Price Band: ₹ 408-429

UNRATED

August 27, 2026

AI-enabled play on India's sovereign cloud wave...

About the Company: ESDS Software Solution Limited (ESDS), incorporated in August 2005 and headquartered in Nashik, Maharashtra, is an AI-enabled provider of cloud, managed services, data centre infrastructure and software solutions in India.

- ESDS is also one of the only 2 players in India providing entire spectrum of GPUaaS, cloud, managed, data centre infrastructure & software solutions.

Key triggers/Highlights:

- **Established data centre footprint:** Operates five Tier-3 data centres (Nashik, Airoli/Navi Mumbai, Bengaluru, Mohali, Noida) spanning 75,266+ sq. ft., with redundant power, disaster recovery infrastructure and 24/7 support. Two additional facilities (Kolkata, Sahibabad) are in the pipeline.
- **Proprietary, patented technology:** SWARAJ Cloud, its patented cloud auto-scaling platform, has been evolved into an AI-enabled offering addressing data sovereignty, scalability, security, compliance and AI workloads — a differentiator versus pure hyperscaler resellers.
- **Broad IaaS/SaaS/Managed Services stack:** Portfolio spans colocation, public/private/hybrid/community cloud, GPU-as-a-Service (GPUaaS), cybersecurity, DR-as-a-Service, backup-as-a-service and a Security-as-a-Service (SECaaS) framework, alongside SaaS tools (vulnerability scanners, WAF, VPN, AI-powered GPU monitoring). It served ~2500 customers in FY2026 across BFSI, public sector and enterprise.
- **Sharp margin expansion with deleveraging:** EBITDA margin expanded from 35.6% (FY24) to 49.6% (FY26), even as total borrowings nearly halved from ₹149 crore (FY24) to ₹43 crore (FY26), fairly capital-efficient scale-up.
- **Diversifying away from government dependence:** Revenue from government entities/projects has declined from 34.0% (FY24) to 27.4% (FY26), even as absolute government revenue grew, indicating broadening BFSI/Enterprise traction alongside continued public-sector relationships.
- **AI Cloud Deal:** ESDS signed a strategic 5-year deal with potential US$1.25 bn revenues, with an Australia based neocloud AI compute service provider for GPU infrastructure. Revenues from this are expected to start Q3FY27, adding to its growth runway.

Our View & Rating:

- Revenue grew at a ~28.4% CAGR and EBITDA at a ~51.6% CAGR over FY24-26, with PAT up 117% YoY in FY26 (₹120.8 crore vs ₹55.6 crore) — a sharply improving profitability trajectory alongside topline growth.
- At the upper price band, the issue is priced at a post-issue P/E of ~41.8x FY26 earnings (35.7x pre-issue), a premium multiple that will need sustained execution on the AI/GPUaaS and data centre capex build-out to justify.
- **We assign UNRATED rating on ESDS Software Solution Limited.**

Key risk & concerns

- Technology obsolescence/ regulatory risk; Competition (CtrlS Datacenters, Nxtra by Airtel, Yotta Data Services, E2E Networks, Sify Infinit Spaces etc); Government/PSU revenue exposure; Capex execution risk.

IPO Details

Issue Details	
Issue opens	28 August 2026
Issue closes	01 September 2026
Issue size	₹ 720 crore (100% fresh issue)
QIB Share	50% of the Issue
Retail Share	35% of the Issue
NII share	15% of the Offer
Issue Type	Bookbuilding IPO
Price band (₹/share)	₹408-429
Bid Lot	34 shares
Face value	₹ 1
Post-Issue Market Cap (₹ crore)	4782 - 5028

Shareholding pattern

Particulars	Pre-Issue (%)	Post-Issue (%)
Promoters	46.1	39.5
Public	53.9	60.5
Total	100	100

Objects of the issue

Net proceeds are proposed to be utilised for:

- Purchase and installation of cloud computing and other equipment/infrastructure for Data Centres (₹576 crore)
- General corporate purposes (₹144 crore)

proceeds are for capacity-building rather than promoter exit.

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

CA Anjini Sharma
anjini.sharma@icicisecurities.com

IPO Review

ICICI Securities – Retail Equity Research

Key Financial Summary

₹ Crore	FY24	FY25	FY26	2-Year CAGR (FY24-26) (%)
Net Sales	286.5	361.3	472.2	28.4
EBITDA	101.9	154.9	234.2	51.6
EBITDA Margin (%)	35.6	42.9	49.6	
Net Profit	12.6	55.6	120.3	209.3
Price/Sales *	17.5	13.9	10.6	
P/E (x) **	400.0	90.4	41.8	
RoNW (%)	5.6	13.3	22.1	
RoCE (%)	14.7	22.5	30.6	
EPS **	1.1	4.7	10.3	

Source: RHP, ICICI Direct Research; * Price/Sales calculated post-issue based on upper price band of ₹429 **EPS and P/E calculated at upper price band of ₹429

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, subscribe for the long term, Unrated and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Unrated: No view on applying for the IPO

Subscribe only for long term: Apply for the IPO only from a long-term investment perspective (>two years)

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, MBA (Finance); Anjini Sharma, CA; Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stockbroker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stockbroker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein are solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report