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ESDS Software Solution Limited

August 26, 2026

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	IT Infrastructure / Cloud & Data Centre
Fresh Issue (Shares)	16,783,216
Net Offer to the Public	16,783,216
Issue Size (Rs. Cr.)	684-720
Price Band (Rs.)	408-429
Offer Date	28-Aug-26
Close Date	1-Sep-26
Face Value	1
Lot Size	34

Issue Composition

Issue Composition	In shares
Total Issue for Sale	16,783,216
QIB	8,391,608
NIB	2,517,482
Retail	5,874,126

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	46.06%	39.47%
QIB	53.94%	53.37%
NIB	0.00%	2.15%
Retail	0.00%	5.01%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Purchase and installation of cloud computing and other equipment and infrastructure for Data Centres.
2. General Corporate Purposes

Book Running Lead Manager

- DAM Capital Advisors Limited
- Systematix Corporate Services Limited

Name of the registrar

- MUFG Intime India Private Limited

About the company

Incorporated in August 2005, ESDS Software Solution Limited is an AI-enabled provider of cloud, managed services, Data Centre infrastructure and software solutions in India. It is one of only two players offering the full spectrum of GPUaaS, cloud, managed services, data-centre infrastructure and software solutions, and the largest by revenue in Fiscal 2026 (Rs. 472.21 Crore). The company operates five Tier-3 Data Centres (Nashik, Navi Mumbai/Airoli, Bengaluru, Mohali and Noida) covering over 75,266 sq ft. Its offerings span IaaS (colocation, public/private/hybrid/community clouds and GPUaaS), managed services and SaaS via the SPOCHUB marketplace. It served 2,501 customers in FY26 across BFSI, Government and Enterprises. Flagship patented SWARAJ Cloud technology enables vertical auto-scaling.

Strength

Leading end-to-end cloud and Data Centre solutions provider: ESDS is an early adopter of cloud technology in India, having launched its first Data Centre in Nashik in 2010 and cloud services in 2011, later rebranded as SWARAJ Cloud. It is among only two Indian players offering an integrated portfolio spanning GPUaaS, cloud, managed services, Data Centre infrastructure and software solutions. As of June 30, 2026, ESDS served 115 BFSI institutions, multiple Government and PSU projects, and 113 Enterprise customers through specialised SAP HANA community clouds. Its 94.92% revenue retention rate in Fiscal 2026 and 89.04% of customers using all three service lines demonstrate strong customer relationships and the benefits of its integrated offerings.

Comprehensive Security-as-a-Service capabilities: ESDS provides end-to-end cybersecurity through its Security Operations Centre, SIEM, vulnerability assessments, penetration testing and incident-response services. As of June 30, 2026, its SECaaS platform served more than 123 customers across over 7,175 devices. During the first half of 2026, its SIEM team analysed more than 5,143 alerts, investigated 0.063 crore events, issued 360 critical advisories and assessed over 20,000 vulnerabilities. These capabilities help BFSI, Government and Enterprise customers strengthen their security posture, meet regulatory requirements and access scalable cybersecurity services, positioning ESDS as a trusted security partner.

Strong and long-standing customer relationships: ESDS has established relationships with more than 100 banks and other prominent organisations, including STPI. Customer retention has strengthened significantly, with revenue from customers having relationships of more than three years increasing from 49.28% in Fiscal 2024 to 65.60% in Fiscal 2026. Revenue from customers with relationships exceeding five years also rose from 23.25% to 47.75% during the same period. Meanwhile, total customers increased from 1,465 in Fiscal 2024 to 2,501 in Fiscal 2026. Its diversified, end-to-end service portfolio supports customer retention, cross-selling and deeper engagement across BFSI, Government and Enterprise segments.

Strong Government partnerships and policy advocacy: ESDS operates three of STPI's six Tier-3 Data Centres in Bengaluru, Mohali and Noida under an asset-light model, enabling scalable expansion across Tier-II and Tier-III cities. The company is also a MeitY STQC-empanelled cloud service provider for public, virtual private and Government community clouds. Chairman and Managing Director Piyush Somani serves as President of the Bharath Digital Infrastructure Association, advocating sovereign digital infrastructure, data localisation and fair competition. These Government relationships and policy engagements enhance ESDS's credibility and strengthen its positioning in India's public-sector digital transformation.

AI-led innovation and patented technology: ESDS holds commercial patents for its SWARAJ software, which enables vertical and diagonal auto-scaling, with patents granted in the US in 2015 and India in 2022. The company is the only Indian player with this patented technology. In November 2025, it launched fully managed GPUaaS for AI/ML, Generative AI and LLM workloads. India's cloud GPU market is projected to increase from USD 6.73 crore in Fiscal 2025 to USD 51.37 crore by Fiscal 2030, implying a CAGR of approximately 50.15%. ESDS's asset-light model and vertical scaling capabilities can support efficient capacity utilisation and faster response to growing AI infrastructure demand.

Flexible and transparent customised billing models: ESDS offers flexible billing based on transactions, branches, users, consumption metrics and business KPIs. Its patented pay-per-consumption model, enabled by SWARAJ's vertical auto-scaling capability, allows customers to pay for resources based on actual usage. Its pay-per-branch model is particularly suited to co-operative banks using core-banking SaaS and managed services. These flexible pricing structures can help customers optimise costs, reduce upfront investment requirements and access advanced cloud services more efficiently, while supporting ESDS's customer retention, cross-selling and broader service adoption.

Experienced leadership and strong technical talent: Chairman and Managing Director Piyush Prakashchandra Somani brings more than 20 years of experience in the IT industry. As of June 30, 2026, ESDS had 993 employees, supported by experienced technical and operational teams. Data Centre operations comprised 90 employees with managers averaging 6.2 years of experience; R&D and AI had 87 employees with 6.1 years; service delivery had 127 employees with 8.2 years; technical support had 142 employees with 14 years; cloud infrastructure had 105 employees with 13.8 years; and security management had 63 employees with 10.8 years of experience. This combination of experienced leadership and specialised talent supports innovation, service quality and operational execution.

Strategy

Expand business by strengthening infrastructure, accelerating AI/ML innovation and advancing sustainability: ESDS plans to expand its Data Centre capabilities by increasing compute, storage, power and cooling capacity, upgrading end-of-life systems and deploying next-generation infrastructure. IPO proceeds will support the purchase of cloud and GPU node servers and networking equipment. The company plans two new Data Centres in Kolkata, targeted for Q3 Fiscal 2027, and Sahibabad, targeted for Q1 Fiscal 2028. AI/ML will support self-provisioning, intelligent onboarding and industry-specific solutions, while flexible consumption-based billing will help customers optimise costs and scale efficiently. ESG initiatives will focus on energy-efficient infrastructure and the development of green Data Centres.

Scale AI-driven solutions and strengthen technology leadership: ESDS will continue investing in AI-enabled solutions across industries. Key initiatives include healthcare agents and disease-screening solutions supported by GPUaaS and CMMI Level 5 facilities, the Famrut smart-farming platform for agriculture, self-service cloud automation, and AIOps and Agentic AI solutions to improve operational efficiency and customer experience. These initiatives are designed to deliver increasingly autonomous and industry-specific solutions while leveraging ESDS's cloud and GPU infrastructure. Continuous R&D and technology innovation will remain central to enhancing its Data Centre and cloud capabilities and maintaining competitive differentiation.

Deepen collaboration with Government and business partners: ESDS plans to strengthen its presence in the public sector by expanding Data Centre infrastructure and providing customised cybersecurity, disaster recovery and secure cloud solutions. The company will pursue partnerships for core-banking software hosting, subscription-based digital services for Government entities through STPI collaborations, smart-metering and smart-city projects, SAP HANA community cloud hosting and technology alliances with global companies such as Dell. It also intends to expand partnerships in RPA, business intelligence, AI/ML and IoT to offer integrated digital-transformation solutions to a broader customer base.

Strengthen brand leadership through thought leadership and customer engagement: ESDS will focus on building its brand through industry events, workshops, educational initiatives and active participation in industry bodies such as the Cloud Computing Innovation Council of India. Its engagement with industry forums will support discussions around data localisation, cloud adoption and emerging technologies. Targeted marketing campaigns will highlight the impact of AI and cloud solutions across industries. By combining technology leadership, Government relationships, AI-driven offerings and a customer-centric approach, ESDS aims to strengthen its position as a trusted technology partner for enterprises and Government organisations undergoing digital transformation.

Transition to 100% renewable energy for sustainable operations: ESDS aims to meet 100% of its power requirements through renewable energy within four years. Rooftop solar installations are already operational at its Registered Office and Nashik Data Centre. The company targets renewable-energy adoption of 50% within two years, 70% within three years and 100% by the fourth year. ESDS also intends to leverage Government incentives, including power-tariff concessions available under green-energy policies, such as Karnataka's Data Centre Policy, which requires at least 30% green power. This transition is expected to support ESG objectives, improve energy efficiency and potentially reduce operating costs while meeting growing sustainability expectations.

Key Risk Factors

- Failure to keep pace with rapid technological change or industry standards could erode competitiveness.
- Government-related revenue (27% in FY26) remains exposed to policy or budget shifts.
- Top-10 clients accounted for 45% of FY26 revenue; loss of any major client would hurt results.
- Any successful cyber-attack or data breach could damage reputation and trigger liability.
- Service disruptions at Data Centres or inability to guarantee continuous access could lead to penalties and customer churn.

Peer Comparison

Company	Total Sales	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
E2E Networks	366.22	31.16	0	0	8.16	73.07	1	595.95	12250.64
ESDS Software Solution Limited	472.21	120.82	10.31	41.62	3.98	107.86	1	429.00	5028.35

*Peer companies financials are TTM based

***ESDS Software Solution Ltd. financials are based on FY26

Valuation:

Considering the P/E valuation, on the upper end of the price band of Rs. 429, the stock is priced at a pre-issue P/E of 35.66x on FY2026 EPS of Rs. 12.03. Post issue, the stock is priced at a P/E of 41.62x on its EPS of Rs. 10.31. Looking at the P/B ratio at Rs. 429 pre-issue, book value of Rs. 54.19 of P/Bv 7.92x. Post issue, book value of Rs. 107.86 of P/Bv 3.98x.

Considering the P/E valuation, on the lower end of the price band of Rs. 408, the stock is priced at a pre-issue P/E of 33.91x on FY2026 EPS of Rs. 12.03. Post issue, the stock is priced at a P/E of 39.58x on its EPS of Rs. 10.31. Looking at the P/B ratio at Rs. 408 pre-issue, book value of Rs. 54.19 of P/Bv 7.53x. Post issue, book value of Rs. 107.86 of P/Bv 3.78x.

Industry Overview

India's data-centre, cloud and managed-services market is expanding rapidly, driven by Digital India, 5G rollout (40 crore subscribers by mid-2026), data localisation (DPDP Act 2023 and RBI payment-data rules) and surging AI demand. The domestic cloud-GPU segment alone is forecast to rise from ≈USD 6.7 Crore in FY25 to ≈USD 51.4 Crore by FY30 (CAGR ≈50%). IT/ITES already contributes ~7–8% of nominal GDP and is expected to exceed USD 315 billion by 2026. Rising data consumption (average wireless data use >26 GB/month), FDI leadership of computer software & hardware, and government cloud adoption for e-governance, smart cities and financial inclusion further accelerate demand. Local players such as ESDS benefit from regulatory tailwinds that favour compliant, sovereign infrastructure over pure hyperscaler models.

Outlook

ESDS is well positioned to benefit from India's growing cloud, Data Centre, cybersecurity and AI infrastructure demand. Its integrated offerings, strong customer retention, Government relationships and patented auto-scaling technology provide a solid foundation for growth. Expansion of Data Centres in Kolkata and Sahibabad, rising GPUaaS adoption and AI-driven solutions could further diversify revenue and improve scalability. However, rapid technological changes, customer concentration, Government-linked revenue, cyber risks and Data Centre disruptions remain key concerns. Sustained investment in technology, security and renewable infrastructure will be critical to maintaining competitiveness and long-term growth.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Fri, Aug 28, 2026
IPO Close Date	Tue, Sep 1, 2026
Tentative Allotment	Wed, Sep 2, 2026
Initiation of Refunds	Thu, Sep 3, 2026
Credit of Shares to Demat	Thu, Sep 3, 2026
Tentative Listing Date	Fri, Sep 4, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-26 (12 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	472.21	361.34	286.52
Total expenditure	237.98	206.45	184.64
Operating Profit	**234.23**	**154.89**	**101.88**
OPM%	49.60	42.86	35.56
Other Income	8.44	15.31	5.62
Total Net Income	**242.68**	**170.19**	**107.50**
Interest	11.79	25.25	31.57
PBDT	**230.89**	**144.94**	**75.93**
Depreciation	63.46	62.21	52.55
P / L before exceptional items	**167.42**	**82.74**	**23.37**
Exceptional Items	0.00	0.14	1.07
PBT	**167.42**	**82.60**	**22.30**
Tax	46.60	26.98	8.69
Profit & Loss	**120.82**	**55.61**	**13.61**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-26	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, plant and equipment	316.41	285.00	218.05
Right-of-use assets	58.44	66.24	99.51
Capital work-in-progress	3.99	0.00	0.00
Other intangible assets	13.04	1.27	4.78
Financial Assets			
Investments	**4.55**	**4.28**	**0.00**
Other financial assets	18.65	18.30	14.37
Deferred-tax Assets (net)	2.36	2.36	0.00
Other non-current assets	6.33	7.76	2.48
Total non-current assets	**423.76**	**385.20**	**339.18**
Current assets			
Financial Assets			
Trade receivables			
Billed	102.13	99.76	69.00
Unbilled	63.39	43.73	51.52
Cash and cash equivalents	1253.39	60.68	2.25
Other bank balances	0.00	0.00	0.00
Other financial assets	45.63	36.68	53.52
Current tax assets (net)	0.00	0.00	14.24
Other current assets	49.61	29.90	18.00
Total current assets	**1514.14**	**270.75**	**208.53**
Total Assets	**1937.90**	**655.95**	**547.71**
LIABILITIES			
Non-current liabilities			
Non-current borrowings	28.42	40.60	84.77
Lease liabilities	37.58	49.99	93.31
Employee benefit obligations	9.66	9.31	7.68
Deferred tax Liability (net)	14.29	11.65	5.65
Total non-current liabilities	**89.95**	**111.54**	**191.41**
Current liabilities			
Financial liabilities			
Current borrowings	14.50	22.12	64.27
Lease liabilities	15.97	14.04	16.45
Trade Payables - Micro and Small Enterprises	1.85	2.65	0.57
Trade Payables - Others	37.08	26.38	22.72
Other financial liabilities	12.66	39.51	10.12
Employee benefit obligations	3.01	5.18	4.81
Current tax liabilities (net)	22.97	2.50	0.00
Other current liabilities	1195.72	14.45	10.85
Total current liabilities	**1303.75**	**126.83**	**129.79**
Total liabilities	**1393.71**	**238.37**	**321.20**
Net worth represented by:			
Equity Share Capital	10.04	10.04	9.29
Other Equity	533.62	407.54	216.62
Non-controlling interest	0.54	0.00	0.60
Total Equity	**544.20**	**417.58**	**226.51**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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