

## India

August 27, 2025 - 10:50 PM

**ADD** (no change)

Consensus ratings\*: Buy 2 Hold 0 Sell 0

Current price: Rs2,361  
 Target price:  Rs3,245  
 Previous target: Rs3,245  
 Up/downside: 37.4%  
 InCred Research / Consensus: 37.5%

Reuters:  
 Bloomberg: E2E IN  
 Market cap: US\$538m  
 Rs47,146m  
 Average daily turnover: US\$1.8m  
 Rs153.7m  
 Current shares o/s: 20.0m  
 Free float: 56.3%

\*Source: Bloomberg

**Key financial forecast**

	Mar-26F	Mar-27F	Mar-28F
Net Profit (Rsm)	760	1,471	2,025
Core EPS (Rs)	38.06	73.65	101.44
Core EPS Growth	59.6%	93.5%	37.7%
FD Core P/E	62.03	32.05	23.27
Recurring ROE	4.7%	8.4%	10.6%
P/BV (x)	2.82	2.60	2.34
DPS (Rs)			
Dividend Yield			



SOURCE: BLOOMBERG

Price performance	1M	3M	12M
Absolute (%)	10.3	(19.2)	(10.1)
Relative (%)	10.5	(18.7)	(9.0)

Major shareholders	% held
Larsen And Toubro Limited	19.0
Bandhan Mutual Fund	1.9

# E2E Networks

## IndiaAI order win improves growth visibility

- The order win suggests encouraging traction at IndiaAI and could improve utilization of the recently deployed H200 GPU infrastructure.
- Although the pricing could have been better, the utilization uplift could aid Sep 2025F monthly recurring revenue (MRR) and breakeven EBIT margin.
- Maintain ADD rating on the stock with a DCF-based target price of Rs3,245.

**Allocation of GPU resources to GAN AI under the IndiaAI Mission**

- E2E Networks has received an order worth Rs880m from IndiaAI, an independent division under the Ministry of Electronics and Information Technology (MeitY), Government of India, for the allocation of 1,024 H200 SXM GPUs (128 H200-8X) to GAN AI (selected to build India's foundational artificial intelligence or AI model) for a period of 12 months. This allocation could help absorb 50% of the recently deployed H200 GPU infrastructure (two 1,024 graphics processing units or GPUs each in Delhi & Chennai) and could potentially add Rs73.4m in MRR to 1QFY26 exit MRR of Rs145m.

**Bridges 35% of the incremental exit MRR guidance**

- The order win helps regain momentum and suggests encouraging traction at IndiaAI. Importantly, it helps bridge 35% of the incremental exit MRR guidance of Rs350m by Mar 2026F. That said, analyzing the GPU pricing suggests that E2E Networks may have marked down its cluster price by ~17%.

**We estimate monthly breakeven EBIT margin from Sep 2025F**

- Although the pricing could have been better and impacted RoI/asset turnover, we believe the improvement in utilization could help E2E Networks to achieve breakeven EBIT margin from Sep 2025F (assuming billing starts). Please call me or the sales team for a detailed discussion on the company's financials.

**Maintain ADD rating on the stock with a target price of Rs3,245**

- We maintain our revenue/EBITDA CAGR estimate of ~60% over FY25-28F, driven by monetization of capacity addition and accelerating adoption. We value E2E Networks using the discounted cash flow or DCF methodology to arrive at our target price of Rs3,245, which implies an EV/EBITDA multiple of 13x. The early-mover advantage in an industry with structural & secular growth drivers provides growth visibility while any deterioration in GPU pricing is a key downside risk.

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### Profit & Loss

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

### Balance Sheet

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

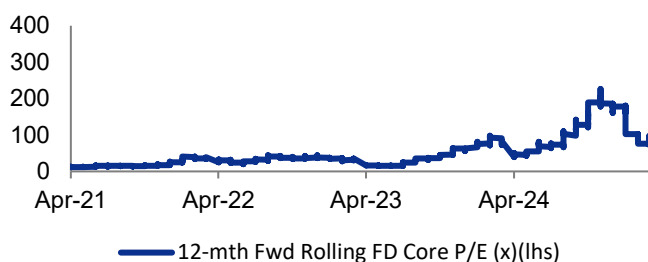
### Cash Flow

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

### Key Ratios

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

### 12-mth Fwd Rolling FD Core P/E (x)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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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- 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.