ESDS Software Solution Ltd.

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IPO Note **27th Aug 2026**

Company Overview

ESDS Software Solution Limited is a cloud infrastructure, managed services and software solutions provider, offering an integrated portfolio comprising Infrastructure-as-a-Service (IaaS), managed services and Software-as-a-Service (SaaS). Its IaaS offerings include cloud services, cloud computing, colocation and data centre services, while its managed services cover cloud operations and management, data centre build and audit consulting, development and operations and security solutions. The company also offers SaaS solutions through its marketplace and in-house applications, enabling it to address a broad range of enterprise IT infrastructure and digital transformation requirements. The company has also expanded into GPU-as-a-Service (GPUaaS), positioning itself to benefit from increasing demand for AI, machine learning, data analytics and high-performance computing infrastructure. ESDS was an early adopter of cloud technology in India, establishing its first data centre in Nashik in 2010 and launching its cloud services in 2011; its eNlight product family was rebranded as the SWARAJ product family in June 2026. In FY26, IaaS, managed services and SaaS contributed 43.9%, 41.2% and 14.9% of revenue from operations, respectively. Revenue from operations increased 30.7% YoY to Rs. 472.2 crore, driven primarily by a sharp increase in managed services revenue, while the company had 2,501 customers across BFSI, government and enterprise segments. Enterprise customers accounted for 55.1% of revenue, followed by government at 27.4% and BFSI at 17.5%. ESDS operates an integrated data centre and cloud infrastructure platform and is among the limited Indian players offering the broader combination of GPUaaS, cloud, managed services, data centre infrastructure and software solutions. The company's end-to-end capabilities across cloud and colocation provide access to both enterprises and SMEs, while its growing customer base and diversified service portfolio support revenue visibility.

Objects of the issue

The IPO comprises a Fresh Issue aggregating up to Rs.720 crores. The Net Proceeds from the Fresh Issue are proposed to be utilized for the following purposes:

1. Purchase and installation of cloud computing and other equipment and infrastructure for its Relevant Data Centres;
2. General corporate purposes.

Investment Rationale

Strong customer relationships and AI-driven technology supporting recurring growth and market opportunities

ESDS has established long-standing relationships with over 100 banks and well-established businesses, supported by its diversified portfolio of cloud infrastructure, managed services, data centre and software solutions. Its end-to-end offering enables customers to address multiple digital infrastructure requirements through a single service provider, helping ESDS cater to evolving digital transformation needs and strengthen customer relationships. The company has steadily deepened customer engagement, with the share of revenue from customers with relationships of more than three years increasing from 49.28% in FY24 to 65.60% in FY26, while those with relationships exceeding five years rose from 23.25% to 47.75% during the same period. This increasing customer tenure reflects the stickiness of its offerings and provides scope to expand the range of services provided to existing customers. ESDS has also developed proprietary AI and cloud technologies that strengthen its differentiation. Its patented SWARAJ vertical auto-scaling technology enables dynamic resource allocation based on customer requirements, supporting efficient utilisation of cloud infrastructure and the ability to manage changing workloads. Further, the company launched a fully managed GPU-as-a-Service (GPUaaS) platform in November 2025, offering GPU infrastructure, deployment, operations and managed services for AI/ML, Generative AI and LLM workloads. This allows enterprises to access scalable, high-performance computing infrastructure without managing the underlying complexity themselves. The combination of established customer relationships, end-to-end capabilities and differentiated AI-led technology positions ESDS to deepen customer engagement and capture opportunities arising from increasing adoption of cloud and AI infrastructure.

Integrated SECaaS platform enabling proactive and scalable cybersecurity solutions

The company has developed an integrated Security-as-a-Service (SECaaS) platform that enables enterprises, BFSI institutions, and government organisations to proactively monitor, identify, and mitigate cyber threats. Its cybersecurity portfolio covers Security Information and Event Management (SIEM), endpoint security, vulnerability management, penetration testing, API security testing and incident response, allowing customers to address multiple cybersecurity requirements through a single service provider. As of June 30, 2026, the company had onboarded more than 123 customers

Issue Details	
Offer Period	28th Aug 2026-1st Sep 2026
Price Band	Rs. 408 to Rs. 429
Bid Lot	34
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	1.6
Issue Size (Rs. in Cr.)	720
Face Value (Rs.)	1

Issue Structure	
QIB	50%
NIB	15%
Retail	35%

BRLM	DAM Capital Advisor Ltd., Systematix Corporate Service Ltd.
Registrar	MUFG Intime India Private Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	46.06%	39.47%
Public	53.94%	60.53%
Total	**100.00%**	**100.00%**

(Assuming issue subscribed at higher band)

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and secured over 7,175 devices. During January–June 2026, its SIEM operations investigated more than 0.63 million alerts, analysed over 3,163 critical incidents and identified more than 20,000 vulnerabilities, while issuing security advisories to help customers mitigate potential threats. The company's Security Operations Centre (SOC) provides continuous monitoring and threat mitigation, supporting operational resilience and regulatory compliance. Its ability to offer cybersecurity as standalone services also positions it to benefit from the increasing adoption of outsourced security solutions, particularly among BFSI institutions and large enterprises. The combination of integrated cybersecurity capabilities, continuous threat monitoring, vulnerability assessment, and incident response enables the company to provide scalable, cost-efficient security solutions. This end-to-end service offering can strengthen customer retention and create opportunities for deeper engagement as organisations face increasingly complex cyber threats and evolving regulatory requirements.

Valuation

ESDS Software Solution Limited is an established cloud infrastructure and managed services provider, offering data centre, cloud computing and related digital infrastructure solutions. The company operates in a growing industry supported by increasing cloud adoption, digital transformation, AI/ML applications and rising demand for data centre infrastructure in India. Its expanding data centre footprint, improving profitability and presence across cloud and managed services provide a strong foundation for long-term growth. The Indian cloud and data centre industry offers structural growth opportunities, supported by increasing enterprise digitisation, adoption of cloud-based solutions and demand for AI-ready computing infrastructure, which could benefit organised domestic players such as ESDS. On the financial front, the company has demonstrated strong operating performance, with Revenue/EBITDA/PAT increasing to Rs.472 Cr/Rs.234 Cr/Rs.121 Cr in FY26. EBITDA margin improved to 49.6% in FY26, while PAT margin stood at 25.6%. At the upper price band of Rs.429, the issue is valued at approximately 36.4x FY26 diluted EPS of Rs.11.8. While the company's strong earnings growth, high EBITDA margins and favourable industry outlook provide support to the premium valuation, the multiple remains relatively demanding. **Considering the company's strong growth prospects, we recommend a "SUBSCRIBE" rating with a long-term investment horizon.**

Key Risks:

⇒ The company operates in a highly competitive cloud, data centre and managed services market. Competition from global hyperscalers and domestic players could result in pricing pressure, higher customer acquisition costs and increased investment requirements, which may adversely affect margins and growth.

⇒ ESDS is exposed to operational disruptions across its data centre infrastructure. Equipment failures, power, internet or telecommunication interruptions, infrastructure failures and force majeure events could disrupt service delivery and result in financial losses, customer attrition and adverse impact on cash flows.

⇒ The company's operations are dependent on maintaining various regulatory approvals and licences. Any delay in obtaining, renewing or maintaining the requisite approvals could adversely affect its ability to operate and may impact business performance.

ESDS Software Solution Ltd.

Income Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Revenue:			
Revenue from operations	287	361	472
Total revenue	**287**	**361**	**472**
Expenses:			
Employee benefits expense	85	94	104
Other expenses	100	112	134
Total expenses	**185**	**206**	**238**
EBITDA	**102**	**155**	**234**
Depreciation & amortization	53	62	63
EBIT	**49**	**93**	**171**
Finance costs	32	25	12
Other Income	6	15	8
Profit before exceptional item	**23**	**83**	**167**
Exceptional item	1	0	0
PBT	**22**	**83**	**167**
Current Tax	1	25	43
Prior year taxes payable	0	-7	4
Deferred tax	7	10	0
Total tax	**9**	**27**	**47**
Net profit	**14**	**56**	**121**
Diluted EPS	**1.4**	**5.7**	**11.8**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	53	163	1368
Cash flow from investing activities	-1	-109	-131
Cash flow from financing activities	-66	7	-45
Net increase/(decrease) in cash and cash equivalents	**-15**	**61**	**1,192**
Foreign Currency Translations reserve	0	-2	1
Cash and cash equivalents at the beginning of the period	**17**	**2**	**61**
Cash and cash equivalents at the end of the period	**2**	**61**	**1,253**

Source: RHP, BP Equities Research

ESDS Software Solution Ltd.

Balance Sheet (Rs. in Crores)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Assets			
Property, plant and equipment	218	285	316
Capital work-in-progress	0	0	4
Right-of-use assets	100	66	58
Other intangible assets	5	1	13
Investment	0	4	5
Other financial assets	14	18	19
Income tax assets (net)	0	2	2
Other non current assets	2	8	6
Total Non Current assets	**339**	**385**	**424**
Current Assets			
Financial Assets			
Trade Receivable			
Billed	69	100	102
Unbilled	52	44	63
cash and cash equivalents	2	61	1,253
Other financial assets	54	37	46
Current Tax assets	14	0	0
Other current assets	18	30	50
Total Current Assets	**209**	**271**	**1,514**
Total Assets	**548**	**656**	**1,938**
Equity and Liabilities			
Equity Share Capital	9	10	10
Other equity	217	408	534
Equity Attributable to owner	226	418	544
Non controlling Interest	1	0	1
Total Equity	**227**	**418**	**544**
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowing	85	41	28
(ii) Lease Liabilities	93	50	38
Employee benefit obligation	8	9	10
Deferred Tax Liabilities (net)	6	12	14
Total Non-Current Liabilities	**191**	**112**	**90**
Current Liabilities			
Financial Liabilities			
(i) Borrowing	64	22	15
(ii) Lease Liabilities	16	14	16
(iii) Trade Payables	23	29	39
(iv) Other financial liabilities	10	40	13
Employee benefit obligation	5	5	3
Current tax liabilities (net)	0	3	23
Other current Liabilities	11	14	1,196
Total Current Liabilities	**130**	**127**	**1,304**
Total Liabilities	**321**	**238**	**1,394**
Total Equity and Liabilities	**548**	**656**	**1,938**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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