibility:

- Strong relationships with 100+ banks, financial institutions and established enterprises.
- Revenue from customers with relationships of over 3 years increased from 49.3% in FY24 to 65.6% in FY26.
- Revenue from customers with relationships of over 5 years increased from 23.3% in FY24 to 47.8% in FY26.

Strong Government Partnerships and Regulatory Tailwinds Support Long-Term Growth:

- Direct beneficiary of India's data localization and digital sovereignty initiatives.
- Operates 3 STPI Tier-III Data Centres and provides cloud solutions to Government entities.
- MeitY-certified cloud provider for Government and public sector projects.
- Strategic partnerships across banking, SAP, smart cities and global technology ecosystems.
- Strong Government relationships and regulatory credentials create high entry barriers for competition.

AI-Focused Growth Platform Backed by Proprietary Technology:

- Proprietary SWARAJ Cloud platform powered by patented vertical auto-scaling technology.
- Fully managed GPUaaS platform enables AI, GenAI and LLM workloads without upfront infrastructure investments.
- IPO proceeds to fund cloud, GPU and data centre capacity expansion, supporting future growth.
- Planned Kolkata and Sahibabad Data Centres to strengthen infrastructure footprint and scalability.

Flexible Consumption-Based Pricing Drives Customer Adoption and Retention:

- Flexible usage-based pricing lowers cloud adoption barriers and aligns costs with business activity.
- Patented auto-scaling technology enables efficient resource utilization and true pay-per-consumption billing.

Strengthening Brand Leadership Through Sustainability and Industry Engagement:

- Targeting 100% renewable energy adoption, strengthening ESG positioning and cost efficiency.
- Industry advocacy and thought leadership enhance brand credibility and market positioning.

Valuation and Outlook: The Indian data centre market is expected to grow at a 20.7% CAGR between FY26-FY30, while the Indian cloud GPU market is projected to expand at a 50%+ CAGR through FY30, driven by rising cloud adoption, AI/GenAI workloads, data localization requirements and digital transformation initiatives across enterprises and government institutions. ESDS is well positioned to capitalize on these structural growth trends through its integrated cloud-to-software platform, strong presence across BFSI, Government and Enterprise segments, high customer retention (~95%), deep long-standing customer relationships and comprehensive cybersecurity capabilities. The company also benefits from strong regulatory positioning through its STPI partnerships, MeitY certifications and exposure to India's data sovereignty initiatives, creating significant entry barriers. Its proprietary SWARAJ Cloud platform, patented vertical auto-scaling technology and recently launched GPUaaS offering provide differentiated capabilities in the fast-growing AI infrastructure market. Importantly, the IPO proceeds will be utilized towards expanding cloud, GPU and data centre infrastructure, which, along with the planned Kolkata and Sahibabad data centres, should support capacity expansion and future growth. Given the company's scalable business model, recurring revenue profile, cross-selling opportunities and favourable industry tailwinds, we believe revenue has the potential to nearly double over the next three years. Considering its strong positioning in India's digital infrastructure ecosystem and multiple growth levers, we recommend subscribing to the issue from a long-term investment perspective.

Key Financial & Operating Metrics (Consolidated)								
In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY24	2865	38.0	1018	35.5	136	1.4	6.2	14.5
FY25	3613	26.1	1548	42.8	556	5.7	17.3	24.7
FY26	4722	30.7	2342	49.6	1208	11.8	25.1	32.8

Issue Snapshot	
Issue Open	28-Aug-26
Issue Close	01-Sep-26
Price Band	INR 408 - 429
Issue Size (Shares)	1,67,83,217
Market Cap (mn)	INR 50284

Particulars	
Fresh Issue (INR mn)	INR 7200
OFS Issue (INR mn)	-
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure	
Pre Issue Equity	10,04,27,753
Post Issue Equity	11,72,10,970
Bid Lot	34 Shares
Minimum Bid amount @ 408	INR 13872
Maximum Bid amount @ 429	INR 14586

Share Holding Pattern	Pre Issue	Post Issue
Promoters	46.06%	39.46%
Public	53.94%	60.54%

Particulars	
Face Value	INR 1
Book Value	INR 107.86
EPS, Diluted	INR 10.31

Objects of the Issue	(Rs mn)
1. Investment in Cloud Computing Equipment and Data Centre Infrastructure	5760
2. General Corporate Purposes	

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ESDS Software Solution Limited is an AI-enabled cloud, managed services, data centre infrastructure and software solutions provider in India. The company offers an integrated portfolio of cloud infrastructure, managed services and software solutions that help organizations accelerate digital transformation while improving operational efficiency, scalability, reliability and security. With capabilities spanning GPU-as-a-Service (GPUaaS), cloud services, managed services, data centre infrastructure and software solutions, ESDS has established itself as a comprehensive digital infrastructure provider catering to the evolving technology requirements of enterprises and government organizations.

The company's offerings are broadly categorized into Infrastructure-as-a-Service (IaaS), Managed Services and Software-as-a-Service (SaaS). Its IaaS portfolio includes colocation, data centre services, cloud hosting and cloud computing solutions, while its managed services and software platforms enable customers to optimize IT infrastructure, manage workloads and enhance business continuity. ESDS was also among the early adopters of communitycloud solutions in India, offering secure and compliant cloud environments tailored to organizations with similar regulatory, security and operational requirements.

ESDS serves a diversified customer base across Banking, Financial Services and Insurance (BFSI), Government and Enterprise segments. Its clientele includes government departments, public sector undertakings, financial institutions and private enterprises across multiple industries. As of FY26, the company served 2,501 customers, reflecting its strong presence in India's cloud and digital infrastructure ecosystem.

Segments

1. Infrastructure as a Service (IaaS)

ESDS operates five Tier-III Data Centres located in Nashik, Navi Mumbai, Bengaluru, Mohali and Noida, covering over 75,000 sq. ft. with 99.95% uptime, disaster recovery support and 24/7 monitoring. Its IaaS portfolio includes Colocation & Data Centre Services and Cloud Services & Cloud Computing. The company offers Public Cloud, Private Cloud, Virtual Private Cloud, Hybrid Cloud, Community Cloud and GPU-as-a-Service (GPUaaS) solutions. Its proprietary SWARAJ Cloud, patented in India and the US, is an AI-enabled cloud platform offering autoscaling, security, compliance, AI/ML capabilities, GPU infrastructure and cloud management through a unified platform.

2. Managed Services

ESDS provides end-to-end Managed Services covering Cloud Management, Data Centre Management, Cybersecurity & Compliance, IT Infrastructure & Network Management, Backup & Disaster Recovery, Managed Database Services, and DevOps & Automation. The company offers 24/7 IT support, cloud migration, database administration, security operations centre (SOC) services and disaster recovery solutions, helping customers manage and optimize their IT infrastructure through a pay-per-use model.

3. Software as a Service (SaaS)

ESDS offers a range of SaaS solutions including Data Centre Management & Monitoring Software, Vulnerability Scanners, Web Application Firewalls, VPN Solutions and AI-powered GPU Monitoring Tools. Through its digital marketplace SPOCHUB, the company provides both proprietary and third-party software applications on a subscription basis. The company also offers G-SaaS solutions for government and public sector organizations across areas such as smart metering, e-governance, smart cities, smart agriculture and cloud-enabled public infrastructure projects.

Segment-wise Revenue

Type of Product/Service	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Revenue (₹ in million)	As a % of revenue from operations	Revenue (₹ in million)	As a % of revenue from operations	Revenue (₹ in million)	As a % of revenue from operations
IaaS	2,071.97	43.88%	2,036.41	56.36%	1,420.82	49.59%
Of which:						
Cloud Services and Cloud Computing	1,678.90	35.55%	1,663.16	46.03%	1,191.09	41.57%
Colocation and Data Centre Services	393.07	8.33%	373.25	10.33%	229.73	8.02%
Managed services	1,945.91	41.21%	756.50	20.94%	775.39	27.06%
SaaS	704.22	14.91%	820.44	22.71%	668.97	23.35%
Revenue from operations	4,722.10	100.00%	3,613.35	100.00%	2,865.18	100.00%

Customers

Revenue by customer industry	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Revenue (₹ in million)	As a % of revenue from operations	Revenue (₹ in million)	As a % of revenue from operations	Revenue (₹ in million)	As a % of revenue from operations
BFSI ⁽¹⁾	827.90	17.53%	1,115.35	30.87%	523.50	18.27%
Government ⁽²⁾	1,292.58	27.37%	1,066.84	29.52%	975.33	34.04%
Enterprise ⁽³⁾	2,601.62	55.09%	1,431.17	39.61%	1,366.36	47.69%
Revenue from operations	4,722.10	100.00%	3,613.35	100.00%	2,865.18	100.00%

Customer Metrics

Particulars	Fiscal 2026	Fiscal 2025	Fiscal 2024
Total Customers ⁽¹⁾	2,501	1,714	1,465
Average Revenue per Customer ⁽²⁾ (₹ in million)	1.89	2.11	1.96
Revenue Retention Rate ⁽³⁾ (%)	94.92%	96.63%	128.24%

Industry Overview:

The cloud computing, data centre and managed services industry has emerged as a critical pillar of India's digital economy, driven by rapid enterprise digitalization, increasing cloud adoption, rising data consumption and growing demand for scalable IT infrastructure. Organizations across industries are increasingly migrating workloads to cloud environments to improve operational efficiency, business continuity and cost optimization, while technologies such as artificial intelligence (AI), machine learning, data analytics and IoT continue to accelerate demand for advanced digital infrastructure. India's growing internet user base, expansion of digital payments, e-commerce and SaaS adoption have further strengthened the long-term growth outlook for the sector.

The Indian data centre and managed services market is benefiting from increasing enterprise technology spending, data localization requirements, rising cybersecurity needs and the adoption of hybrid and multi-cloud architectures. The Government of India continues to support the sector through initiatives such as Digital India, Software Technology Parks of India (STPI) and the IndiaAI Mission, aimed at strengthening digital infrastructure and technology innovation. With growing investments in cloud infrastructure, AI-enabled computing capabilities and digital transformation initiatives, the industry is expected to witness sustained growth and play an increasingly important role in India's digital economy.

Figure 7: Contribution of IT AND BPM Share in India's Nominal GDP in Percentage (%), FY 2019-2028E

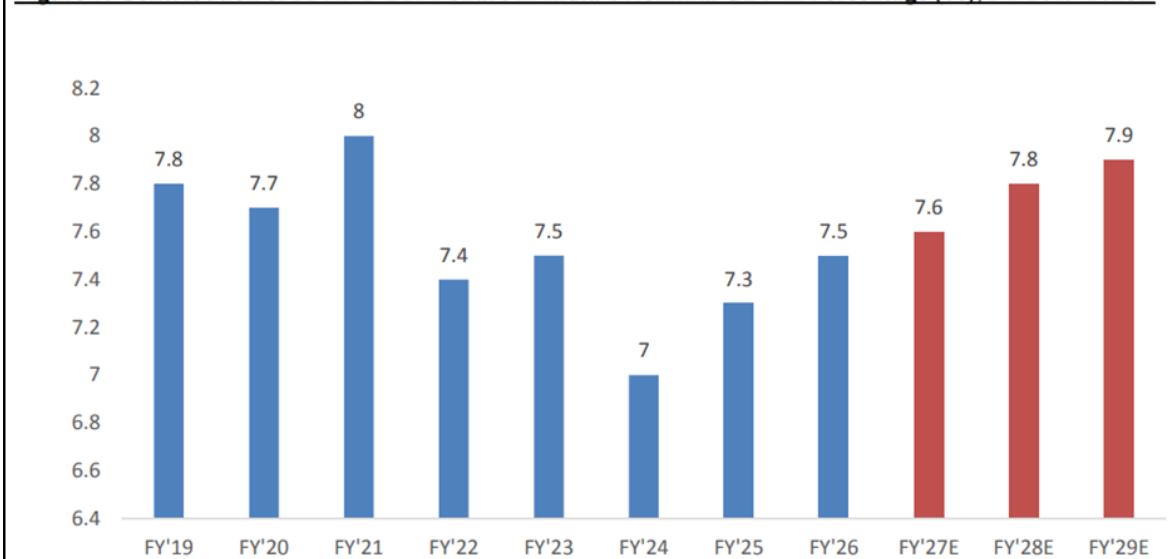
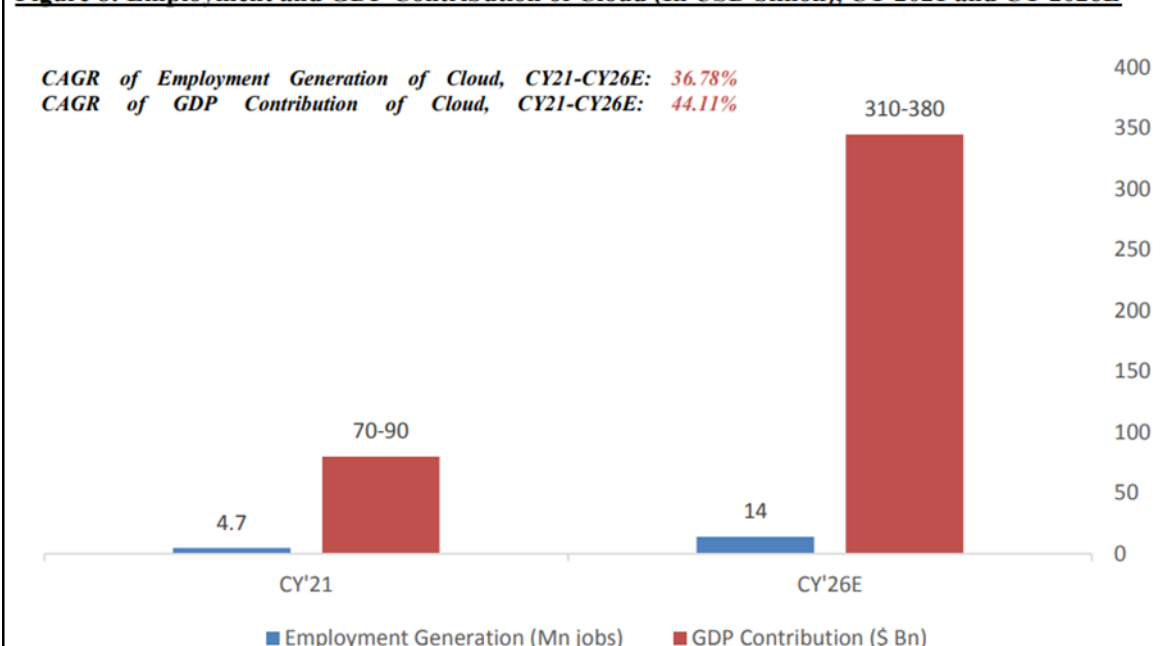


Figure 8: Employment and GDP Contribution of Cloud (In USD billion), CY 2021 and CY 2026E



The technology landscape is witnessing a structural shift from traditional IT infrastructure toward cloud-based services, artificial intelligence (AI), machine learning and data-driven digital solutions. Reflecting this trend, the global public cloud market has grown at a CAGR of 20.79%, while the Indian public cloud market has outpaced global growth, expanding at a CAGR of 28.85% between FY20 and FY26. The increasing adoption of cloud technologies is being driven by enterprise digital transformation initiatives, demand for scalable infrastructure, growing data consumption and the need for cost-efficient computing solutions.

Despite the strong growth trajectory, cloud spending in India as a percentage of GDP remains below that of developed markets due to factors such as cost sensitivity, lower levels of digital maturity and a relatively smaller IT spending base. However, rising digital adoption, improving technology infrastructure and supportive government initiatives such as Digital India are expected to significantly accelerate cloud penetration over the coming years. As cloud spending in India converges towards global benchmarks, domestic cloud infrastructure and managed service providers with established capabilities are expected to benefit from the expanding market opportunity.

Table 5: Overview of India’s Digital Landscape

Parameters	Description
Growing Digital Population	3.19x Increase in internet subscribers from 343 million in 2016 to 1092.79 million in March 2026.
	1282.33 million total wireless subscribers (as of March 2026) with ~80% wireless internet subscribers.
	As of December 2024, India had 24,96,644 4G BTS deployed across 783 districts, reflecting extensive nationwide mobile broadband coverage.
	Median mobile broadband speeds improved sharply from 1.30 Mbps in March 2014 to 126.61 Mbps in 2026.
	India achieved the fastest 5G rollout globally, deploying 4,62,084 5G BTS across 779 districts by December 2024.
Favourable Government policies	National Data Centre Policy (2020, and a 2025 draft): The Government aims to establish the country as a global hub for data centres by providing incentives like tax holidays and GST input tax credit, streamlining clearances, and encouraging the development of infrastructure.
	Infrastructure status to data centres: As data centre industry is seeking expansion, infrastructure status to data centres was provided in the Government’s Budget for FY 2022. It is expected to improve credit availability at lower rates and provide flexibility for power sourcing.
Increasing interest of investing community	By mid-2026, India is home to more than 3,100 GenAI startups, with over 80% focused on developing AI-powered applications and SaaS solutions.
	Indian data Centre industry has secured investment commitments worth USD 60 billion from 2019 to 2024 and is expected to exceed USD 100 billion by 2027.

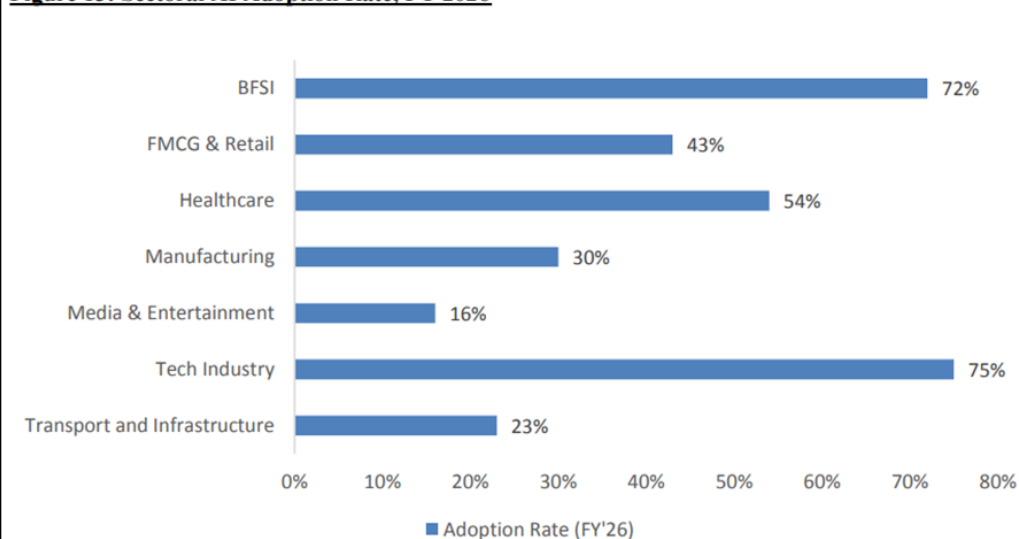
Table 6: Breakdown of key service types: IT Consulting, Cloud Services, Managed Services

Service Type	IT Consulting	Managed Services	Cloud Services	Data Centre
Type of Services	Strategy consulting, Operations consulting, Technology consulting	Security as a Service, Network Management, Disaster recovery, Application and database management, Back-up service, Cross platform management and remote infrastructure management	Public Cloud, Hybrid Cloud, Private Cloud	Colocation, Managed Hosting, Cloud Edge Computing
Cost Structure	Hourly or project-based fees	Monthly subscription	Pay as you go, Subscription based, Reserved instances and hybrid cloud billings	Monthly or annual leasing, Pay-as-you-go, Subscription-based
Key Applications	Technology strategy, digital transformation	IT infrastructure management, security monitoring	Data storage, SaaS, remote work	Data storage, Backup, Disaster recovery, Network management
Value Proposition	Expert guidance, strategic alignment	Reliability, predictability, proactive maintenance	Scalability, cost efficiency, accessibility	High uptime, security, infrastructure reliability
Demand Patterns	High demand in BFSI, healthcare, retail	High demand among SMEs, healthcare, financial services	Strong demand across all sectors, especially in tech, BFSI	Growing demand across all sectors, especially in tech, healthcare, finance
Industry Trends	Focus on specialized services, remote/hybrid models	Growth in managed security services, co-managed IT	Multi-cloud and hybrid cloud adoption, security focus	Adoption of hybrid infrastructure, AI/ML integration, Edge computing growth

Key Growth Drivers

- **Artificial Intelligence (AI) & Machine Learning (ML):** Increasing adoption of AI and ML is driving demand for cloud infrastructure, data storage and high-performance computing while improving operational efficiency and resource utilization.
- **Natural Language Processing (NLP):** Growing use of chatbots, voice assistants, language translation and intelligent automation is accelerating demand for NLP-based solutions across industries.
- **Edge Computing:** Rising adoption of real-time applications, IoT devices and 5G networks is increasing demand for edge computing solutions that enable faster processing and lower latency.
- **IoT & Blockchain Adoption:** Expanding deployment of connected devices and secure digital ecosystems is driving demand for scalable cloud, storage and data centre infrastructure.
- **Cloud GPUs & AI Infrastructure:** Increasing AI workloads, advanced analytics and machine learning applications are creating strong demand for GPU-based cloud computing resources.
- **Growing Digital Population:** Rapid growth in internet users, digital transactions, cloud adoption and data consumption continues to drive demand for cloud and data centre services.
- **Supportive Government Policies:** Initiatives such as Digital India, IndiaAI Mission and the National Data Centre Policy are encouraging investments in digital infrastructure and cloud adoption.
- **Rising Investments in Digital Infrastructure:** Strong investments in data centres, AI infrastructure and cloud services are supporting long-term growth of the industry.

Figure 13: Sectoral AI Adoption Rate, FY 2026



DATA CENTRE INFRASTRUCTURE IN INDIA

The Data Centre market in India is valued at INR 114 billion in FY 2026 and has grown at a CAGR of 20.39% from FY 2020 to FY 2025. The market is expected to continue its strong growth trajectory, expanding at a CAGR of 20.70% from INR 114 billion in FY 2026 to INR 242 billion by FY 2030. As of 31 March 2026, the total installed data centre capacity in India stood at 1,545 MW.

The growth of the Indian data centre market is being driven by the rapid expansion of internet subscribers, which reached 1,092.79 million as of March 2026, along with the nationwide rollout of 5G technology, which is expected to significantly enhance data consumption. Additionally, the increasing adoption of cloud computing and digital services across sectors such as e-commerce, financial services and online gaming is creating strong demand for reliable data centre infrastructure. Demand for Tier-3 and Tier-4 data centres remains particularly strong due to their superior uptime, reliability and disaster recovery capabilities. As these trends continue, the industry is well-positioned to benefit from the ongoing digitalization of the Indian economy.

Figure 14: Market Size for India Data Centre Industry on the Basis of Operational Revenue (In INR billion), FYs 2020-2030E:

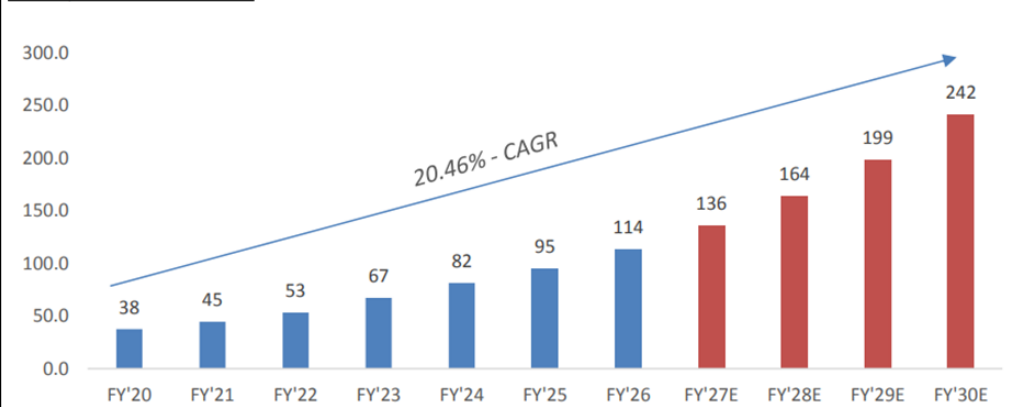
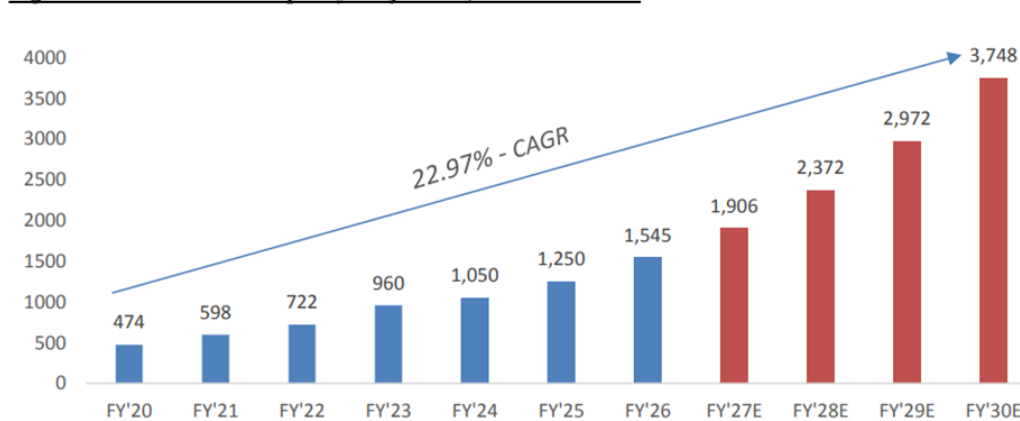
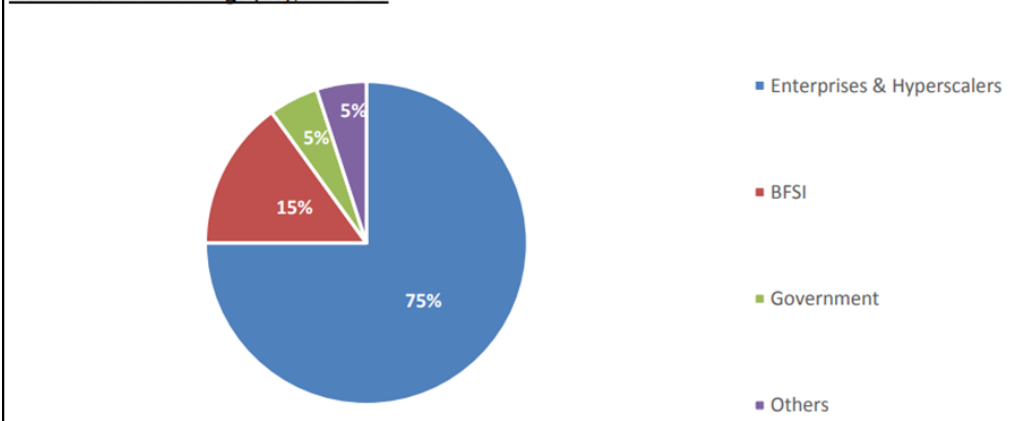


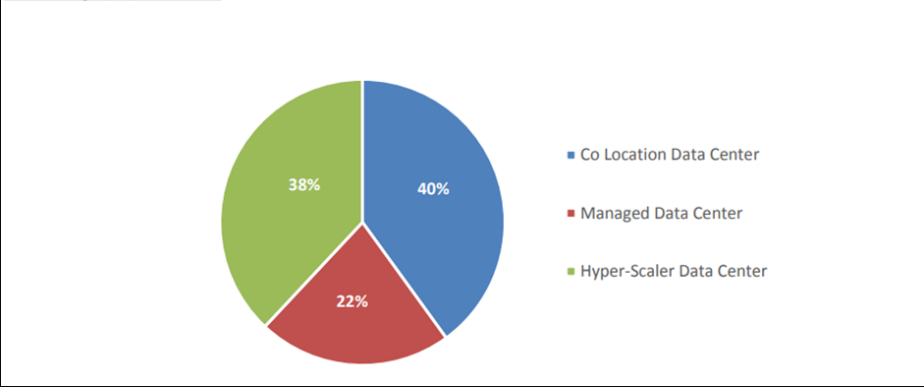
Figure 15: India IT MW Capacity Projections, FY 2020-2030E:**Table 9: Market Segmentation for India Data Centre Industry by Major Cities Installed Power Capacity in MW, FY 2026**

Cities	Total Capacity (In MW), March 2026
Delhi NCR	170
Kolkata	15
Hyderabad	170
Mumbai Metropolitan Region	711
Pune	139
Bengaluru	93
Chennai	232
Others	15

Figure 16: Market Segmentation for India Data Centre Industry Basis End User Industries Based on Revenues in Percentage (%), FY 2026**Table 10: Key End-User Industry Applications of Data Centres**

End User Industry	Applications
BFSI	Real-time transaction processing: Data centres support high-frequency trading and instant payment systems, ensuring minimal latency and maximum uptime.
	Advanced analytics for risk management: Utilization of data centres for big data analytics to assess credit risk and fraud detection in real-time.
	Regulatory compliance and reporting: Infrastructure to securely store and process sensitive financial data while ensuring compliance with regulations like GDPR and local data localization laws.
Enterprises	Hybrid cloud solutions: Data centres facilitate seamless integration between on-premises infrastructure and cloud services, allowing businesses to scale operations efficiently.
	Disaster recovery and business continuity: Enterprises leverage data centres for backup solutions that ensure data integrity and availability during outages or disasters.
	Development and testing environments: Providing isolated environments for software development, testing, and deployment, enabling faster innovation cycles.
Government	E-governance applications: Data centres support platforms that enable citizens to access Government services online, improving transparency and efficiency.
	Secure storage of citizen data: Infrastructure to manage sensitive information related to citizens, ensuring compliance with data protection regulations.
	Disaster recovery for critical public services: Ensuring continuity of essential services through robust backup solutions that protect against data loss or system failures.

Figure 17: Market Segmentation for India Data Centre Industry by Segments Based on Revenues in Percentage (%), FY 2026



CLOUD INFRASTRUCTURE IN INDIA

Cloud has emerged as a strategic priority for enterprises, governments and SMEs, forming a critical foundation for digital transformation initiatives. The adoption of cloud computing is enabling organizations to enhance scalability, operational efficiency and business agility, while supporting emerging technologies such as Artificial Intelligence (AI), Machine Learning (ML), Internet of Things (IoT), Robotic Process Automation (RPA) and Augmented/Virtual Reality (AR/VR). As digital transformation accelerates across industries, cloud infrastructure continues to play an increasingly important role in enabling innovation and technology adoption.

Despite strong growth in recent years, India remains at a relatively early stage of cloud adoption compared to more mature global markets. According to the Asian Development Bank, cloud adoption levels in India remain below those of certain other BRICS nations, indicating significant headroom for future growth. Increasing digitalization, growing enterprise technology investments and the need for scalable IT infrastructure are expected to drive continued cloud adoption across industries, creating substantial opportunities for cloud service providers and digital infrastructure companies.

Figure 18: Market Size for Global Cloud Industry on the Basis of Revenues in INR billion, FY 2020-2030E

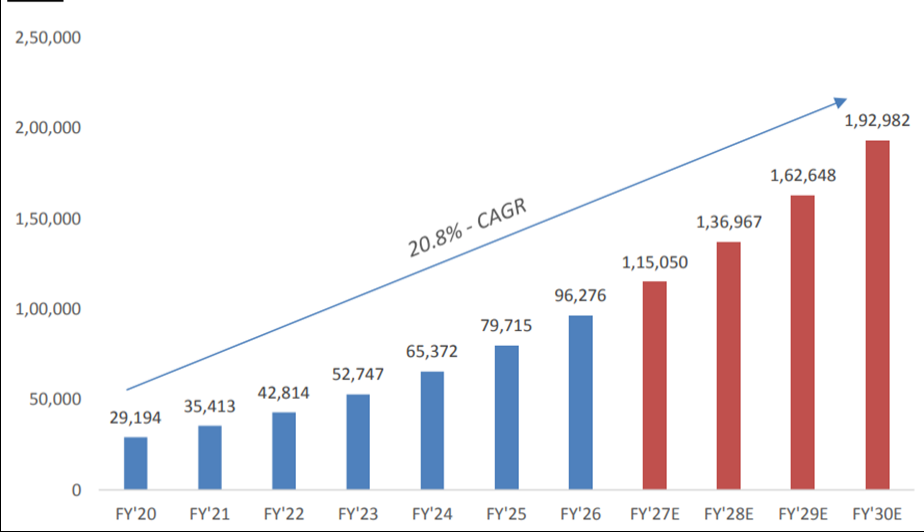


Figure 19: Market Size for India Cloud Industry on the Basis of Revenues in India in INR billion, FY 2020-2030E

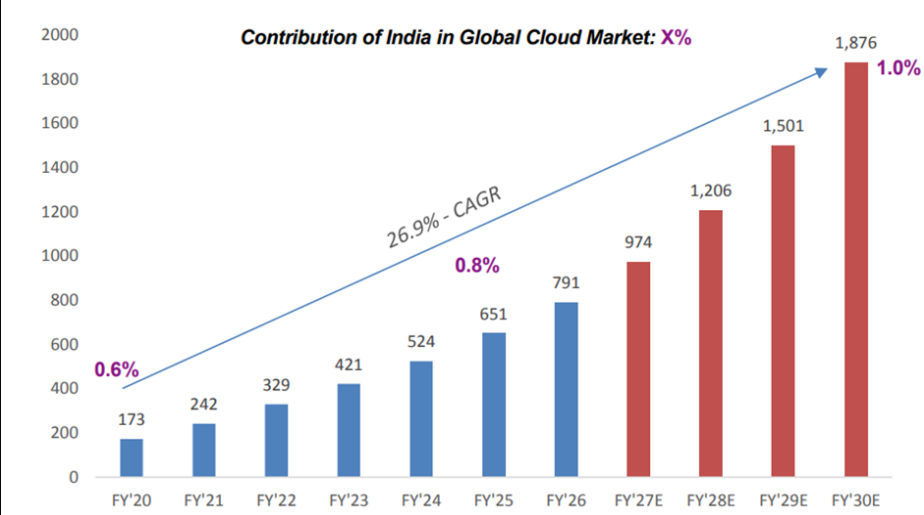
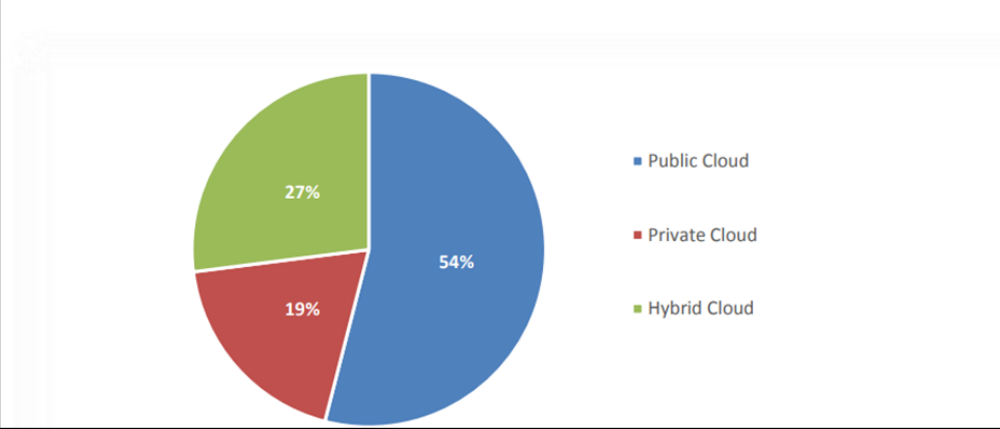


Figure 20: Market Segmentation for India Cloud Industry by Type of Cloud on the Basis of Revenues in Percentage (%), FY 2026



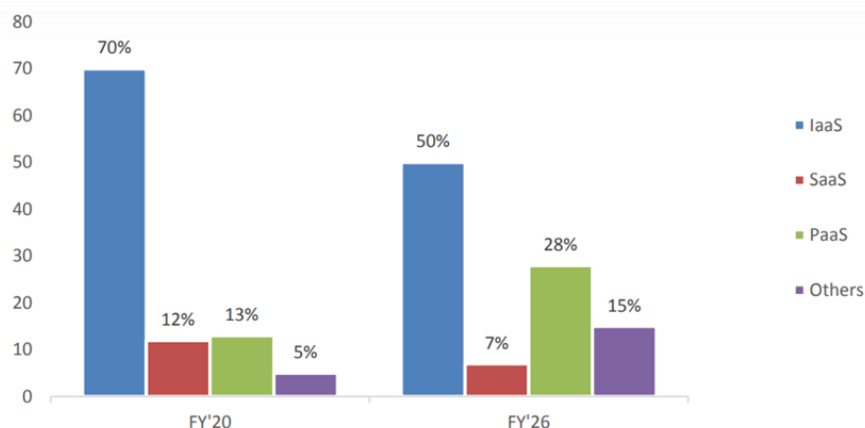
Key Growth Drivers

- Digital Transformation Initiatives:** Organizations across industries are increasingly prioritizing digital transformation, driving the adoption of cloud infrastructure to improve scalability, operational efficiency and service delivery. This trend is particularly strong among small and medium-sized enterprises (SMEs) seeking to modernize their IT environments.
- Government Support:** The Indian Government continues to promote cloud adoption through initiatives aimed at strengthening digital infrastructure. Policies such as the National Digital Communications Policy are encouraging greater migration of government services and digital workloads to cloud-based platforms.
- Growing Demand for Advanced Technologies:** Rising adoption of technologies such as Artificial Intelligence (AI), Machine Learning (ML) and data analytics is driving demand for cloud services. Enterprises are increasingly leveraging these technologies to enhance customer experience, improve decision-making and achieve operational efficiencies, thereby supporting long-term growth in cloud infrastructure demand.

Table 12: Demand for Cloud across End User Industries

Industry	Specific Demand	Key Drivers
Financial Services	- Trade Finance and Treasury Workloads: Demand driven by increasing exports, digitalization (FinTech, blockchain), and government support. - Digital Lending Solutions: Banks like Axis Bank reduce customer onboarding time to under 8 minutes. - Sovereign Cloud Initiatives: RBI plans to launch a sovereign cloud to enhance data sovereignty.	- Increasing digitization, modernization of legacy systems, and compliance with regulatory standards. - Need for agility in service delivery and enhanced customer experience. - Addressing cost concerns for smaller institutions and ensuring local data management.
Healthcare	- Telemedicine Platforms: Demand for secure, scalable cloud solutions to support remote consultations. - Data Security Solutions: Enhanced security measures to protect sensitive patient information.	- Growing need for efficient patient data management and compliance with health regulations. - Increasing cyber threats and data breaches necessitating robust cloud security framework.
Manufacturing	- IoT Integration: Adoption of cloud platforms to manage IoT devices and enhance operational efficiency. - Hybrid Cloud Models: Preference for hybrid solutions to balance on-premises and cloud capabilities.	- Need for real-time analytics and improved supply chain management. - Flexibility in managing workloads and integrating legacy systems with modern cloud infrastructure.
E-Commerce and Retail	- Scalable Infrastructure for Peak Seasons: Cloud solutions to handle increased traffic during sales events. - Personalized Customer Experience Tools: Use of cloud analytics to tailor offerings based on consumer behaviour.	- Rapid growth in online shopping necessitating scalable IT resources - Need to enhance customer engagement and loyalty through targeted marketing strategies.
Technology and Startups	- Rapid Development Environments: Demand for flexible cloud platforms that support quick iterations in product development. - AI and Data Analytics Capabilities: Leveraging cloud services for advanced analytics and machine learning applications.	- High competition among startups driving the need for agile development processes. - Focus on innovation and delivering cutting-edge technology solutions.

Figure 21: Market Segmentation for India Cloud Industry by Service on the Basis of Revenues in Percentage (%), FY 2026



MANAGED SERVICES IN INDIA

Figure 22: Market Size for India Managed Services Industry on the Basis of Revenues in INR Million, FY 2020-2030E

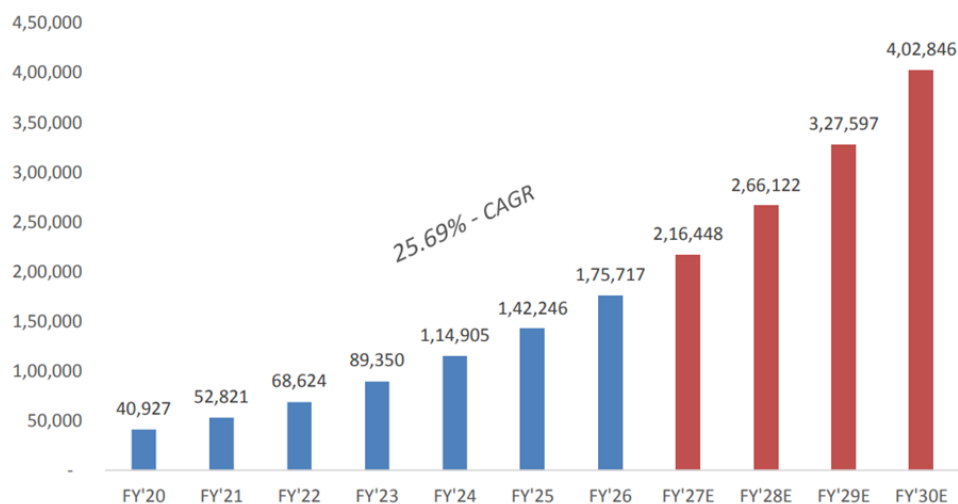


Figure 23: Market Segmentation for India Managed Service Industry by Service Mix on the Basis of Revenues in Percentage (%), FY 2026

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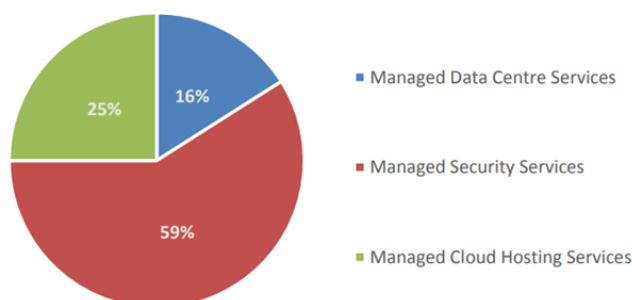
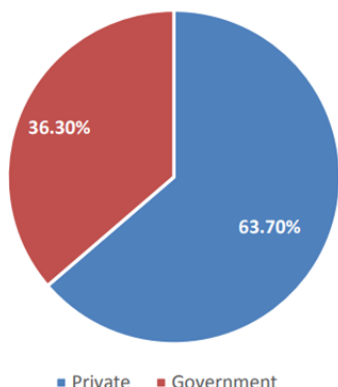
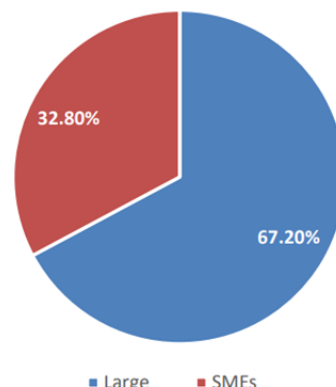
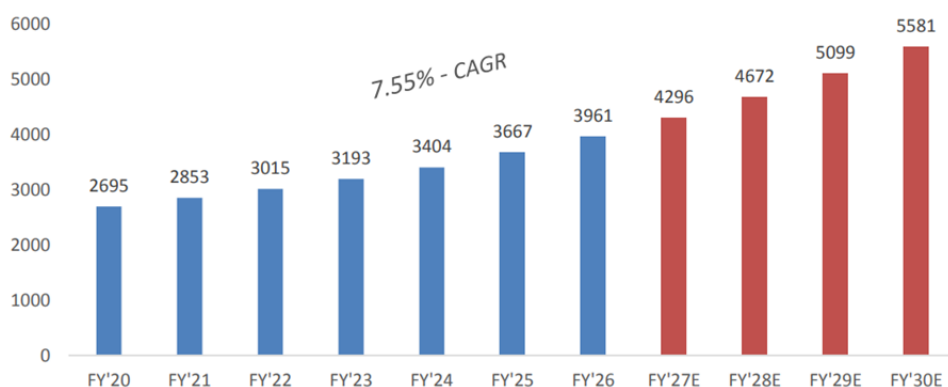


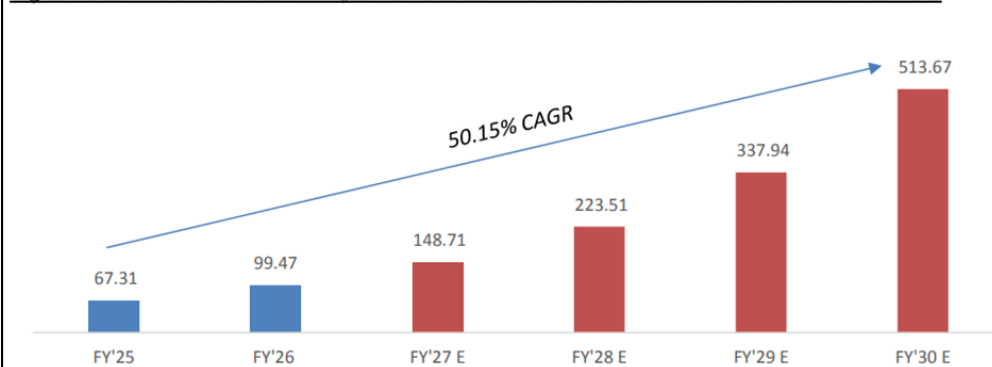
Table 13: Usage of Managed Services by End User

Industry	Usage of Managed Services	Key Applications	Benefits
Banking, Financial Services, and Insurance (BFSI)	Largest consumer of managed services, focusing on compliance and security.	- Core Banking Systems - Risk Management Solutions - Fraud Detection Systems	- Enhanced operational efficiency - Reduced costs through outsourcing - Improved compliance
Retail	Increasingly leveraging managed services for e-commerce and customer engagement.	- E-commerce Platforms - Customer Relationship Management (CRM)	- Improved customer experience - Real-time inventory management - Increased sales
Healthcare	Reliance on managed services for application support and regulatory compliance.	- Electronic Health Records (EHR) - Telemedicine Solutions	- Enhanced patient care - Efficient data management - Reduced operational costs
Manufacturing	Utilization of managed services for supply chain management and IoT applications.	- IoT Device Management - Supply Chain Optimization Tools	- Increased productivity - Real-time monitoring of processes - Reduced downtime
Telecommunications	Leveraging managed services for network management and customer support systems.	- Network Monitoring Services - Customer Support Solutions	- Improved service delivery - Enhanced customer satisfaction through proactive management

Figure 24: Market Segmentation for Managed Services Industry in India Basis Private and Government Sector, FY 2026**Figure 25: Market Segmentation for Managed Services Industry in India Basis Large and SMEs, FY 2026****SOFTWARE DEVELOPMENT IN INDIA****Figure 26: Market Size for Software Development Industry in India on the Basis of Revenues in INR Billion, FYs 2020-2030E**

CLOUD GPU MARKET LANDSCAPE IN INDIA

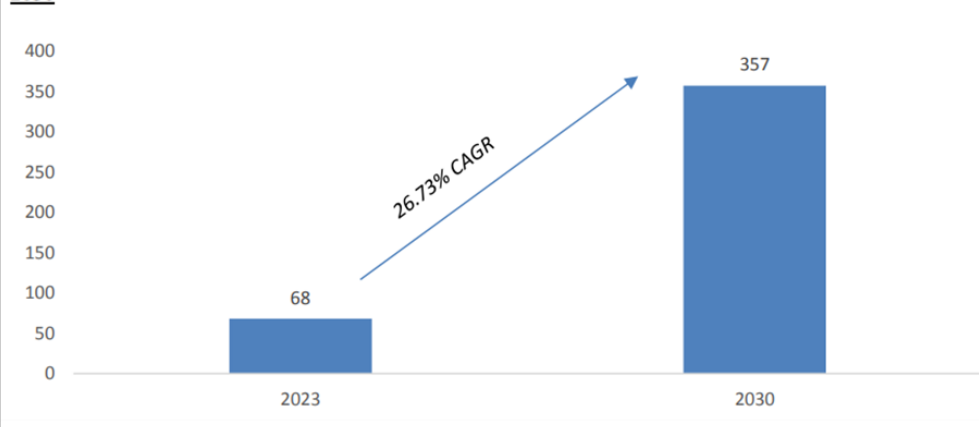
Figure 27: India Cloud GPU Industry Market Size Based on Revenues in USD million. FY 2025- 2030F



This growth is underpinned by majorly below three factors:

The AI and Generative Computing Wave	Since 2023, the global rise of AI models and applications has sharply increased demand for computing power (spurred by models like ChatGPT). Indian enterprises across finance, healthcare, IT, and manufacturing are scaling up their AI workloads. At the same time, over a hundred homegrown generative AI startups have emerged, each relying heavily on access to high-performance GPUs for training and running large models. This surge in practical AI use is fuelling massive demand for cloud-based GPU infrastructure.
Cloud Affordability and Flexibility	Owning GPU hardware is prohibitively expensive for most companies. Cloud GPU services bridge this gap by offering on-demand, pay-as-you-use access, turning large capital expenses into manageable operating costs. This flexibility allows startups, research labs, and even large enterprises to experiment and scale quickly without investing millions in hardware. As organizations continue integrating AI into operations, this pay-per-use model will remain a core growth engine.
Government Initiatives and Ecosystem Investment	India's digital transformation programs, particularly Digital India and the IndiaAI Mission are channelling funds into AI infrastructure and encouraging local data centre growth. The government is also promoting indigenous GPU design and manufacturing by 2030 to reduce import dependence and secure future supply. Together, these initiatives are laying the foundation for a self-sustaining domestic compute ecosystem. Additionally, the IndiaAI Mission is actively promoting Cloud GPU adoption , with Safe City and Smart City projects emerging as major use cases fuelling market growth.

Figure 29: India's Generative AI Sector Market Size on the Basis of Revenues in INR million, CY 2023- 2030



In conclusion, the Indian cloud computing and data centre industry is witnessing strong structural growth, supported by increasing digitalization, rapid cloud adoption, rising data consumption and the growing deployment of advanced technologies such as AI, ML, IoT and analytics. Favourable government initiatives, expanding internet penetration, widespread 5G rollout and increasing investments in digital infrastructure continue to strengthen the industry's long-term growth prospects. As enterprises accelerate their digital transformation journeys and cloud adoption levels move closer to global benchmarks, companies operating across cloud infrastructure, data centre and managed services segments are well positioned to benefit from the expanding market opportunity.

Investment Rationale:

Integrated End-to-End Cloud & Digital Infrastructure Platform: ESDS has established itself as one of the few integrated digital infrastructure providers in India offering a comprehensive suite of solutions spanning cloud services, managed services, data centre infrastructure, software solutions and GPU-as-a-Service (GPUaaS). The company was among the early adopters of cloud technology in India, having established its first data centre in 2010 and launched cloud services in 2011. Over the years, ESDS has evolved from a cloud service provider into a full-stack technology partner capable of addressing customers' infrastructure, application, security and digital transformation requirements through a single platform.

The company's ability to provide a complete portfolio across Infrastructure-as-a-Service (IaaS), Managed Services and Software-as-a-Service (SaaS) differentiates it from many industry participants that typically operate in only one or two segments of the value chain. This integrated approach allows customers to consolidate vendors, simplify IT management, improve operational efficiency and ensure greater reliability and compliance. The company has also developed specialized community cloud offerings tailored to sectors such as BFSI, Government and Enterprises, enabling it to address industry-specific security, regulatory and operational requirements.

ESDS' diversified service portfolio has translated into strong customer relationships and cross-selling opportunities. Customers that initially engage the company for a single service often expand their engagement over time by adopting additional cloud, security, managed services and software solutions. This has contributed to strong revenue retention and deeper customer integration, creating recurring revenue streams and enhancing customer stickiness. The company's presence across BFSI, Government and Enterprise segments further strengthens its business model by reducing dependence on any single industry while providing access to multiple long-term digital transformation opportunities.

As cloud adoption, AI workloads, cybersecurity requirements and digital infrastructure spending continue to increase across India, ESDS is well positioned to benefit from rising demand for integrated technology solutions. Its end-to-end platform, sector-specific expertise and ability to provide a comprehensive suite of services create a competitive advantage that can support sustainable growth and customer retention over the long term.

Particulars	Fiscal 2026	Fiscal 2025	Fiscal 2024
% of customers availing:			
All three service lines ⁽¹⁾	89.04%	79.58%	62.32%
Two service lines ⁽²⁾	3.64%	5.54%	21.98%
One service line ⁽³⁾	7.32%	14.88%	15.70%
Revenue Retention Rate ⁽⁴⁾ (%)	94.92%	96.63%	128.24%

Strong Cybersecurity Capabilities Strengthen Customer Value Proposition: Cybersecurity has emerged as a critical component of enterprise IT spending as organizations increasingly migrate workloads to cloud environments and face rising cyber threats. ESDS has built a comprehensive Security-as-a-Service (SECaaS) portfolio that complements its cloud, managed services and data centre offerings, enabling customers to address security, compliance and operational resilience requirements through a single integrated platform. This enhances the company's value proposition while creating additional cross-selling opportunities across its existing customer base.

The company operates a dedicated Security Operations Centre (SOC) that provides continuous monitoring, threat detection, incident response and compliance management services to enterprises, BFSI institutions and government organizations. As of June 2026, ESDS served more than 123 cybersecurity customers and monitored over 7,175 devices through its SIEM platform. During the six-month period ended June 2026, the company analyzed thousands of security alerts, investigated over 0.63 million events and issued hundreds of critical security advisories, highlighting the scale and maturity of its cybersecurity operations.

ESDS' cybersecurity portfolio spans SIEM, endpoint security, vulnerability assessments, penetration testing, API security testing and incident response services. The company's ability to integrate cybersecurity solutions with its cloud and managed services offerings strengthens customer relationships and increases wallet share, particularly within highly regulated sectors such as BFSI and Government. As cybersecurity spending continues to rise alongside digital transformation and cloud adoption, ESDS is well positioned to benefit from growing demand for managed security services while further enhancing customer stickiness and recurring revenue visibility.

Long-Standing Customer Relationships Drive Revenue Stability and Visibility: ESDS has built deep and long-standing relationships with customers across the BFSI, Government and Enterprise segments, reflecting the mission-critical nature of its services and the strength of its integrated offerings. The company serves over 100 banks and financial institutions along with several established enterprises and government organizations, positioning it as a trusted technology partner for digital infrastructure, cloud and managed services requirements.

The company's customer relationships have strengthened significantly over time, supported by its ability to provide end-to-end solutions that evolve alongside customer requirements. As organizations expand their cloud adoption, cybersecurity needs and digital transformation initiatives, ESDS has been able to deepen engagements through additional service offerings, resulting in higher customer retention and recurring revenue visibility.

This is evident in the increasing maturity of the customer base. Revenue contribution from customers with relationships exceeding three years increased from 49.3% in FY24 to 65.6% in FY26, while revenue from customers associated with the company for more than five years nearly doubled from 23.3% to 47.8% during the same period. Such long-standing relationships not only provide stability to revenue streams but also create opportunities for cross-selling, upselling and higher wallet share over time.

The combination of a diversified customer base, strong retention and increasing customer tenure provides ESDS with greater earnings visibility and strengthens its competitive positioning in a rapidly evolving digital infrastructure market.

Strong Government Partnerships and Regulatory Tailwinds Support Long-Term Growth: ESDS is strategically positioned to benefit from India's increasing focus on data localization, digital sovereignty and secure cloud adoption. Regulatory developments such as the Digital Personal Data Protection Act, 2023 and data localization requirements across sectors, particularly in BFSI and Government, are driving demand for domestic cloud and data centre infrastructure. As organizations seek compliant and secure solutions for storing and processing critical data within India, ESDS stands to benefit from its established cloud and data centre capabilities.

A key differentiator for the company is its long-standing collaboration with Software Technology Parks of India (STPI), a premier Government-backed institution established to promote India's IT and software ecosystem. ESDS operates three of STPI's Tier-III data centres located in Bengaluru, Mohali and Noida. The partnership not only enhances the company's credibility but also enables an asset-light expansion strategy, allowing it to scale data centre infrastructure with lower capital requirements while strengthening its presence across Tier-II and Tier-III markets.

The company further benefits from its MeitY STQC empanelment, which certifies ESDS to provide public cloud, virtual private cloud and government community cloud services. These certifications create significant entry barriers and strengthen ESDS' positioning in government and public sector projects where compliance, security and operational standards are critical. The empanelment also enhances the company's ability to participate in large-scale digital transformation initiatives undertaken by government agencies and public sector enterprises.

Additionally, ESDS maintains active engagement in India's digital infrastructure policy ecosystem through industry advocacy and participation. This provides the company with strong visibility into evolving regulatory developments and reinforces its positioning as a trusted domestic cloud and digital infrastructure provider. Together, regulatory tailwinds, government partnerships and policy engagement provide a strong foundation for sustainable growth in the coming years.

AI-Led Growth Platform Backed by Proprietary Technology and Scalable Infrastructure: ESDS has built a differentiated technology platform through its patented SWARAJ Cloud architecture and strong focus on AI-driven infrastructure solutions. The company is the only Indian player with patented vertical auto-scaling cloud technology, enabling dynamic allocation of computing resources based on workload requirements. This technology enhances infrastructure utilization, improves scalability, optimizes performance and lowers costs for customers, creating a meaningful competitive advantage in a highly competitive cloud services market. Combined with its flexible consumption-based pricing model, the platform allows customers to efficiently scale their digital infrastructure while maintaining cost predictability.

Building on its cloud capabilities, ESDS entered the rapidly growing AI infrastructure segment through the launch of its fully managed GPU-as-a-Service (GPUaaS) platform in November 2025. The platform enables enterprises, developers and institutions to build, train and deploy AI, Generative AI and Large Language Model (LLM) workloads without significant upfront investments in GPU infrastructure. By providing end-to-end capabilities including design consultancy, deployment, managed operations and dedicated GPU environments, ESDS offers a comprehensive AI infrastructure solution that lowers adoption barriers and accelerates AI implementation across industries.

The company is further strengthening its growth platform through significant investments in cloud and GPU infrastructure. The IPO proceeds are expected to support expansion of compute, storage, networking and GPU capacity, enabling ESDS to cater to rising demand for cloud computing, AI workloads and digital infrastructure services. In addition, the company plans to establish new Data Centres in Kolkata and Sahibabad, enhancing its geographical footprint and supporting future capacity requirements.

Beyond infrastructure expansion, ESDS continues to invest in AI-driven automation and industry-specific solutions. The company is developing AI-enabled offerings across healthcare, agriculture and enterprise applications while leveraging AIOps, intelligent onboarding and cloud automation capabilities to improve customer experience and operational efficiency. Supported by its proprietary technology, expanding infrastructure base and growing AI capabilities, ESDS is well positioned to capitalize on the increasing adoption of AI, cloud computing and digital transformation initiatives across India.

Flexible Consumption-Based Pricing Drives Customer Adoption and Retention: ESDS has developed a differentiated and customer-centric billing framework that aligns technology spending with actual business usage. Unlike traditional cloud service models that charge customers based on allocated infrastructure capacity, ESDS offers multiple flexible pricing structures including pay-per-consumption, pay-per-branch, pay-per-transaction and customized KPI-based billing models. This enables customers to optimize costs while improving visibility and predictability of technology expenditure.

The company's patented SWARAJ vertical auto-scaling technology plays a critical role in enabling its pay-per-consumption model. By dynamically scaling resources based on actual workload requirements, customers are billed only for resources consumed rather than infrastructure allocated. This approach lowers entry barriers for cloud adoption, improves cost efficiency and makes digital transformation more accessible for organizations of varying sizes.

The flexible pricing framework has been particularly successful in sectors such as banking, where ESDS offers specialized pay-per-branch models, as well as enterprise customers seeking usage-based technology solutions. By closely aligning pricing with customer outcomes and business metrics, the company enhances customer satisfaction, improves retention and creates opportunities for upselling additional cloud, managed services and software offerings. As enterprises increasingly seek predictable and efficient IT spending models, ESDS' flexible billing approach provides a meaningful competitive advantage.

Strengthening Brand Leadership Through Sustainability and Industry Engagement: ESDS continues to strengthen its position as a trusted digital infrastructure and cloud solutions provider through active participation in industry advocacy, thought leadership initiatives and customer engagement programs. The company seeks to enhance brand visibility through educational content, industry events, workshops and targeted marketing initiatives focused on cloud computing, AI innovation and digital transformation. Its involvement in industry bodies and policy discussions further reinforces its credibility and strengthens relationships across enterprise, government and technology ecosystems.

In addition to technology leadership, ESDS is focused on building a sustainable and environmentally responsible infrastructure platform. As demand for cloud computing and data centre services continues to rise, energy efficiency and sustainability are becoming increasingly important considerations for customers and regulators. The company has committed to transitioning towards 100% renewable energy over the next four years, supported by investments in solar power infrastructure and green energy sourcing initiatives.

This transition is expected to not only reduce the company's environmental footprint but also improve long-term operating efficiency through lower energy costs and benefits available under various state-level green energy policies. By combining technology innovation, sustainability initiatives and industry engagement, ESDS aims to strengthen its brand positioning and reinforce its reputation as a trusted long-term partner for enterprises and government institutions.

Valuation & Outlook: The Indian data centre market is expected to grow at a 20.7% CAGR between FY26-FY30, while the Indian cloud GPU market is projected to expand at a 50%+ CAGR through FY30, driven by rising cloud adoption, AI/GenAI workloads, data localization requirements and digital transformation initiatives across enterprises and government institutions. ESDS is well positioned to capitalize on these structural growth trends through its integrated cloud-to-software platform, strong presence across BFSI, Government and Enterprise segments, high customer retention (~95%), deep long-standing customer relationships and comprehensive cybersecurity capabilities. The company also benefits from strong regulatory positioning through its STPI partnerships, MeitY certifications and exposure to India's data sovereignty initiatives, creating significant entry barriers. Its proprietary SWARAJ Cloud platform, patented vertical auto-scaling technology and recently launched GPUaaS offering provide differentiated capabilities in the fast-growing AI infrastructure market. Importantly, the IPO proceeds will be utilized towards expanding cloud, GPU and data centre infrastructure, which, along with the planned Kolkata and Sahibabad data centres, should support capacity expansion and future growth. Given the company's scalable business model, recurring revenue profile, cross-selling opportunities and favourable industry tailwinds, we believe revenue has the potential to nearly double over the next three years. Considering its strong positioning in India's digital infrastructure ecosystem and multiple growth levers, we recommend subscribing to the issue from a long-term investment perspective.

Peer Comparison

Name of the Company	CMP	EPS	P/E
ESDS Software Solution	429	11.8	36.4
E2E Networks	595	-0.8	-

Particulars	ESDS Software Solution	E2E Networks
Revenue from Operations (₹ mn)	4,722	2,456
EBITDA (₹ mn)	2,342	1,263
EBITDA Margin (%)	49.6	51.4
PAT (₹ mn)	1,208	-156
PAT Margin (%)	25.6	-6.3
Return on Equity (%)	25.1	-1.0
ROCE (%)	32.8	-0.5
DSO	79.0	25.0
Debt to Equity (x)	0.1	0.1
Debt Service Coverage Ratio (x)	16.2	5.5
Total Customers	2,501	3000+



Income Statement			
Y/E (INR mn)	FY24	FY25	FY26
Revenue	2,865	3,613	4,722
Expenses:			
Employee Cost	850	941	1,044
Other Expenses	995	1,123	1,335
Total Expenses	1,847	2,065	2,380
EBITDA	1,018	1,548	2,342
EBITDA Margin %	35.5%	42.8%	49.6%
Interest	315	252	118
Depreciation	525	622	634
Other Income	56	153	84
PBT	223	826	1,674
PAT	136	556	1,208
EPS	1.4	5.7	11.8

Cash Flow			
Y/E (INR mn)	FY24	FY25	FY26
Profit Before Tax	223	826	1,674
Adjustment	862	836	748
Operating profits before WC Changes	1,085	1,662	2,422
Cash Flow after changes in Working Capital	451	1,668	13,917
Tax Paid	79	-42	-240
Cash From Operating Activities	530	1,626	13,677
Cash Flow from Investing Activities	-14	-1,093	-1,312
Cash from Financing Activities	-664	75	-447
Net Cash Inflow / Outflow	-148	608	11,918
Opening Cash & Cash Equivalents	169	22	607
Closing Cash & Cash Equivalent	22	607	12,534

Balance Sheet			
Y/E (INR mn)	FY24	FY25	FY26
Source of funds			
Equity Share Capital	93	100	100
Reserves	2,166	4,075	5,336
Total Share holders funds	2,265	4,176	5,442
Total Debt	1,490	627	429
Curent Liabilities	1,298	1,268	13,037
Trade Payables	233	290	388
Total Non-Current Liabilities	1,914	1,115	900
Total Liabilities	5,477	6,559	19,379
Application of funds			
Fixed Assets	2,180	2,850	3,164
CWIP	-	-	40
Cash and Bank	22	607	12,533
Current Assets	2,085	2,707	15,141
Trade Receivables	1,205	1,434	1,655
Other current assets	180	299	496
Total Assets	5,477	6,559	19,379

Key Ratios			
Y/E (INR mln)	FY24	FY25	FY26
Growth Ratio			
Net Sales Growth(%)	38.0	26.1	30.7
EBITDA Growth(%)	106.1	52.1	51.3
PAT Growth(%)	160.6	308.8	117.3
Margin Ratios			
EBITDA	35.5	42.8	49.6
PBT	7.8	22.9	35.5
PAT	4.7	15.4	25.6
Return Ratios			
ROE	6.2	17.3	25.1
ROCE	14.5	24.7	32.8
Turnover Ratios			
Asset Turnover(x)	0.5	0.6	0.2
Fixed Asset Turnover (x)	1.3	1.3	1.5
Solvency Ratios			
Debt/Equity(x)	0.7	0.2	0.1
Debt Service Coverage Ratio (x)	1.6	7.0	16.2
Current Ratio(x)	1.6	2.1	1.2
Interest Cover(x)	1.4	2.3	3.6
Valuation Ratios			
P/E	-	-	36.3
P/B	-	-	4.0
EV/EBITDA	-	-	16.3
EV/Sales	-	-	8.1



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