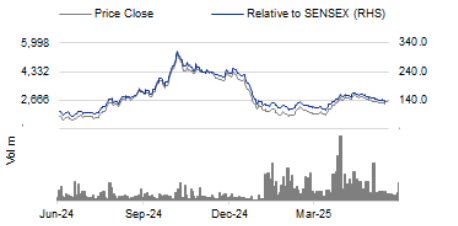
India

ADD *(Initiating coverage)*

Consensus ratings*:	Buy 1	Hold 0	Sell 0

Current price:	Rs2,544
Target price:	Rs3,245
Previous target:	NA
Up/downside:	27.6%
EIP Research / Consensus:	27.6%
Reuters:	
Bloomberg:	E2E IN
Market cap:	US$595m
	Rs50,788m
Average daily turnover:	US$2.9m
	Rs248.0m
Current shares o/s:	20.0m
Free float:	56.3%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(9.6)	25.8	65.9
Relative (%)	(12.4)	15.3	59.4

Major shareholders	% held
Larsen And Toubro Limited	14.9
India Equity Fund 1	1.2
Airavat Capital Trust	1.1

E2E Networks

Antifragile!

- E2E is at the trifecta of AI, infrastructure and software platform opportunity.
- Leading self-service cloud GPU provider at scale with predictable & affordable pricing, and parentage-led B/S strength provides an early mover advantage.
- Initiate coverage with an ADD rating and a DCF-based target price of Rs3,245.

AI – the next frontier

The Artificial Intelligence (AI) revolution, the most disruptive shift, could start a new cloud infrastructure era with a generational opportunity to build AI-cloud platforms, including infrastructure and integrated software, and drive a >US$1.8tr market opportunity by 2030F/32F driven by a combination of demand and supply side factors. The non-discretionary nature of spending implies a durable investment cycle.

Infrastructure – the key enabler of AI

Globally, the addressable market for AI inference/fine-tuning, AI workload monitoring, and training infrastructure, including AI servers, AI storage, training compute, cloud workloads, and networking, could grow at a 38% CAGR to ~US$400bn in 2028F vs. US$79bn in 2023. Locally, India market size could witness exponential growth driven by the start-up ecosystem, IndiaAI Mission and enterprise adoption.

Software – critical to unlock infrastructure price performance

The state-of-the-art infrastructure requires purpose-built software to 1) unlock performance and efficiency at scale, 2) test and validate components, and 3) provision to minimize downtime. Additionally, it also needs orchestration framework coupled with engineering resources to schedule complex workloads and monitoring to ensure minimal failure and downtime. E2E Networks or E2E's self-developed platform TIR with years of customer journey and learnings embedded provides an early mover advantage.

E2E Networks is at the trifecta of this opportunity

E2E Cloud has 1) emerged as one of the top-tier cloud GPU infrastructure provider with a comprehensive line-up, 2) a battle-tested software (TIR), and 3) balance sheet (B/S) strength and parentage post equity infusion by Larsen & Toubro or L&T and is trusted by researchers, start-ups, and enterprises given price performance & scalability, predictable & affordable pricing, and open-source technology build. E2E, a springboard in the CPU era to launch many of the India-based unicorns, could be an appropriate vehicle to participate in this trifecta of opportunity.

Initiate coverage with an ADD rating and a target price of Rs3,245

We model revenue/EBITDA CAGR of ~60% over FY25-28F driven by monetization of capacity addition and accelerating adoption. We initiate coverage with an ADD rating and a DCF-based target price of Rs3,245, which implies an EV/EBITDA multiple of 13x. Early mover advantage in an industry with structural & secular growth drivers provide growth visibility while deterioration in GPU pricing is a key downside risk.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	945	1,640	3,177	5,281	7,421
Operating EBITDA (Rsm)	479	967	2,091	3,825	5,570
Net Profit (Rsm)	219	475	760	1,471	2,025
Core EPS (Rs)	11.0	23.8	38.1	73.7	101.4
Core EPS Growth	120.7%	116.6%	59.6%	93.5%	37.7%
FD Core P/E (x)	231.05	106.66	66.83	34.53	25.07
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	108.13	39.09	19.41	11.50	8.27
P/FCFE (x)	(12,882.13)	(39.29)	163.12	(250.64)	37.48
Net Gearing	185.4%	(80.8%)	(61.1%)	(37.5%)	(23.3%)
P/BV (x)	71.31	3.19	3.04	2.80	2.52
ROE	36.4%	5.7%	4.7%	8.4%	10.6%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Research Analyst(s)

Abhishek SHINDADKAR
T (91) 22 4161 1543
E abhishek.shindadkr@incredresearch.com

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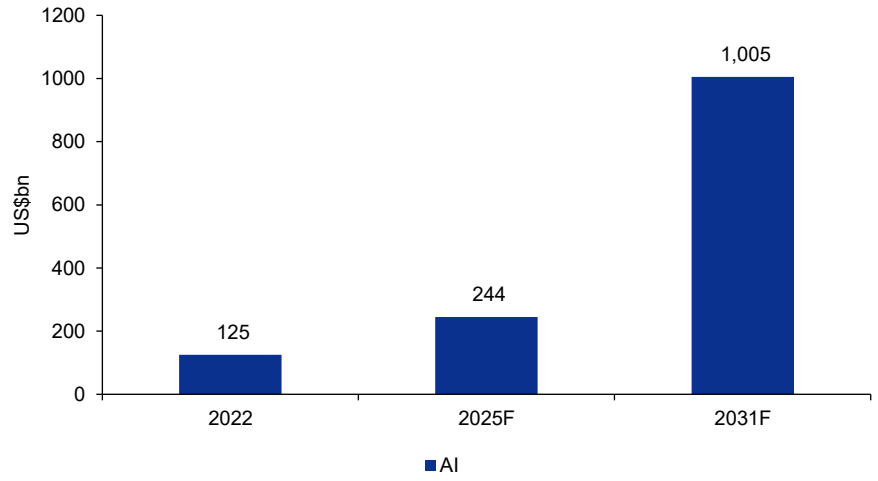
Investment Arguments

AI is the next frontier – a trillion-dollar market globally by 2031F

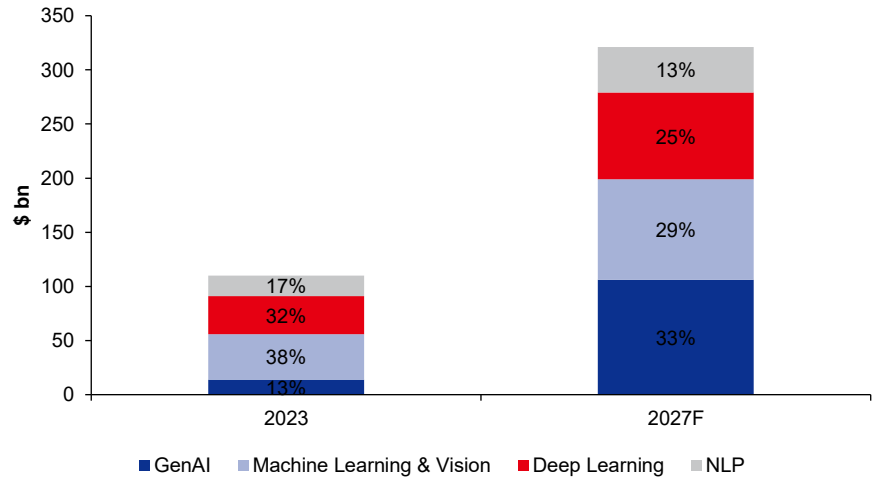
The global artificial intelligence (AI) market, valued at ~US$137bn in 2022, could reach US$320-380bn by 2027F, growing at a CAGR of 25%-30%, and ~US$1.8tr by 2030F-32F driven by a combination of demand (strategic priority for organizations) and supply side factors including democratization through Generative AI (GenAI), advancements in machine and deep learning, optimization of algorithms and rising data generation & accuracy (driven by better enterprise data, engineering practices & use case-specific model training) and evolved infrastructure. Finally, we believe, GenAI (encompassing a broader range of content generation capabilities) and large language models or LLMs (focusing on language-related tasks) are driving enterprises to reimagine existing end-markets.

Figure 1: AI to be a trillion-dollar opportunity by 2031F



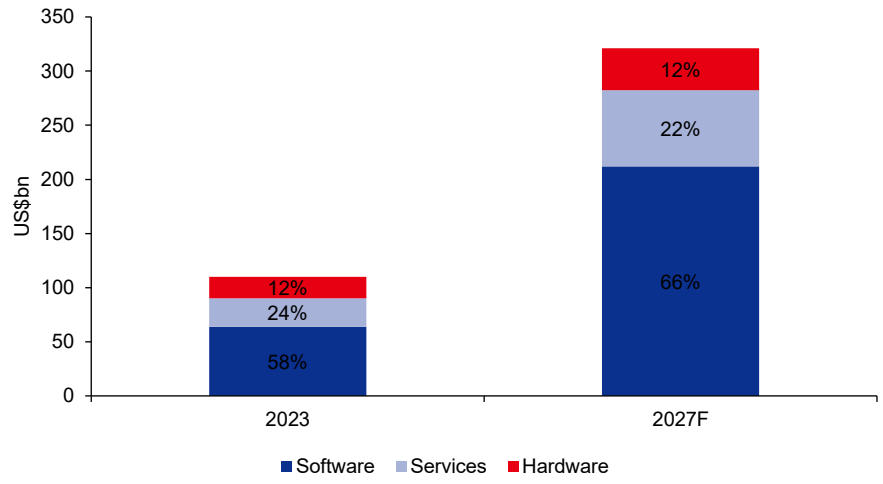
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: AI market size by technology



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: AI market size by solutions

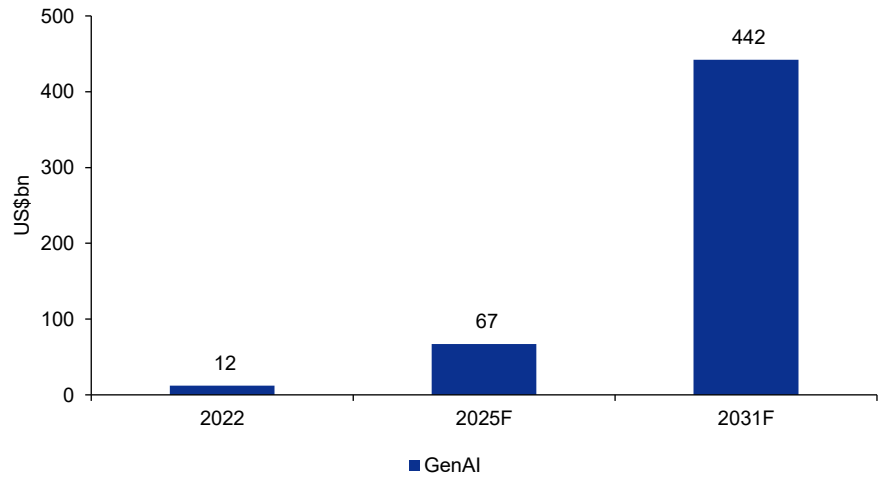


SOURCE: INCRED RESEARCH, COMPANY REPORTS

GenAI is democratizing the access and use of AI technologies

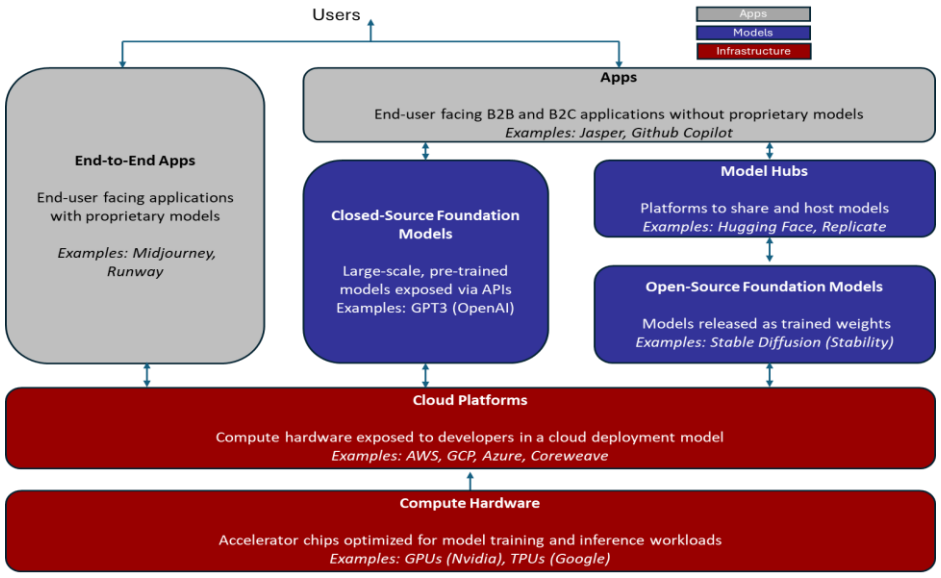
The GenAI market size, ranging from US$38bn-$67bn in 2025, could reach US$1tr by 2030F-32F, posting a CAGR of ~40%. The key drivers of growth include rising adoption across healthcare, finance, retail, automotive, and manufacturing sectors coupled with advancement, especially in LLMs and applications based on natural language prompts, enabling a highly interactive AI experience. GenAI's reliance on vast datasets and demanding computing infrastructure, both of which are fundamental aspects of cloud technology, are resulting in a surge in data usage and higher consumption of cloud resources.

Figure 4: GenAI could be the largest spending area



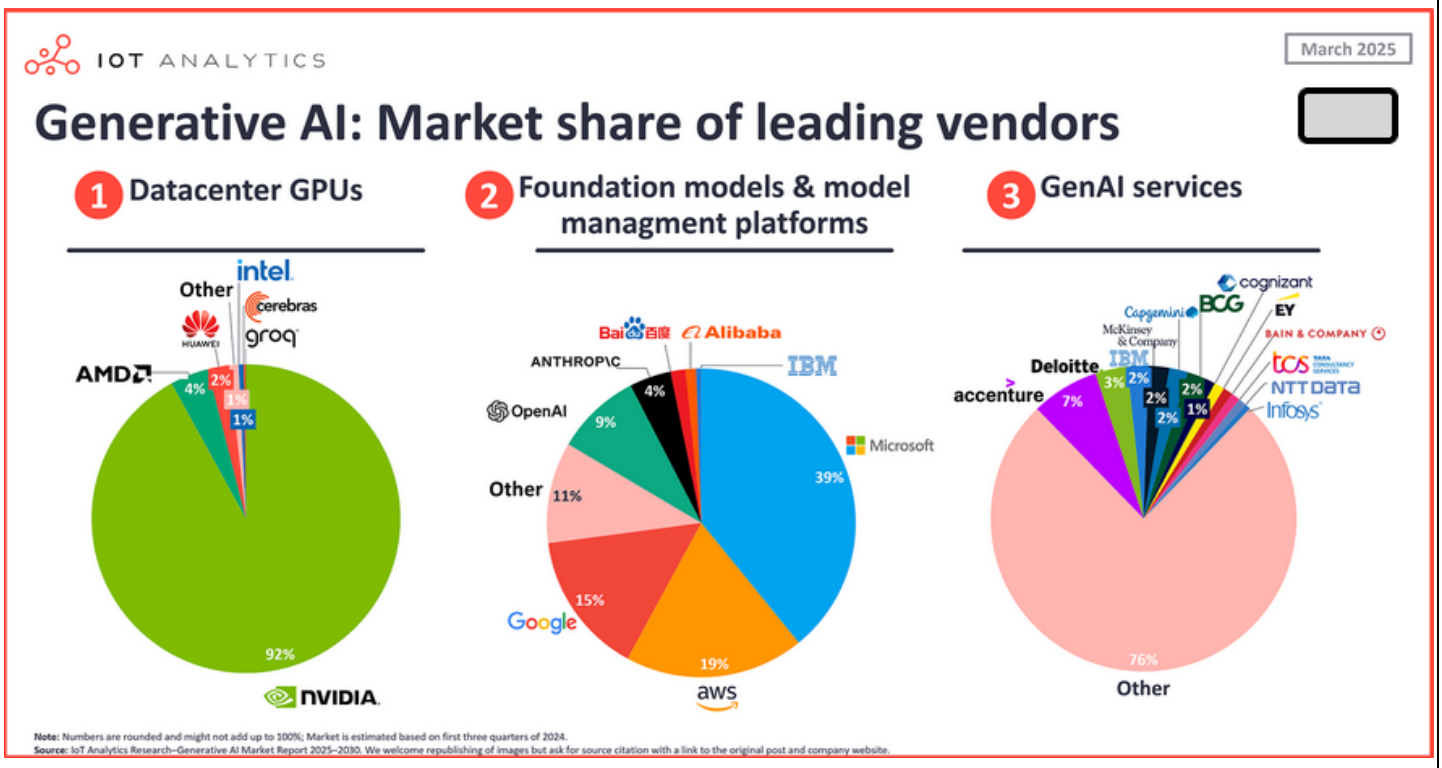
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: GenAI tech stack



SOURCE: NASSCOM, INCRED RESEARCH

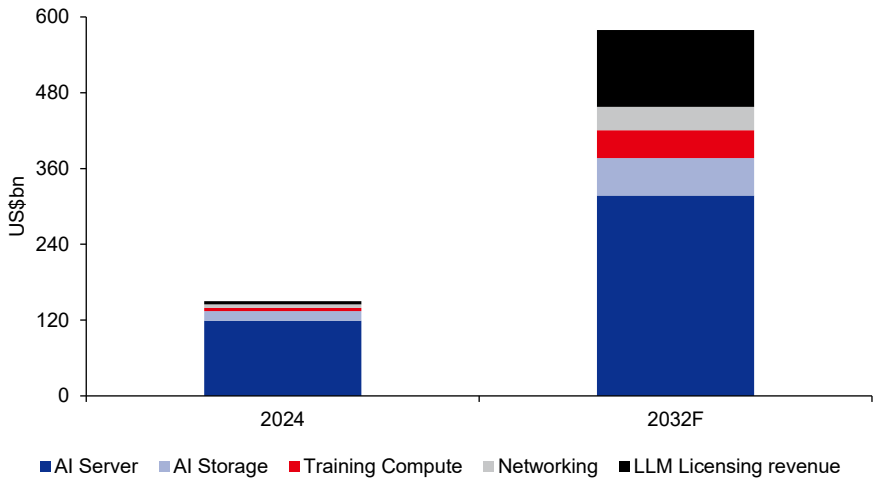
Figure 6: Market share of leading vendors



Training LLMs remain a significant driver

Training foundational LLMs remain the biggest driver of incremental revenue, given the shift from using general-purpose central processing units (CPUs) to custom accelerators for large dataset workloads. The addressable market for GenAI inference/fine-tuning, AI workload monitoring, and training infrastructure, including AI servers, AI storage, training compute, cloud workloads, and networking, could grow at a 38% CAGR to ~US$400bn in 2028F vs. ~US$85bn in 2023. Segregating further, the training infrastructure market opportunity could be US$300bn and includes AI servers (US$190bn), AI storage (US$34bn), training compute and cloud workloads (US$27bn), LLM licensing revenue (US$59bn) and networking (US$19bn) while inference infrastructure and workload monitoring could be US$49bn/US$20bn opportunities, respectively.

Figure 7: Training LLMs remain a significant driver of the GenAI market



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Licensing revenue of LLM models likely to grow exponentially

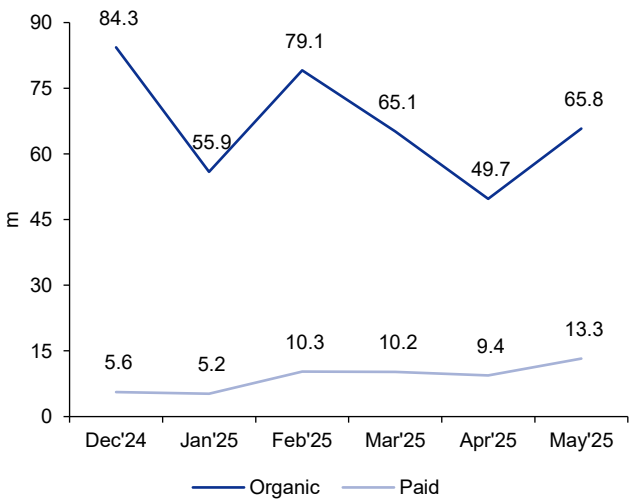
LLMs, focusing on natural language processing, are the critical components powering GenAI applications including Chatbots (like ChatGPT), content creation tools, virtual assistants, etc. The architecture based on transformer models enables processing and generation of human-like text and expands use cases while its ability to handle billions of parameters allows them to perform diverse tasks, from answering questions and summarizing documents to translating languages and generating creative content, leading to an explosion in the GenAI addressable market. The pivot towards reasoning models, powered by chain of thought and reinforcement learning, is enabling a broader use of LLMs beyond text-based searches to analyzing images, audios and videos across a variety of form factors.

Figure 8: LLM actives users, potential revenue and subscription data

	Daily	Weekly	Monthly	Paid	Projected revenue (US$bn)	Starting subscription fee (US$)
ChatGPT	122.5m	400m	462m	20m	12.7	20
Claude			19m		2.2-3.7	20
Gemini	35m		350m		3-4	20
Copilot			20-36m	1.3m	1	
Llama			700m		2-3	

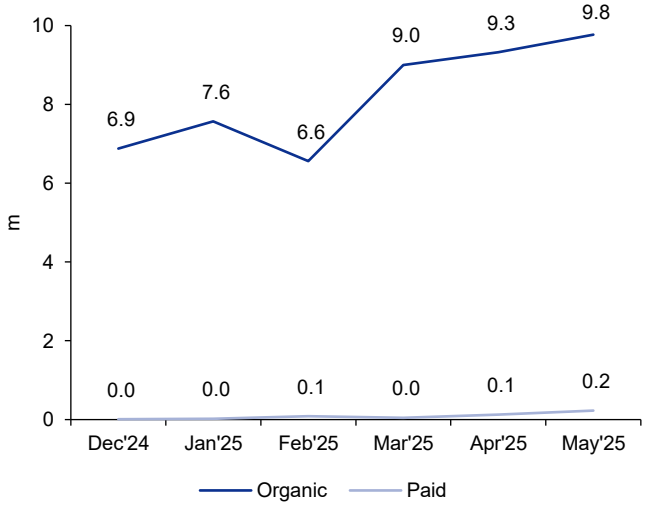
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: ChatGPT website traffic



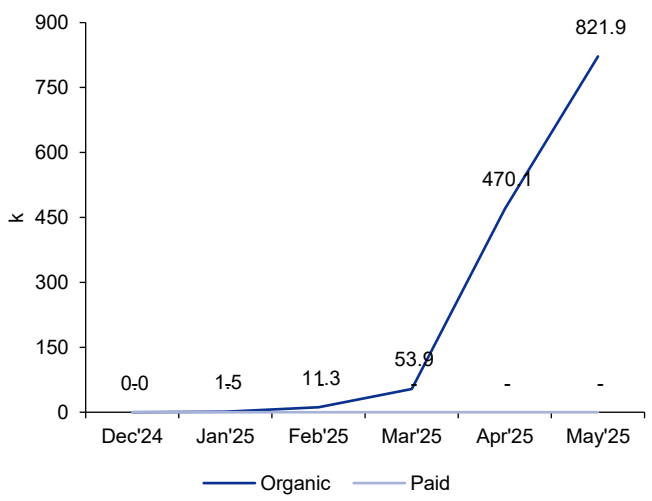
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Perplexity website traffic



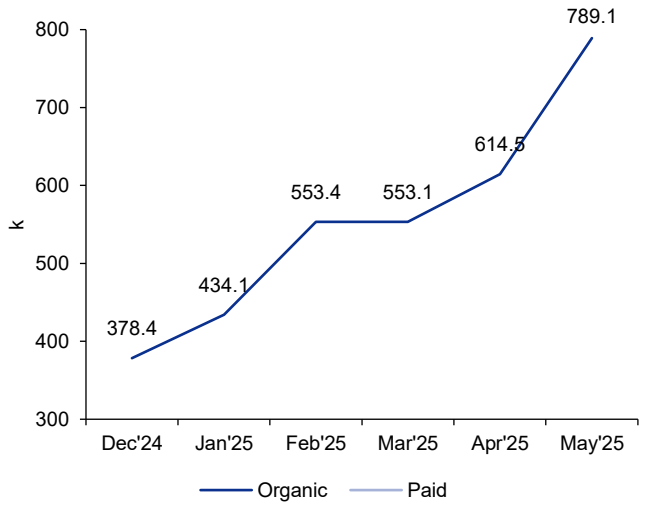
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Grok website traffic



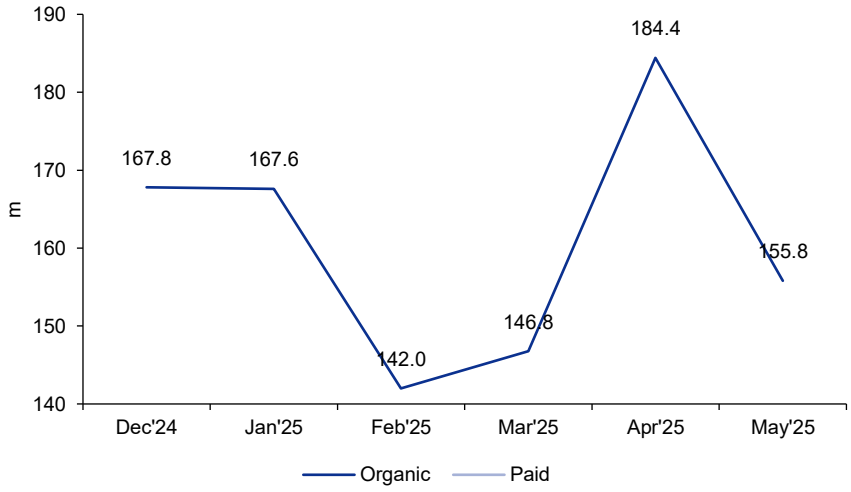
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Mistral website traffic



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: OpenAI website traffic



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Model scaling driving adoption

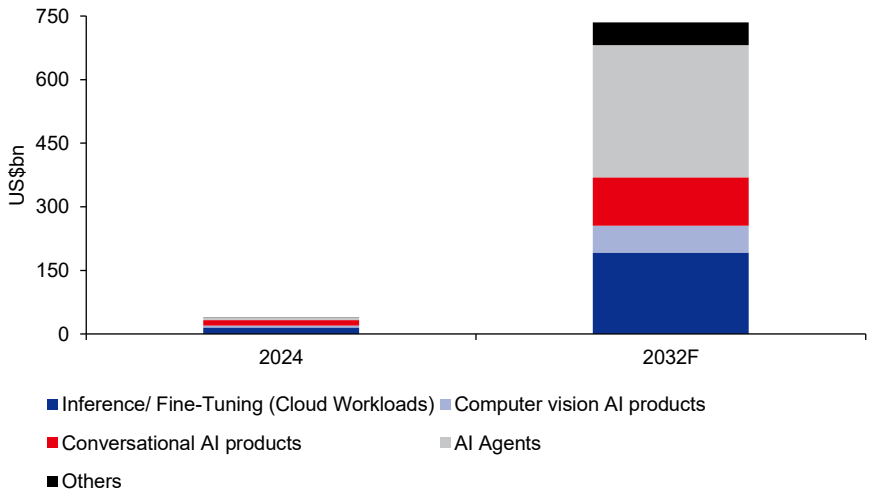
Although the continuous scaling of parameters of foundational LLMs is leading to a higher number of floating point operations (FLOPs) and significantly greater computational resources, which could be a tailwind for both cloud hyperscalers (spending on training infrastructure) and companies licencing their LLMs using API, recent research papers (https://arxiv.org/html/2211.04325v2) suggests that human-generated public data cannot sustain beyond this decade and could lead to synthetic data generation, transfer learning from data-rich domains, and data efficiency improvement. Our industry discussions suggest that synthetic data may not replace real data but that the data capturing methods could change while enterprises focus on hyper personalization, dependent on model and can lead to a change in model classification, which could be key to infrastructure requirements.

Inference efficiency is a big focus area, given rising compute costs

Although the demand for larger-sized training and inferencing compute clusters could continue for improved model reasoning and capabilities, inference efficiency could become a big focus area, given the higher compute costs. As LLMs grow exponentially larger, the number of floating-point operations (FLOPs), which generally scale with the increase in parameter count, demand significantly greater

computational resources. To offset rising LLM costs, foundational model companies may seek to shrink the size of trained models for lowering inferencing costs for broader-use cases across enterprise and consumer applications. A pivot to smaller models with fewer parameters that can be used for specific tasks vs. LLMs is likely to drive a secular shift in applications to agent functionality. Most foundational model companies continue to release new LLMs with a chain-of-thought reasoning at inference time while some have versions released for on-device and edge deployment as well.

Figure 14: The inference opportunity could be as large as the training one



SOURCE: INCRED RESEARCH, COMPANY REPORTS

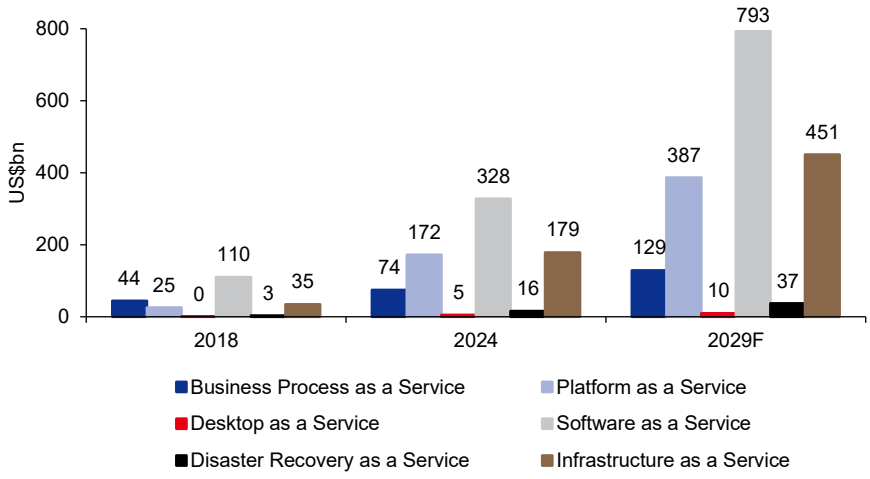
Infrastructure is the key enabler

AI and cloud computing are intertwined; hyper personalization and single tenancy are key

Along with the access to data and continuous improvement in model architecture, scalable, purpose-built compute-intensive infrastructure is critical to unlock the full potential of AI and cloud computing, which provides the necessary infrastructure at scale and at reasonable costs, in turn delivering the required performance efficiency without the need for enterprises to invest significantly in hardware and software. Cloud computing customers also include AI-model developers requiring large amounts of compute and storage capacity to train their models on vast amounts of data. Cloud providers are also increasingly providing application development platforms for developers to describe functions and let the AI-platform write the first draft of code. AI-infused services {infrastructure, software-as-a-services (SaaS)} in the cloud enhanced by diverse technologies through APIs and embedded LLM capabilities are driving the business use of AI as they could either use their own data to train and deploy AI models specific to their operations or augment the training of an existing model. Retrieval-Augmented Generation (RAG) helps cloud providers make GenAI even more useful by augmenting the LLM's knowledge base with a customer's recent and securely stored enterprise data.

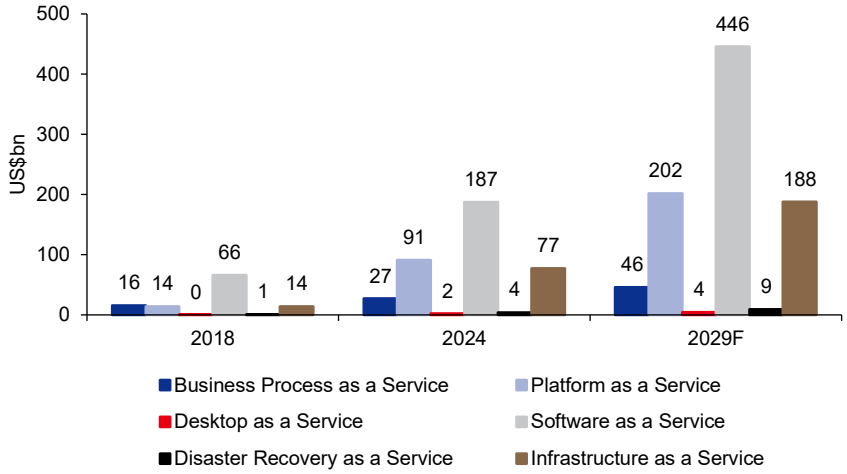
Finally, though multi-tenancy is generally cost-effective and helps optimize spending, hyper-personalization and single tenancy are key to infrastructure requirements, given the need for greater control over data and security, particularly for specialized workloads and compliance requirements.

Figure 15: Worldwide public cloud spending



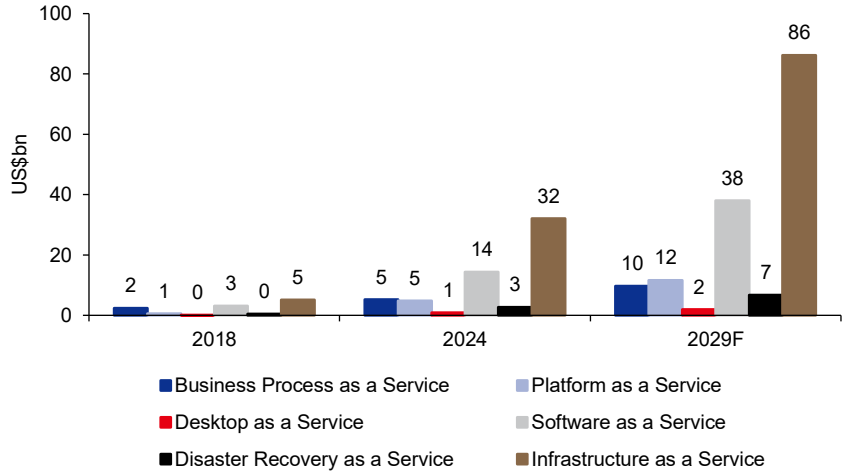
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: US public cloud spending



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: China public cloud spending

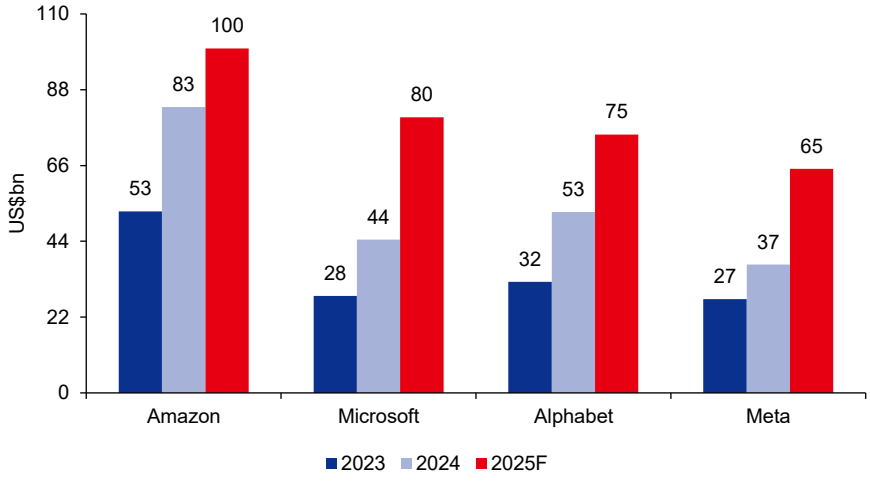


SOURCE: INCRED RESEARCH, COMPANY REPORTS

AI dominance pursuit driving capex intensity higher

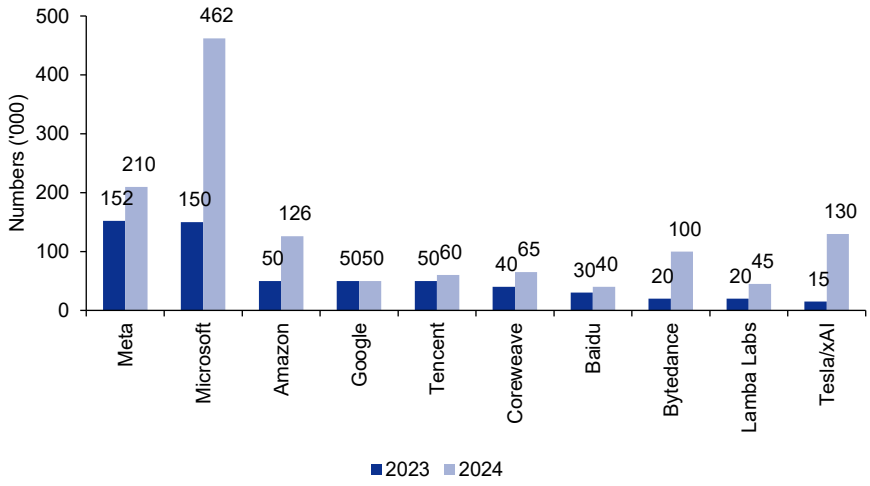
Big tech (Microsoft, Meta, Alphabet and Amazon) capex could reach US$330bn in 2025F, up 33% yoy and almost twice as that in 2023. Chinese tech companies are also raising capex to remain competitive in the AI world, with Alibaba's capex likely to reach US$52bn over the next three years (and higher than in the previous decade) while Tencent also could accelerate its spending.

Figure 18: Big tech capex trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Nvidia's GPUs to end-users

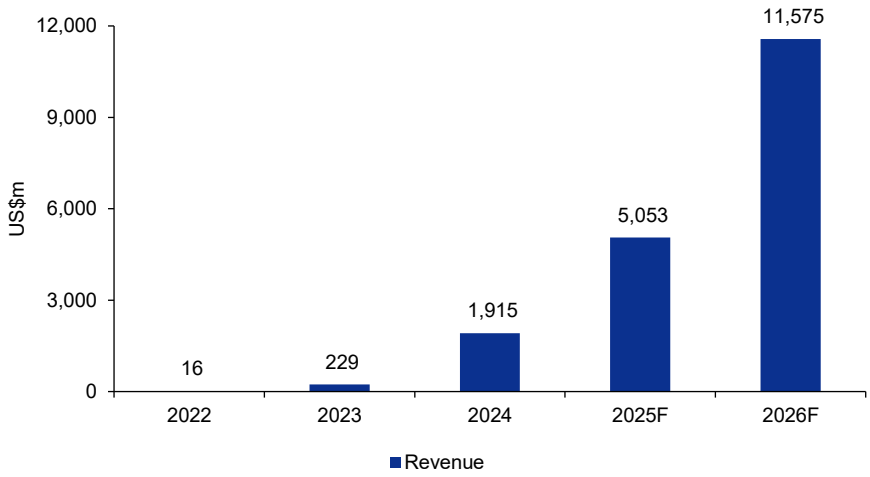


SOURCE: INCRED RESEARCH, COMPANY REPORTS

NeoClouds are rising – Coreweave's revenue echoes the growth trajectory

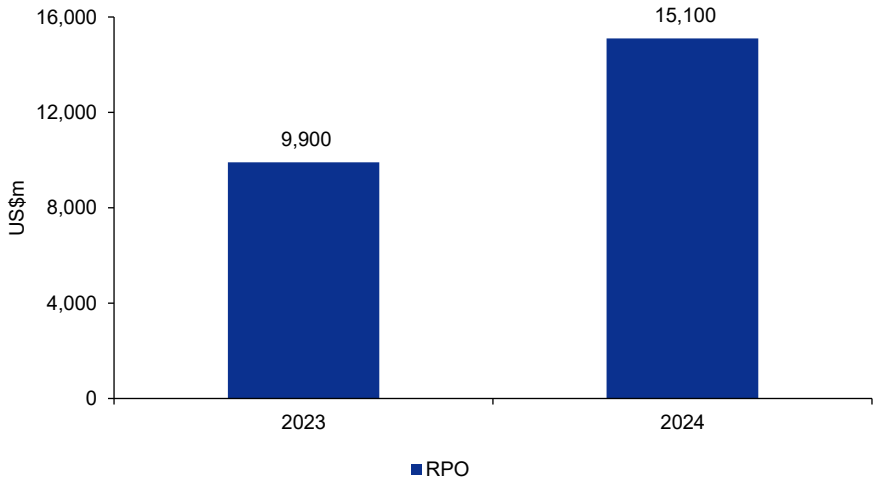
The trend of enterprises leveraging cloud computing favours not just hyperscale cloud suppliers but also NeoClouds, which have evolved in the past few years. Their model is built around monetization (bare metal graphic processing unit or GPU instances at 30-50% lower costs), differentiated price/performance, rapid adoption of new hardware and workload specific optimization. To illustrate, CoreWeave's business is focused on orchestration-based infrastructure providing access to composable, container-based GPU clusters provisioned dynamically by workload sensitivity, latency requirements, and computational needs.

Figure 20: Coreweave's revenue grew 100x between 2022-2024…



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 21: …while the revenue performance obligation (RPO) doubled yoy

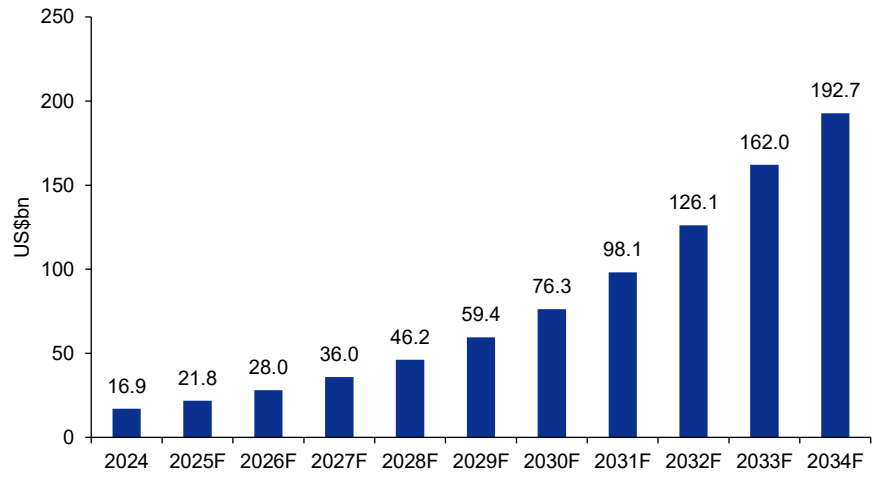


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Data centre GPU market to grow at ~28% CAGR over 2024-2034F

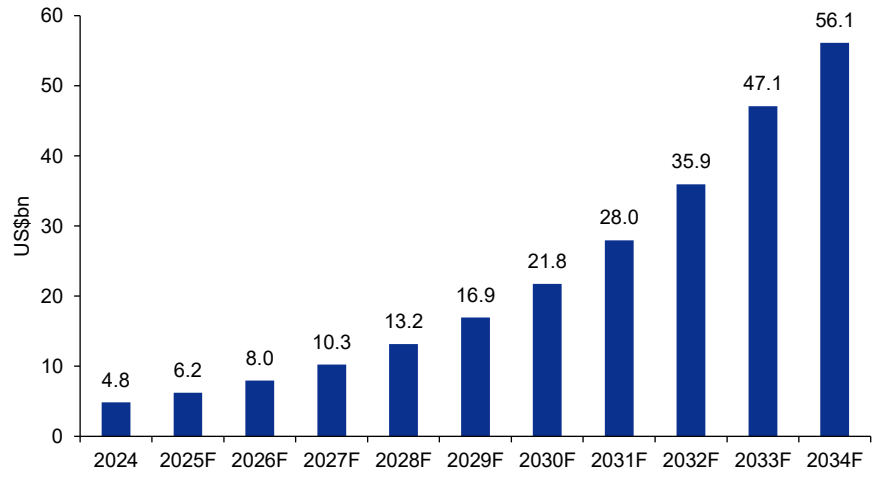
The global data centre graphic processing unit (GPU) market could grow at ~28% CAGR to ~US$190bn in 2034F, vs. ~US$17bn in 2024, given their architectural suitability for AI tasks. Wiwynn, a major original device manufacturer (ODM) server maker based in Taiwan, indicated that AI servers accounted for 20% of its revenue and it expects the revenue contribution to rise further in the coming quarters, given the steady launches and ramp-up in shipments of new AI server projects.

Figure 22: Global data centre GPU opportunity



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 23: US data centre GPU market opportunity

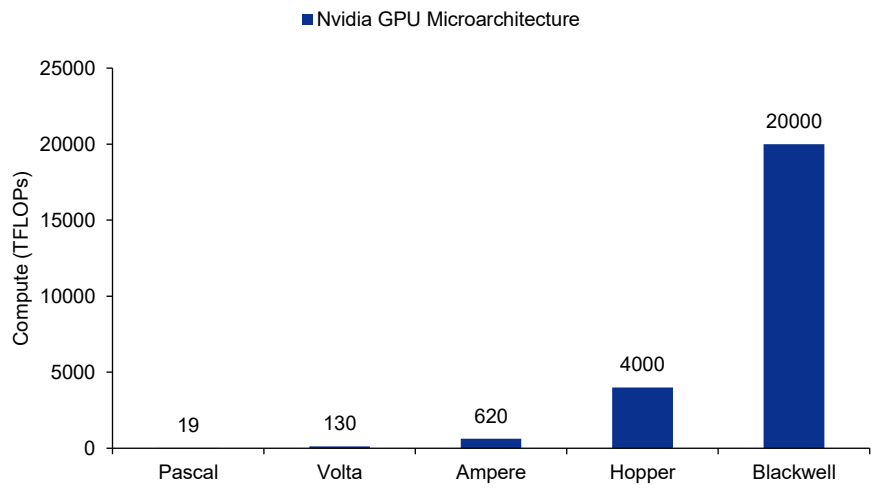


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Architectural suitability for AI tasks

GPUs have become increasingly important for AI because they can accelerate the training and inference processes. It started with the idea that you could train neural networks with a process called deep learning that employed deeper layers of neurons to store more substantial information and represent more complex functions. Training these neural network models requires a lot of computation, but advancements in parallel computing and more sophisticated algorithms have addressed this challenge. The other big breakthrough for large-scale AI was access to large amounts of data through all cloud services and public data sets. To illustrate, V100, a low-end GPU, can perform ~14 teraflops of single-precision floating-point operations per second, while HGX H100, a high-end GPU, can achieve up to 160 teraflops (10x faster) and could help accelerate model training, in turn allowing for faster convergence and better performance. Nvidia's performance reports indicate that GPU performance has increased by roughly 7,000 times since 2003, with price performance seeing an improvement by 5,600 times.

Figure 24: Nvidia's GPU standard compute



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Software – critical to unlock infrastructure price performance

Designing, provisioning, and maintaining the health of AI infrastructure is highly complex and requires purpose-built software to unlock performance and efficiency at scale. Inefficiencies associated with scheduling AI workloads prevents maximizing the compute potential of components, as measured by the model flop utilization % (MFU) of the chips, potentially leading to a loss of compute capacity embedded in GPUs. MFU measures the observed throughput vs. theoretical system maximum at peak FLOPs.

Software helps provide the tools and platforms that developers use to create, train, and deploy AI models including machine learning (ML) frameworks such as TensorFlow and PyTorch, data management platforms and tools (PostgreSQL to store structured and unstructured data), Model Deployment Platforms (SageMaker, Google AI, and Microsoft Azure M/L), Orchestration and Automation Platforms (tools to streamline the deployment of models into production environments and facilitate continuous integration and delivery (CI/CD) pipelines), and Monitoring and Maintenance Tools (tracking model performance, managing version control, and maintaining reliable systems, such as Prometheus, Grafana, and MLflow).

These frameworks offer libraries and resources for developing AI algorithms and help simplify the process of implementing complex algorithms like neural networks, thus allowing for efficient model training and optimization.

Cloud management software could be a large opportunity

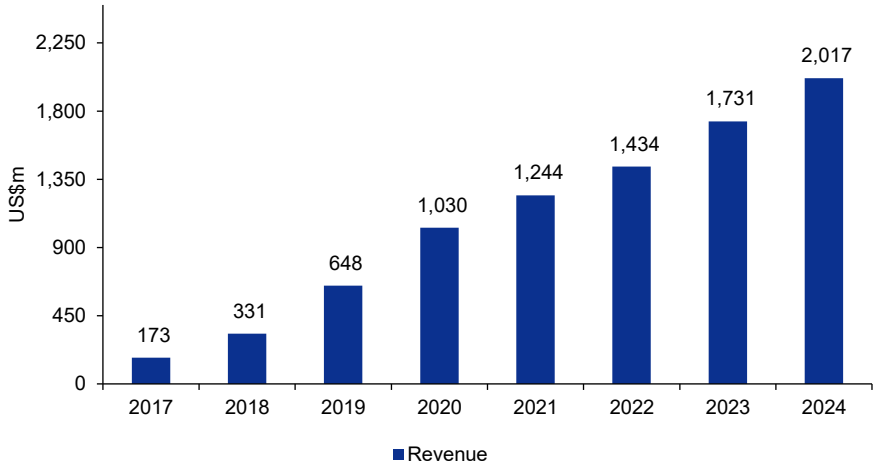
Rising adoption of cloud technologies, cloud operation automation (improve workload scheduling, and manage complex hybrid and multi-cloud environments efficiently), cost optimization (resource usage optimization, maintenance cost reduction, and enhance staff productivity), vendor lock-ins (multi-cloud management solutions allow organizations to distribute workloads across different providers, increasing flexibility and bargaining power), increasing complexity of multi-cloud and hybrid cloud environment (integration of AI/ML – AIOps, containerization, and micro services is enhancing the capabilities of cloud management platforms) could drive a 28-30% CAGR in the cloud management software market to US$85bn in 2029F vs. ~US$15bn in 2022.

Figure 25: Comparison of software platforms

	Nutanix	E2E	RedHat	Vmware
Federated Management				
APIs	✓	✓	✓	✓
LCM	✓			
IAM	✓	✓		
Cloud Management				✓
Intelligent Operations	✓			
Self-Service	✓	✓		
Cost	✓			✓
Security Operations	✓	✓		✓
Data Governance		✓	✓	✓
Security	✓	✓		
Privacy	✓	✓		
Compliance	✓	✓		
Files, Objects	✓	✓		✓
Data services for Kubernetes	✓	✓	✓	✓
Database Service	✓	✓	✓	✓
Platform Services	✓	✓	✓	✓
Cloud Infrastructure		✓	✓	
AI-Enabled Edge	✓			
Private Cloud	✓	✓		✓
MSPs	✓	✓	✓	
Extension to Public cloud	✓			
Public Clouds (natives)	✓		✓	✓

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 26: Nutanix's revenue grew at a 42% CAGR over 2017-2024



SOURCE: COMPANY REPORTS, INCRED RESEARCH

E2E's TIR is a battle-tested cloud-based suite

An overview

The TIR platform is an AI and machine learning development environment designed to facilitate the building, training and deployment of AI models and minimizes the complexities associated with AI model development, particularly infrastructure and deployment. The scalable AI pipelines automate training, inference, and deployment and developers can create serverless, asynchronous jobs using Docker-based pipelines, making it easy to run complex workloads without managing infrastructure. The platform also supports scheduled runs, allowing users to execute tasks at fixed intervals.

This is achieved as TIR provides containerized virtual machines (VMs) designed for high-performance AI workloads and offers GPU-accelerated environments with pre-installed tools for model development, training, and deployment. Unlike traditional VMs, which require complex and manual set-up and manual configurations, TIR provides pre-installed AI/ML stacks, thus reducing configuration time and simplifying AI infrastructure by combining virtualization with containerization for better performance and scalability. TIR offers Nodes, which lists the available virtual machines (VMs) where containers run, Spot Instances for cost-effective temporary workloads, and a Training Cluster to manage containerized VMs for distributed AI/ML training.

TIR runs on Nvidia GPU-powered containerized VMs, giving AI developers a fast & efficient way to build & scale models and ensures better GPU utilization by dynamically allocating resources based on workload needs, thus preventing resource wastage and improving performance. With built-in model repositories and vector databases, users can store, version, and retrieve models efficiently. TIR integrates with S3, Google Cloud Storage, Blob, and MinIO, providing access to datasets. It also supports no-code AI agent-building, making AI development accessible to teams without deep technical expertise.

Multi-node GPU clusters

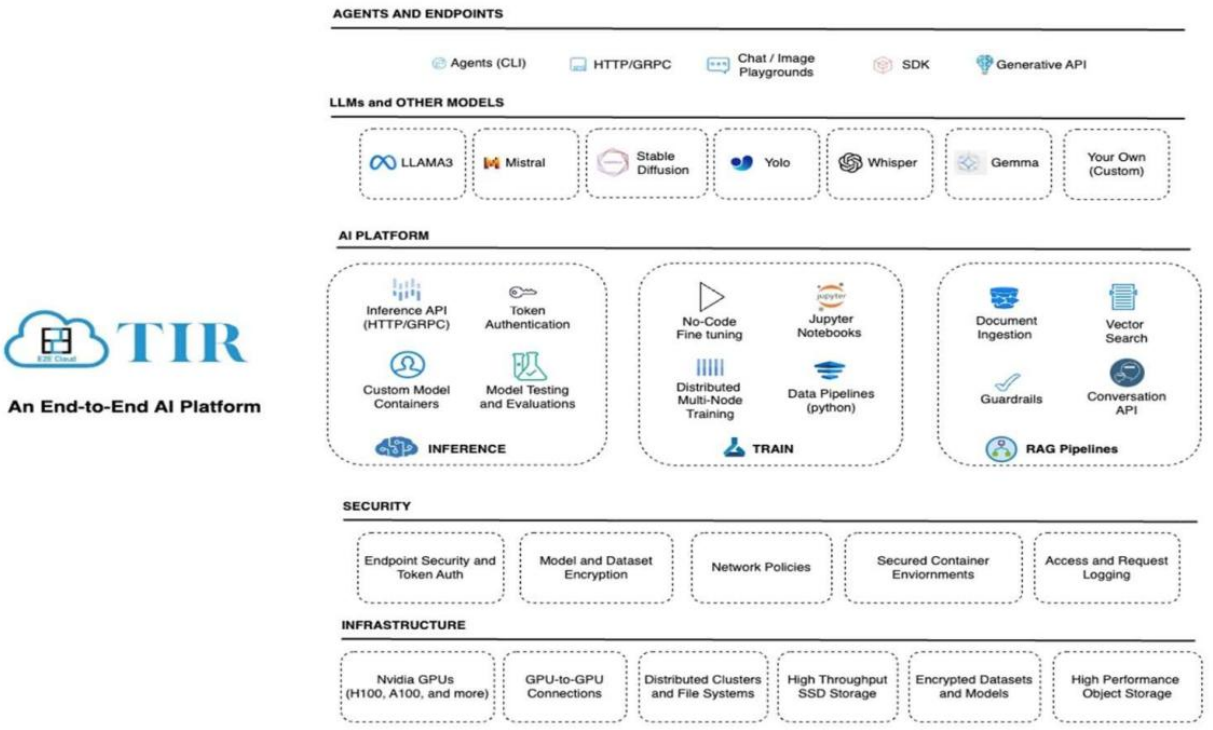
Multi-node GPU clusters using Infiiband help achieve the highest performance during training as these clusters are designed to handle large-scale image, language, and speech models, which require significant computational resources and high-speed interconnectivity. InfiniBand adapters essentially provide GPU Direct RDMA (Remote Direct Memory Access), allowing for direct memory access between GPUs on different nodes without the need for intermediate copies, which significantly reduces the time required for data transfer and model training. Further, by distributing the training workload across multiple nodes, AI model training can be accelerated, allowing for faster convergence and better performance. Finally, by partitioning the training data into manageable units and

distributing the workload across multiple nodes, InfiniBand-powered multi-node GPU clusters can optimize resource utilization and minimize idle time.

TIR's core features include:

- **Jupyter Notebook Integration:** TIR is built around Jupyter Notebooks, which are well-known among data scientists and machine learning engineers for their interactive data processing capabilities.
- **Pre-configured Environments:** The platform provides pre-configured environments for popular AI frameworks such as PyTorch, TensorFlow, and others. This feature significantly reduces the set-up time required to start working on AI projects.
- **Automated Infrastructure Management:** TIR streamlines the management of computing resources, allowing users to focus on developing AI models instead of worrying about hardware and server management.
- **GPU Optimization:** The platform utilizes optimized GPU containers to boost performance for AI workloads, ensuring efficient training and inference.
- **Extensive Management Tools**: TIR includes a dashboard for tracking datasets, models, and ongoing inference tasks. Users can manage their projects effectively through features such as API token management and an activity timeline to audit usage and system events.
- **Integration with Inference Services**: The platform supports Nvidia Triton, an inference server optimized for GPU use, providing tools for deploying trained models easily and efficiently.
- **End-to-End Lifecycle Management**: The platform is designed to manage the entire lifecycle of AI models, from training to deployment, which includes defining and managing continuous integration and delivery pipelines for machine learning projects.

Figure 27: TIR for AI developers and AI/ML scientists



SOURCE: COMPANY REPORTS, INCRED RESEARCH

E2E has won top spot G2 benchmark awards

E2E has established itself and secured back-to-back top rankings in the G2 Summer 2024 awards. G2 is widely recognized as the premier platform for making informed software decisions, supported by authentic user reviews, expert insights, and publicly available data.

E2E has achieved the following recognitions:

- Rated no. 1 for overall performance in Infrastructure as a Service (IaaS).
- Rated no. 1 for scalability in Database as a Service (DBaaS).
- Rated no. 1 for reliability in Object storage solution.
- Rated no. 1 for Likelihood to Recommend & User Satisfaction in Block Storage.
- Rated no. 1 for being a Good Business Partner in Cloud Computing Platforms
- Rated no. 1 for Virtual Private Servers (VPS).
- Rated no. 1 for Usability Storage Management
- Rated no. 1 for Customer Support Web Hosting

Figure 28: G2 awards

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The company is also recognized for its stellar performance in the Asian, and particularly Indian market, and for supporting small businesses and the mid-market segment.

Some of the badges include:

- Easiest To Use Summer 2024
- High Performer Asia Summer 2024
- Easiest To Use Small Business Summer 2024
- High Performer Mid-Market Asia Pacific Summer 2024
- Highest User Adoption Small Business Summer 2024
- Best Usability Mid-Market Summer 2024
- Leader India Summer 2024

E2E customers are at the forefront of foundational AI building

The rationale behind E2E customers being at the forefront of foundational AI building includes 1) price, 2) bare metal, 3) security and stability, 4) software platform, and 5) ecosystem (hackathons, workshops, offering credits, and enabling start-up building AI in India). E2E, with its attractive pricing plans, better benchmark performance (direct access to the hardware resources with minimal virtualization), security (hyperscaler 100% compliant with Indian IT laws), and software platform TIR {uses optimized GPU containers (NGC), pre-configured environments (PyTorch, TensorFlow, Triton), automated API generation for model serving, shared notebook storage, etc. and helps AI researchers to focus on training vs. infrastructure} has an early mover advantage to capture market and mind share.

Figure 29: H200 pricing based on one-year committed cloud GPU

Description	E2E Cloud	AWS	AZURE
vCPU	240	192	96
GPU Memory(vRAM)	141GB	141GB	141GB
GPUs	8	8	8
Price/Month*	Rs15,20,736	Rs66,31,881	Rs72,35,760

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 30: H100 pricing based on one-year reserved plan

Description	E2E Cloud	AWS	AZURE
vCPU	200	192	96
GPU Memory(vRAM)	80GB	80GB	80GB
GPUs	8	8	8
Price/Month*	Rs12,26,400	Rs52,22,606	Rs38,58,540

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 31: A100 pricing based on 1-year reserved plan

Description	E2E Cloud	AWS	AZURE
vCPU	16	96	24
GPU Memory(vRAM)	80GB	40GB	80GB
GPUs	1	8	1
Price/Month*	Rs90,000	Rs20,09,616	Rs2,25,204

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 32: L4 pricing based on 1-year reserved plan

Description	E2E Cloud	AWS	AZURE
vCPU	25	16	4
GPU Memory (vRAM)	24GB	24GB	24GB
GPUs	1	1	1
Price/Month*	Rs28,580	Rs81,139	Rs53,910

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India AI Mission improves revenue visibility

Background

The Indian government approved a comprehensive IndiaAI Mission at a budget outlay of ~Rs104bn in Mar 2024, with an aim to create public artificial intelligence (AI) compute infrastructure graphic processing units or GPUs built through the public-private partnership route. Further, it aims to design an AI marketplace to offer AI-as-a-service and pre-trained models to AI innovators and will also act as a one-stop solution for resources critical for AI innovation. Recently, the government identified L1 bidders for compute infrastructure and is expecting leading developers to complete multiple foundational models {Large or Small Language Models (LLM/SLM)} within 8-10 months, leveraging algorithmic efficiency, in areas such as healthcare, education, agriculture, climate, and governance. Finally, the subsidy allocation is likely to create an AI infrastructure demand of Rs37.5bn per year.

Creating foundation for AI development with common compute

Under the IndiaAI Mission, the facility now houses 18,693 GPUs including 12,896 H100, 1,480 H200, etc. 19 bidders, including cloud service providers (CSPs), managed service providers (MSPs), and data centre service providers had submitted proposals while 13 bidders made technical evaluation presentations, as per the pre-qualification criterion. Financial bids of 10 qualified bidders (including CMS Computers India Pvt Ltd, Ctrls Datacenters, E2E Networks, Jio Platforms, Locuz Enterprise Solutions, NxtGen Datacenter and Cloud Technologies Private Limited, Orient Technologies, Tata Communications, Vensysco Technologies, and Yotta Data Services Private Ltd) were open and L1 rate providers will be empaneled first while other bidders will be eligible for empanelment if they match L1 bid.

E2E's L1 bid across six categories improves revenue visibility and creates reference ability for future EoIs

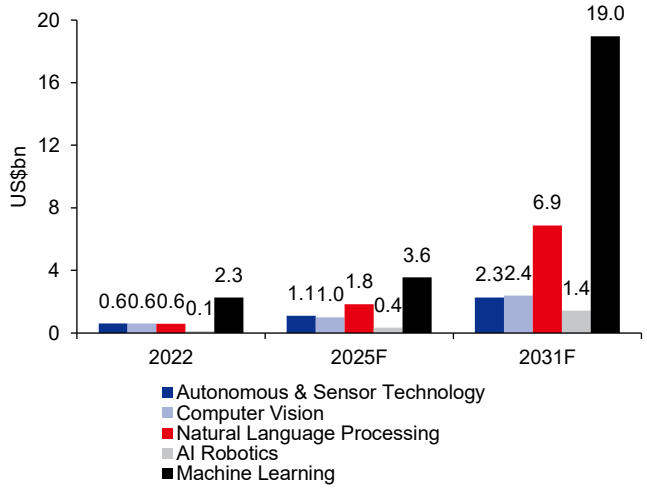
Being L1 not only improves the long-term revenue visibility but also creates reference ability for future empanelment, given that the government is trying to create an ecosystem wherein DeepSeek, LLM and other foundational models will be hosted on Indian servers to create industrial applications (for the health of oil drilling rigs, railway ticketing optimization, soil health monitoring, cyclone prediction) beyond chatbots and image generation. For companies like E2E, this initiative presents a pivotal opportunity to bolster their operations as a key provider of AI cloud services. With plans to acquire additional GPUs, E2E can expand its computing capacity, improve service offerings, and reduce costs, allowing the company to attract a wider array of clients, including start-ups and government agencies. This influx of resources aligns with E2E's strategic goals, enhancing its competitiveness and enabling it to play a significant role in driving AI innovations across various sectors in India. Finally, E2E could aim for a 10–20% market share in this initiative and could translate to Rs9bn-21bn in revenue just from India AI Mission-related work.

Further, IndiaAI Mission has launched a second Expression of Interest (EoI) covering themes such as ethical AI frameworks, AI risk assessment & management, deep-fake detection tools, etc. and is open to academic institutes, autonomous bodies, research & development institutes, start-ups and companies, and could lead to augmentation of compute infrastructure. The Ministry of Electronics and Information Technology (MeitY) has shortlisted seven companies, including Amazon Web Service (AWS), Oracle and Google Cloud for the second round of graphics processing units (GPU) tenders under the IndiaAI Mission. Recently, Electronics and Information Technology Minister Ashwini Vaishnaw announced an additional 15,916 GPUs to the existing 18,417 empanelled GPUs.

India's AI market witnessing a similar trend

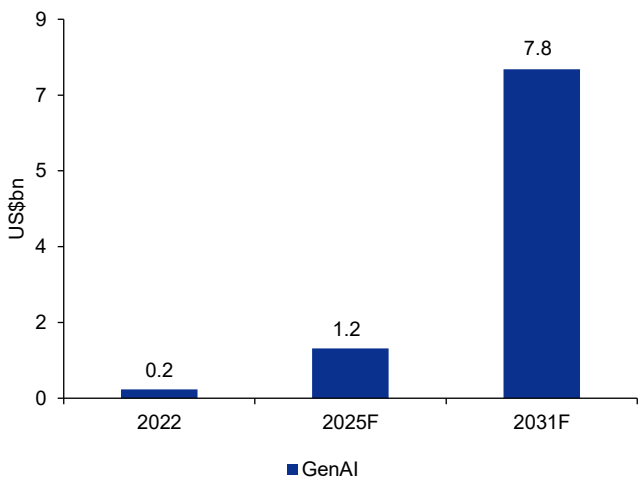
The Indian AI market in likely to grow at a 20% CAGR over 2023-2031F to reach >US$30bn, vs. US$7-9bn in 2023, driven by a combination of start-ups and the Government of India or GoI support through the IndiaAI Mission.

Figure 33: India AI market size



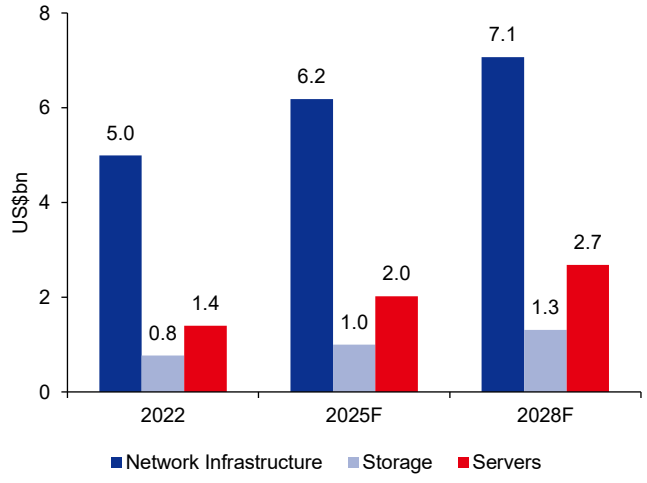
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 34: India GenAI market size



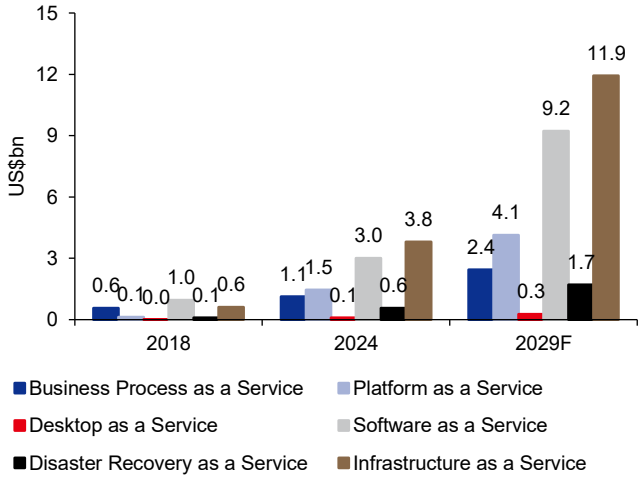
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 35: India data centre market size



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 36: India public cloud market size



SOURCE: INCRED RESEARCH, COMPANY REPORTS

SLM funding by GoI could unlock a wide variety of use cases

SLM require fewer resources, given the fact that they employ synthetically created training data sets which facilitate learning without the need for a large amount of input data. The lower requirement of training data could drive efficiency and SLM could unlock industry use-cases that require foundational model to run on-device or in a highly regulated sector, given restrictions in sending data to cloud servers.

The low latency of on-device foundational models could also benefit the mobile applications or gaming companies.

Sovereign AI cloud remains a big opportunity

E2E's sovereign cloud platform, an AI-powered cloud solution, is designed to give enterprises, governments, and data centres full control over their digital infrastructure and enables organizations to build cloud ecosystem with complete autonomy/data sovereignty, security, and scalability. Sovereign cloud offers over 50 services including compute, object storage, VPC, block storage, auto scaling, load balances, database as a service, function as a service, parallel file system, and AI/ML capabilities and seamlessly integrates Nvidia H200, H100, L40s, and L4 GPUs, optimizing AI and machine learning workloads. The benefits of the platform include 1) regulatory compliance, 2) cost efficiency, 3) purpose built-infrastructure, 4) redundancy and fail-over system, 5) no vendor lock-in, 6) ease of management, 7) low latency, 8) API-driven infrastructure, 9) advanced monitoring, 10) highly customizable, and 11) disaster recovery.

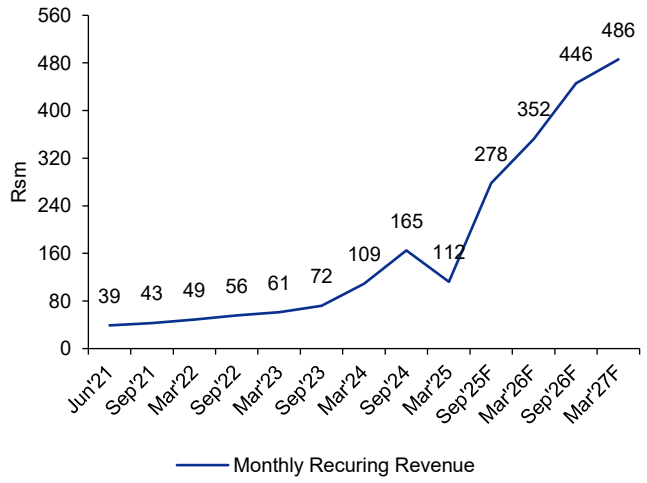
L&T captive business could be an attractive opportunity

Strategic investment by L&T could improve E2E's go-to-market with access to L&T's vast customer repository and also an opportunity to licence its cloud platform to L&T's data centre customers. As per company filings, the revenue generated could range Rs300m to Rs350m in each financial year during the agreement tenure.

Modeling FY26F/FY27F exit MRR of Rs352m/Rs486m, respectively

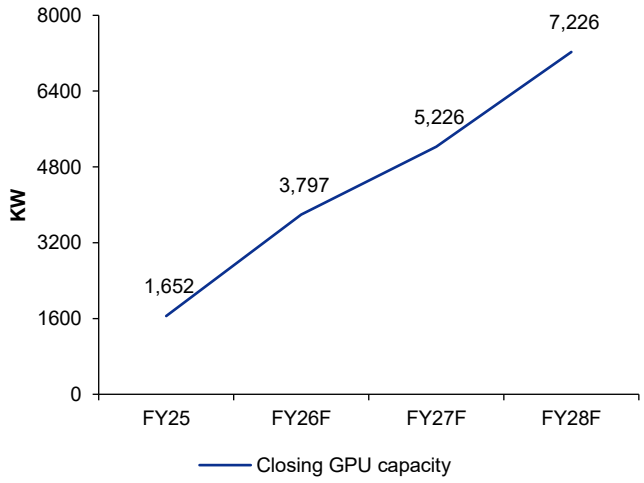
We model monthly recurring revenue (MRR) exit run-rate of Rs352m by Mar 2026F, vs. Rs112m in Mar 2025, driven by monetization of capacity addition in Apr 2026F. Further, we expect E2E to exit Mar 2027F with a MRR of Rs486m, which could translate to a revenue CAGR of 60% over FY25-28F.

Figure 37: MRR trend



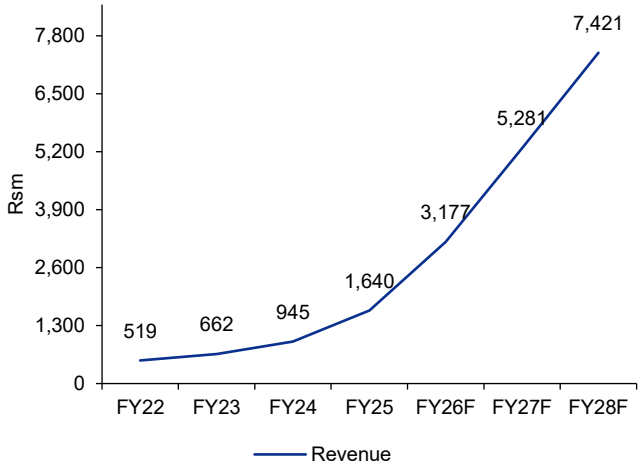
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 38: Closing GPU capacity forecast



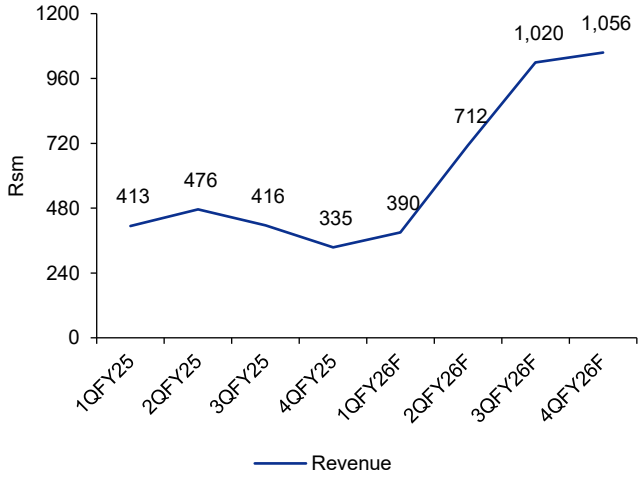
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 39: Annual revenue growth trajectory



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 40: Quarterly revenue growth trajectory and forecast

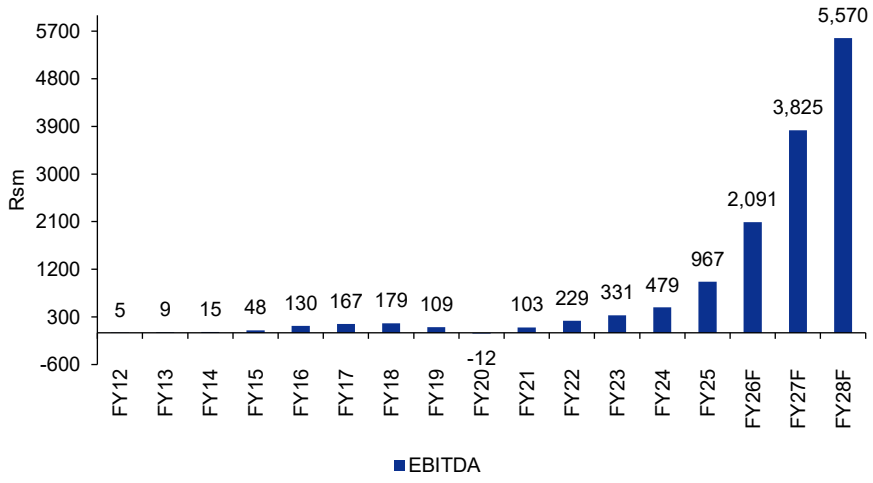


SOURCE: COMPANY REPORTS, INCRED RESEARCH

EBITDA profitable and cash generating cloud hyperscaler

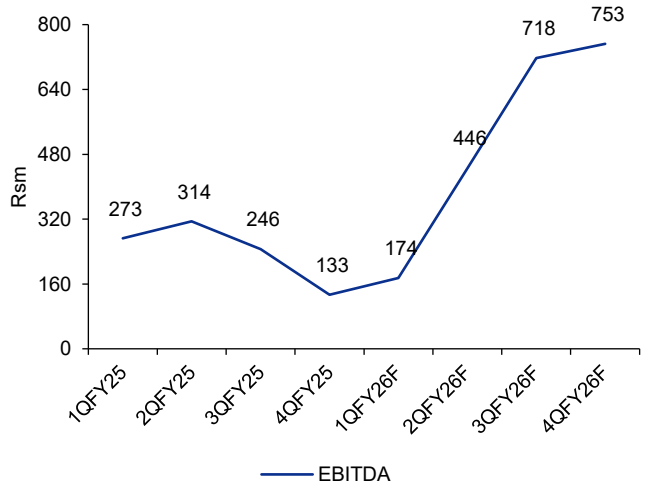
E2E has been EBIDTA positive since its inception in 2009 and is among the unique set of companies generating positive EBITDA and cash flow over long-term horizons. We expect the company to report >75% EBITDA CAGR over FY25-28F, with the average EBITDA margin at 68%. The EBITDA margin expansion is driven by operating leverage. That said, higher depreciation could keep the average EBIT margin at ~26%. Finally, strategic investments led by L&T (~Rs11bn) in Nov 2024 and preferential allotment (Rs4.05bn) in Oct 2024 has not only improved the balance sheet strength and the ability to re-invest but has helped pivot the business from short-cycle demand from start-ups/small-to-medium enterprises to enterprises (with longer and larger GPU commitment).

Figure 41: EBITDA trend and forecast



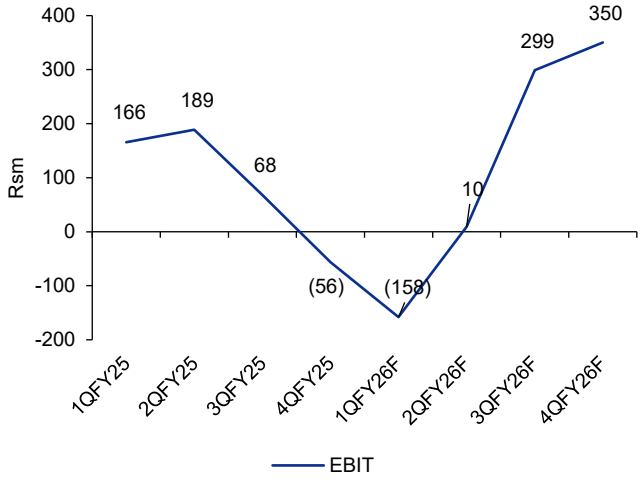
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 42: Quarterly EBITDA trend



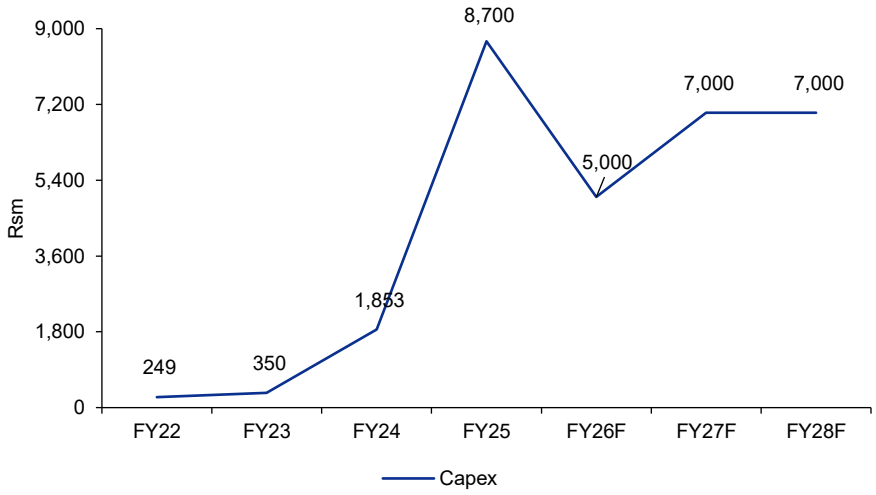
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 43: Quarterly EBIT trend



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 44: Capital infusion improves reinvestment ability



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Valuation

E2E, a leading hyperscaler focusing on advance cloud GPU infrastructure, provides an opportunity to play the most disruptive shift in technology. The company's integrated suite of services focused on delivering efficient cloud infrastructure including full automation, low-latency cloud environments, and cost-effective solutions tailored for start-ups and small-to-medium-sized (SMEs) as well as large enterprises, could drive the growth momentum. We initiate coverage on the stock with an ADD rating and a discounted cash flow or DCF-based target price of Rs3,245.

Figure 45: Peer group valuation

Company	M-cap	Revenue			EV			EBITDA			EV/EBITDA			P/E			P/S		
	(US$m)	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
DigitalOcean Holdings	2,491	882	1,004	1,169	3,488	3,351	3,220	347	389	482	10	9	7	14	14	11	3	2	2
CoreWeave	88,114	5,053	11,575	16,418	1,11,130	1,20,557	1,24,252	3,336	8,490	12,387	33	14	10	NA	NA	85	17	8	5
Akamai Technologies	11,460	4,132	4,356	4,693	13,641	13,262	12,754	1,714	1,825	2,011	8	7	6	12	12	11	3	3	2
Nutanix Inc.	19,505	2,526	2,915	3,344	18,769	18,054	17,295	595	686	833	32	26	21	42	38	31	8	7	6
Int'l Business Machines	2,61,133	62,759	66,214	72,302	3,05,017	2,93,570	2,89,249	17,033	18,121	18,797	18	16	15	28	26	23	4	4	4
Nebius Group	11,422	523	1,346	2,318	NA	12,497	16,629	(67)	295	827	NA	42	20	NA	NA	NA	22	8	5

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 46: Valuation

Particular	Rsm (except no. of shares)
PV of cashflows	(4,335)
PV of terminal value cashflows	55,779
Enterprise value	**51,444**
Net debt	-13,455
Equity value	**64,899**
Weighted average number of shares	20
Estimated target price (Rs)	**3,245**

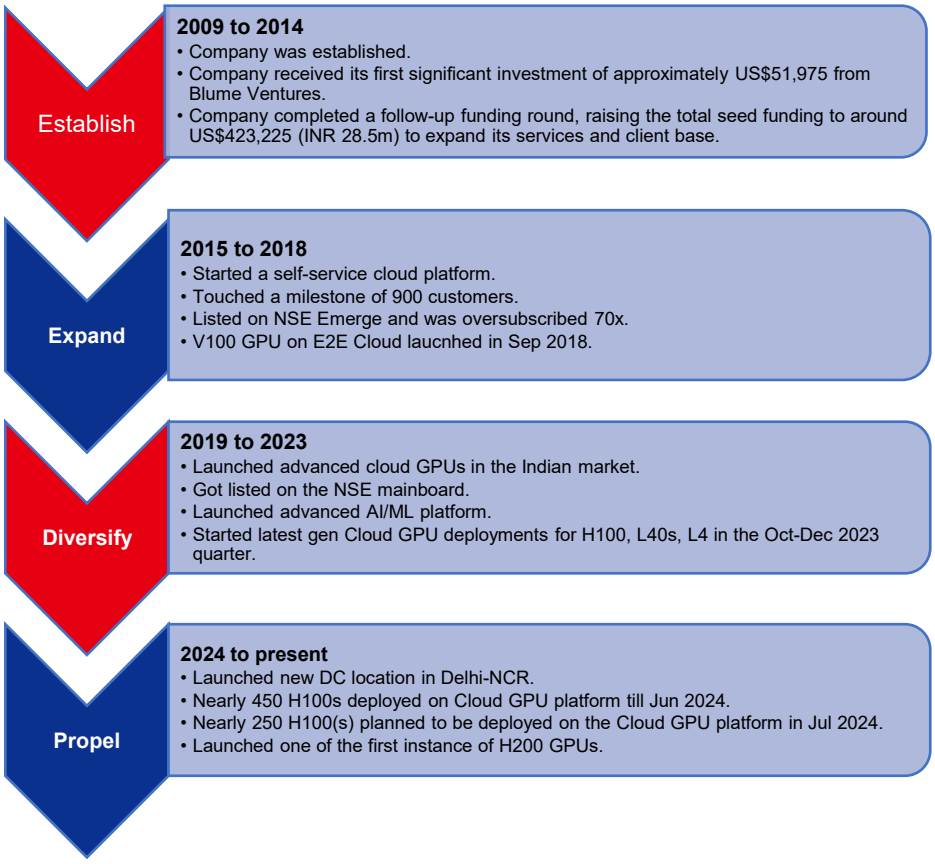
SOURCE: INCRED RESEARCH, COMPANY REPORTS

About E2E Networks

E2E Networks or E2E is a pioneering cloud service provider in India specializing in artificial intelligence (AI) and offering advanced solutions primarily using graphics processing units (GPUs) for cloud computing. The company offers an integrated suite of services focused on delivering efficient cloud infrastructure including full automation, low-latency cloud environments, and cost-effective solutions tailored for start-ups and small-to-medium-sized (SMEs) as well as large enterprises. E2E is focused on catering to the AI needs of its clients, especially against the backdrop of the National AI Mission, by procuring a substantial number of GPUs to support government and institutional demand. The company has an operational capacity of ~10MW across data centres based in Greater Noida, Mumbai and Chennai.

Genesis of the company

Figure 47: Company history



SOURCES: COMPANY REPORTS, INCRED RESEARCH

E2E Cloud

E2E Cloud is a cloud computing platform provided by E2E. Its offerings are designed to streamline cloud operations while providing robust support and infrastructure optimizations tailored for diverse business applications, especially in fields like artificial intelligence (AI) and machine learning (ML). Its core features include:

- **High Performance GPU Cloud Servers**: Advanced offerings in cloud GPUs, such as Nvidia A100, H100 and H200 models which enable high-performance computing for data-intensive tasks in areas such as AI and ML training.
- **Comprehensive Resource Offerings**: The platform supports various types of resources including compute instances (both CPU and GPU-based), object storage, block storage, and continuity solutions like back-up systems. E2E utilizes SSD-based and high-performance hardware to ensure optimal speed and reliability for user applications.
- **Cost-Effectiveness**: Provides competitive pricing structure vs. peers including AWS, Azure, etc. The pricing model (hourly, weekly, monthly, yearly)

billing system is particularly beneficial for start-ups looking to minimize upfront costs.

- **99.99% Guaranteed Uptime**: High reliability and uptime guarantees minimal operational downtime for applications, critical for continuous cloud operations.
- **Scalability and Flexibility**: E2E Cloud is scalable and allows up and downscaling resources, as per client requirements.
- **User-Friendly Interface**: The E2E Cloud platform features a simplified and intuitive user interface, making it accessible for both beginners and seasoned developers. This ease of use is further enhanced by quick set-up processes and minimal configuration requirements.

Figure 48: E2E Cloud's core capabilities

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Key management personnel

Figure 49: Key management personnel

Name	Role	Brief Profile
Tarun Dua	Co-Founder & Managing Director	Co-founded the company in 2009, previously worked for Yahoo.
Srishti Baweja	Co-Founder & Whole-Time Director	Co-founded the company in 2009, previously worked for HPCL and PWC.
Megha Raheja	Whole Time Director	Chartered Accountant with 21 years of experience in IT/ITES and telecom industry.
Mohammed Imran	Co-Founder & Chief Technology Officer	Runs E2E cloud computing operations, previously worked on wireless network protocols.
Kesava Reddy	Chief Revenue Officer	Joined the company in 2018, previously worked for NSRCEL, Minjar Cloud Solutions and Biometric.
Nitin Jain	Chief Financial Officer	Had two decades of experience in leading global and Indian organizations, previously worked for Bata Malaysia Sdn. Bhd.
Bakshish Dutta	Senior Vice President – Sales	Proven expertise in identifying growth opportunities and executing competitive sales strategies (183% growth at Commvault within just two years).
Himanak Saini Sadh	Senior Vice President – Delivery	Managing global projects for top-tier technology firms, including Google, Samsung, LG, and Fujitsu. Previously worked with HCL and NEC.
Ronit Gaba	Company Secretary & Compliance Officer	Adhere to SEBI regulations, the Companies Act, 2013, FEMA, and other statutory frameworks. Part of corporate restructuring, mergers & acquisitions (M&A), IPO processes, stock exchange listings, preferential allotments, and investor relations.

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 50: Board of directors

Name	Role
Tarun Dua	Co-Founder & Managing Director
Srishti Baweja	Co-Founder & Whole-time Director
Megha Raheja	Whole-time Director
Gaurav Munjal	Chairman & Independent Director
Naman Sarawagi	Independent Director
Sonu Soni	Independent Director
Prashant Jain	Non-Executive Director
Shrimati Ambastha	Non-Executive Director

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Risks and concerns

Pricing of GPUs remains the single biggest risk factor

The cloud computing industry is highly competitive, dominated by global hyperscalers such as AWS, Google, Microsoft. Although the market opportunity is large and that E2E Networks has strengthened its balance sheet, rising competitive industry and lower pricing by large hyperscalers could narrow the pricing differential and impact profitability.

Technology obsolescence

Rapid technological changes in the cloud industry could render E2E's current offerings obsolete, thereby requiring substantial capital expenditure and could drag the operating and financial performance (CFO and FCF generation).

Industry downturn

The industry dynamics are cyclical and vulnerable to downturns led by sharp cuts in budgets. This could lead to lower demand and financial performance for E2E, a critical player in the industry.

Potential impact of outages

E2E had experienced temporary outages from events such as storage degradation and emergency maintenance events, power issue, etc in the past. Although the support team has been proactive in communicating and providing resolutions to such outages, any major outage is a key risk to operating and financial performance.

Operational and business model

Though pay-as-you-go model provides flexibility to its customers (start-ups) and improves the deployment/utilization of GPUs, it exposes the company to customer churn, given the absence of long-duration contracts. Though the company is pivoting to enterprise customers to improve revenue visibility and annuity revenue component, the bursty demand from start-ups, at times, helps improve GPU utilization as sales cycles are elongated for enterprise customers.

Key person risk

The current leadership team, along with the founder, have been instrumental in building a robust platform (TIR) and drive the financial and operating performance. Any departure of key leaders could be a key execution risk.

Annexure

History of AI and GenAI

The rise in computing power {especially Nvidia's 2010 launch of the world's first GeForce 256 general processing unit (GPU)} accelerated the adoption of cloud and AI applications.

Though AI/GenAI is garnering tremendous attention now, it has its roots in the 1950s and one of the earliest proof of concept program (Logic Theorist) was written and showcased in the mid-1950s at the Dartmouth Summer Research Project on Artificial Intelligence (DSRPAI) conference, which also saw John McCarthy, mathematics professor at Dartmouth, coining the term. Although AI research and machine learning (ML) algorithms flourished over the next few decades, full-scale development was likely constrained by data availability, powerful computing and that mainstream applications were few. The evolution of generative AI {GenAI; from first functioning example ELIZA to introduction of Recurrent Neural Networks (RNNs) in late 1980s and Long Short-Term Memory (LSTM) networks in 1997} was helped by advancements in machine learning algorithms which enable machines to learn from data and improve performance. However, the creation of Generative Adversarial Networks (GANs) in 2014 was the fundamental breakthrough as GAN is an unsupervised ML algorithm that engages two competing neural networks (one model generating content and other discriminative, which determines the authenticity) and was followed up with transformer models in 2017. The transformers model captures the context by

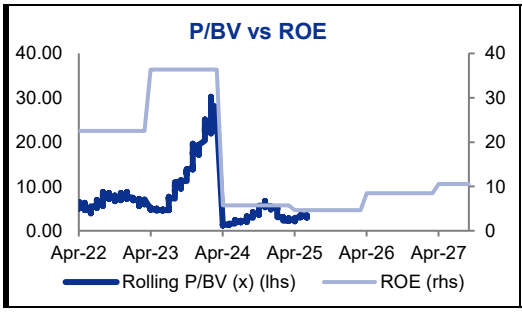
understanding the interplay of words and processes in parallel, in turn making them efficient and powerful. Transformer architecture led to the creation of foundational large language models (LLMs) such as GPT (Generative Pre-Trained Transformer), first built by OpenAI in 2018, trained on vast quantities of unlabelled data. GPTs are neural networks using a deep learning architecture to generate text, engage in conversations with users and complete numerous language tasks. GenAI models have made AI useful for a wider range of applications as it could be used to create new text, images, or other content based on input prompts. Users can apply a GPT to automate and/or refine tasks like coding, content writing, researching complex topics and text translation. Finally, Microsoft's investments in OpenAI provided the much needed impetus to commercialize generative pre-trained transformer or GPT models.

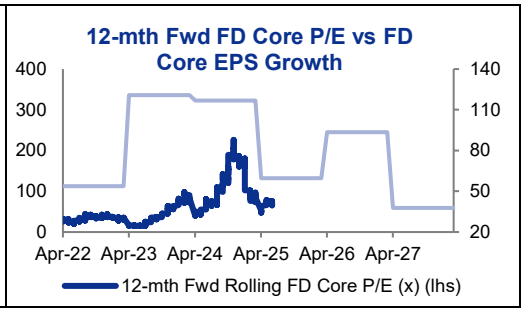
Along with the emergence of convolutional neural network, the rise of internet (post 2000) saw a quantum increase in the amount of data collected & processed and was facilitated by the use of math accelerators like graphics processing units (GPUs), digital signal processors (DSP), field programmable gate arrays (FPGA) and neural processing units (NPUs) which increased processing speeds by order of magnitude over CPUs, accelerating the adoption of AI applications.

Figure 51: GenAI evolution

SOURCE: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	**945**	**1,640**	**3,177**	**5,281**	**7,421**
Gross Profit	**743**	**1,335**	**2,653**	**4,558**	**6,489**
Operating EBITDA	**479**	**967**	**2,091**	**3,825**	**5,570**
Depreciation And Amortisation	(157)	(601)	(1,590)	(2,169)	(2,900)
Operating EBIT	**322**	**366**	**501**	**1,657**	**2,671**
Financial Income/(Expense)	(36)	(132)	(31)	(233)	(496)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	16	394	546	542	532
Profit Before Tax (pre-EI)	**302**	**628**	**1,016**	**1,965**	**2,707**
Exceptional Items					
Pre-tax Profit	**302**	**628**	**1,016**	**1,965**	**2,707**
Taxation	(83)	(153)	(256)	(495)	(681)
Exceptional Income - post-tax					
Profit After Tax	**219**	**475**	**760**	**1,471**	**2,025**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**219**	**475**	**760**	**1,471**	**2,025**
Recurring Net Profit	219	475	760	1,471	2,025
Fully Diluted Recurring Net Profit	**219**	**475**	**760**	**1,471**	**2,025**

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	479	967	2,091	3,825	5,570
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(53)	(149)	(24)	(33)	(34)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	21	(196)	(515)	(309)	(36)
Other Operating Cashflow	39	421	546	542	532
Net Interest (Paid)/Received	(36)	(132)	(31)	(233)	(496)
Tax Paid	(22)	(26)	(256)	(495)	(681)
Cashflow From Operations	**429**	**885**	**1,811**	**3,297**	**4,855**
Capex	(1,455)	(1,259)	(5,000)	(7,000)	(7,000)
Disposals Of FAs/subsidiaries		1			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	17	(8,569)	546	542	532
Cash Flow From Investing	**(1,438)**	**(9,828)**	**(4,454)**	**(6,458)**	**(6,468)**
Debt Raised/(repaid)	1,023	(915)	3,500	3,500	3,500
Proceeds From Issue Of Shares		14,728			
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(99)	(311)	(31)	(233)	(496)
Cash Flow From Financing	**924**	**13,502**	**3,469**	**3,267**	**3,004**
Total Cash Generated	(85)	4,559	826	106	1,391
Free Cashflow To Equity	**(4)**	**(1,289)**	**311**	**(203)**	**1,355**
Free Cashflow To Firm	**(973)**	**(8,811)**	**(2,611)**	**(2,927)**	**(1,116)**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	127	13,604	14,431	14,537	15,928
Total Debtors	26	97	189	314	441
Inventories					
Total Other Current Assets	233	1,784	1,784	1,784	1,784
Total Current Assets	**385**	**15,486**	**16,404**	**16,635**	**18,153**
Fixed Assets	1,982	3,744	7,154	11,985	16,086
Total Investments	39	17	17	17	17
Intangible Assets	122	6,511	6,511	6,511	6,511
Total Other Non-Current Assets	24	50	50	50	50
Total Non-current Assets	**2,167**	**10,321**	**13,731**	**18,563**	**22,663**
Short-term Debt	261	230	230	230	230
Current Portion of Long-Term Debt					
Total Creditors	60	71	139	231	324
Other Current Liabilities	250	8,833	8,833	8,833	8,833
Total Current Liabilities	**571**	**9,134**	**9,202**	**9,294**	**9,387**
Total Long-term Debt	885	61	3,561	7,061	10,561
Hybrid Debt - Debt Component	294	438	438	438	438
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**1,179**	**499**	**3,999**	**7,499**	**10,999**
Total Provisions	93	246	246	246	246
Total Liabilities	**1,844**	**9,880**	**13,447**	**17,039**	**20,632**
Shareholders Equity	709	15,928	16,688	18,158	20,184
Minority Interests					
Total Equity	**709**	**15,928**	**16,688**	**18,158**	**20,184**

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	42.7%	73.6%	93.8%	66.2%	40.5%
Operating EBITDA Growth	45.0%	101.6%	116.3%	83.0%	45.6%
Operating EBITDA Margin	50.7%	59.0%	65.8%	72.4%	75.1%
Net Cash Per Share (Rs)	(66.13)	644.77	510.87	340.89	235.28
BVPS (Rs)	35.67	797.67	835.72	909.38	1,010.81
Gross Interest Cover	8.91	2.77	16.03	7.10	5.38
Effective Tax Rate	27.6%	24.4%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio					
Accounts Receivables Days	6.12	13.71	16.45	17.38	18.58
Inventory Days					
Accounts Payables Days	77.30	78.93	73.30	93.30	108.72
ROIC (%)	71.8%	13.3%	11.4%	18.5%	17.3%
ROCE (%)	16.7%	2.9%	2.0%	5.2%	6.9%
Return On Average Assets	15.1%	4.1%	2.8%	5.0%	6.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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InCred Research Services Private Limited
Research Analyst SEBI Registration Number: INH000011024
Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051
Phone: +91-22-6844-6100
Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051
Phone: +91-22-4161-1500
Name of the Compliance Officer: Mr. Yogesh Kadam
Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Rajarshi Maitra
Phone no. +91-022-41611546
Email ID: rajarshi.maitra@incredresearch.com
CIN: U74999MH2016PTC287535

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Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.