

India

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Not Rated

# Technology - Overall

## E2E Networks: NDR takeaways

- The change in go-to-market or GTM strategy to focus on enterprise is leading to an elongated sales cycle and, in turn, revenue softness.
- IndiaAI mission could improve revenue visibility vs. bursty startup-driven workloads. Creates room for future Eols.
- Capacity build-up could help reach 3x MRR by Mar 2026F.

### Non-deal roadshow (NDR) takeaways

We hosted the management of E2E Networks for a business update. The company reiterated the comments made at its 4QFY25 earnings conference call. The following are the key takeaways:

- Capacity: ~3,700 GPUs (2,048 as CWIP and getting integrated with platform), makes it among the largest GPU cloud installation vs. domestic peers. Of the total, ~2,300/~700 are the flagship H200/H100 series, respectively.
- Current capacity could help reach monthly recurring revenue (MRR) of Rs0.35-0.4bn by Mar 2026F vs. Rs0.11bn currently.
- 100+ engineers are working on AI/ML and the cloud infrastructure platform.
- Data centre capacity: Has access to 10MW of data centre IT power capacity across Delhi NCR and Chennai regions.
- Software revenue opportunity: Built around open-source software, E2E's software delivers platform experience and is positioned as a sovereign cloud platform for running compute and artificial intelligence or AI workload. The potential opportunity is large, given the fact that large players charge 4-5x higher, vs. E2E, on a per-CPU core basis. Every megawatt (MW) of compute capacity that gets built on private or sovereign cloud represents ~US\$2-3m of potential revenue opportunity. India's private cloud market size of 2 gigawatt (GW) represents an infrastructure software market opportunity worth ~US\$5bn.
- Go-to-market (GTM): The company has aligned its GTM strategy to focus on enterprise customers/larger startups (requiring 64/512 GPUs vs. 8/16/64 GPUs for smaller customers/startups). However, sales motions are elongated for enterprise customers, given proof of concept (PoC) requirements. Although the nature of contracts may not change with large customers, revenue visibility and stability could improve.
- IndiaAI mission: Could drive additional AI infrastructure demand worth ~Rs105bn over the next three years, and the company is aiming to capture anywhere between 10-25% market share. GPU pricing is 20-25% lower vs. market rates but the customer acquisition cost (CAC) is low.
- AI labs: Built a product for students to learn AI. Potential opportunity is substantial (thousands of GPUs), given the large engineering student base of ~3-4m in India.
- Building ecosystem partners across hardware OEMs, chip makers, and sales channel for selling the sovereign cloud platform. Recently, the company partnered with Intel and AMD for CPU compute.
- Capital expenditure: Further capex in the hopper infrastructure could be directly related to demand while the company could invest in the Blackwell series, once the hopper series reaches reasonable utilization. Aiming to build GPU capacity of ~10,000 over the next two-to-three years.

### Research Analyst(s)

**Abhishek SHINDADKAR**

T (91) 22 4161 1543

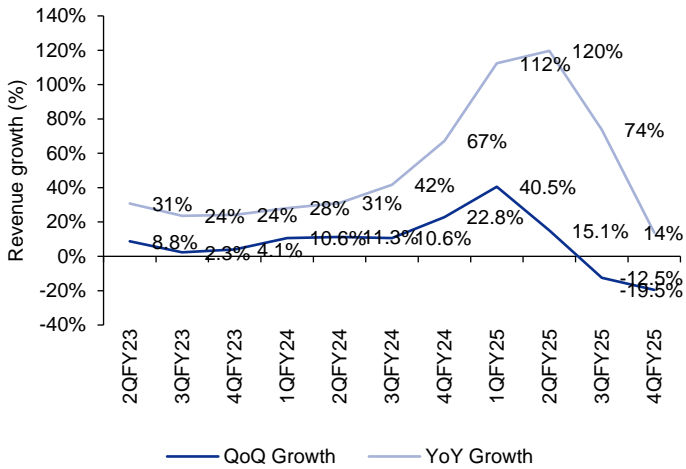
E abhishek.shindadkr@incredresearch.com

**Vikas SWAMI**

T (91) 22 4161 1544

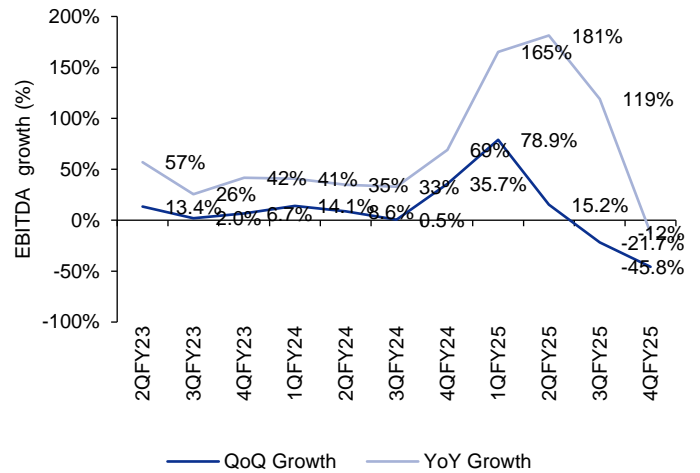
E vikas.swami@incredresearch.com

**Figure 1: Revenue growth trend**



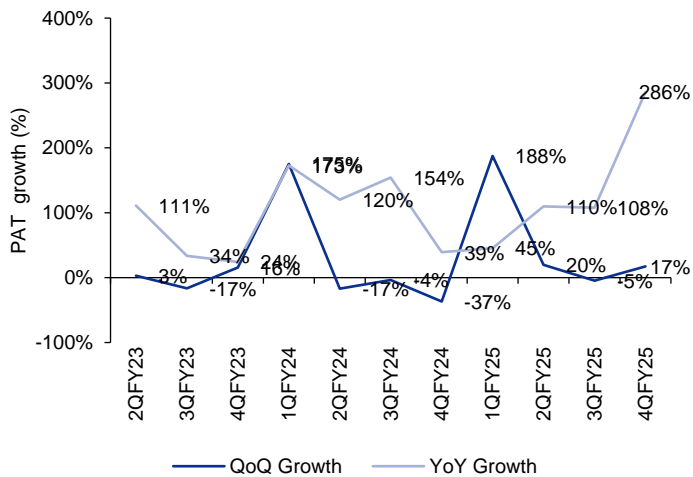
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**Figure 2: EBITDA growth trend**



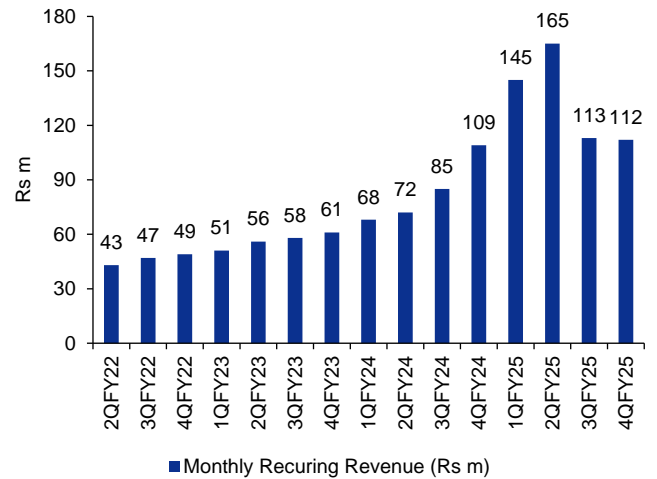
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**Figure 3: PAT growth trend**



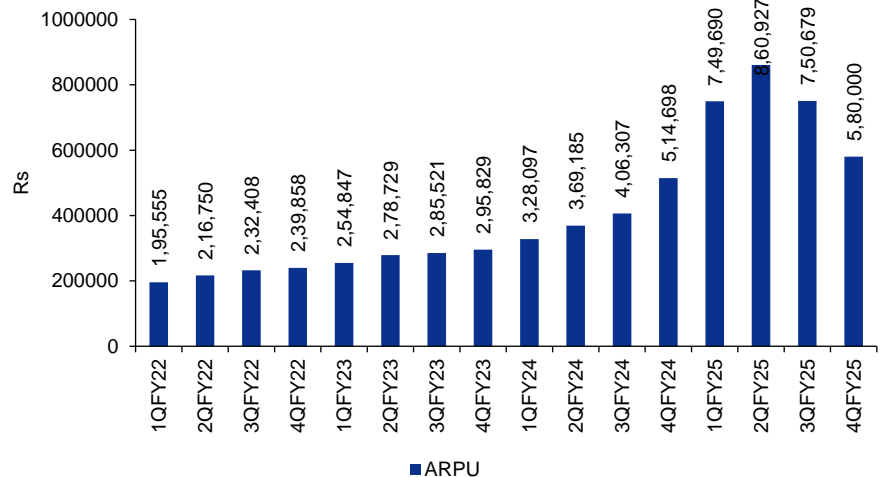
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Monthly recurring revenue**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Average revenue per user or ARPU trend**



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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: 05<sup>th</sup> 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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Definition:

- 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.*

### Sector Ratings

Definition:

- 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.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- 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.