E2E Networks Ltd. – Investment BUY Call – 6 Months Horizon

Dear Bajaj Capital Investors,
New Stock Recommendations for BUY on 22 July 2026

CMP -> 447
Buying Range -> 447 to 456
Upside Potential-> 13%
Investment Horizon -> 6 Months
Target price -> 505

1. Investment Thesis & Financial Performance

E2E Networks continues to strengthen its investment case as India's leading AI-first GPU cloud infrastructure provider, supported by exceptional execution, rapid capacity monetisation and strong demand for sovereign AI infrastructure. The company reported an outstanding Q1FY27 performance, with revenue increasing 334.3% YoY and 64.0% QoQ to INR 1,568 million, while EBITDA surged more than tenfold to INR 1,179 million with an industry-leading EBITDA margin of 75.2%. Profit Before Tax increased to INR 586 million from INR 86 million in Q4FY26, while PAT stood at INR 439 million with a PAT margin of 28.0%. Importantly, Q1FY27 EBITDA alone reached nearly 93% of the company's entire FY26 EBITDA, highlighting the significant operating leverage emerging from higher GPU utilisation and the successful commercialisation of recently commissioned infrastructure. Management attributed the strong performance to the successful commissioning of the NVIDIA B200 cluster, improved utilisation across flagship GPU assets and continued scaling of the proprietary TIR AI platform. Management remains confident about sustaining aggressive yet disciplined capacity expansion throughout FY27, supported by robust demand across enterprise, startup and government customers.

2. Business Overview, Industry Positioning & Recent Business Execution

E2E Networks operates India's first and largest GPU-focused cloud platform, providing AI cloud infrastructure through an integrated Infrastructure-as-a-Service model built around NVIDIA GPU clusters. The company serves AI startups, enterprises, financial institutions, research organisations and government agencies through its proprietary self-service cloud platform comprising TIR AI/ML Platform and Jarvislabs.ai. Customers utilise the platform for AI model training, fine-tuning, inference, generative AI, LLM deployment, RAG pipelines and high-performance computing workloads. During Q1FY27, the company successfully deployed India's first production-scale NVIDIA Blackwell B200 cluster, expanded total installed GPU infrastructure to approximately 5,100 GPUs, incorporated Sovcloud Technologies as a wholly-owned subsidiary to strengthen future data centre operations and further enhanced its senior leadership team with strategic technology appointments. The company also completed its BSE Mainboard listing alongside its NSE listing, expanding institutional investor participation. E2E remains strategically positioned to benefit from India's rapidly expanding AI ecosystem, sovereign cloud initiatives, hyperscale AI infrastructure demand and enterprise AI adoption across BFSI, manufacturing, healthcare, education, defence and digital services.

3. Growth Catalysts, Capacity Expansion & Operating Leverage

The company's near-term growth outlook remains exceptionally strong, driven by multiple visible earnings catalysts over the next two to four quarters. The successful commissioning of the first 1,024 NVIDIA Blackwell B200 GPU cluster has already begun contributing to revenue, while the second 1,024 B200 cluster is expected to be deployed during FY27, significantly expanding high-margin capacity. Management estimates that each 1,024 GPU Blackwell cluster carries an annual revenue potential of approximately INR 250 crore with incremental EBITDA margins of nearly 75–80%, making Blackwell deployments a powerful earnings accelerator. GPU utilisation had already crossed 80% prior to Blackwell deployment, indicating substantial operating leverage as additional capacity gets absorbed. IndiaAI Mission contracts, sovereign AI workloads, enterprise AI adoption and international GPU demand continue to provide strong demand visibility. The company's monthly recurring revenue has expanded sharply, reflecting improved utilisation and recurring customer additions. Furthermore, E2E is exploring private credit, vendor financing and GPU leasing models to accelerate infrastructure expansion while improving capital efficiency and return ratios. Higher utilisation of existing GPU assets is expected to convert incremental revenues into disproportionately higher EBITDA and profitability due to the largely fixed infrastructure cost base.

4. Long-Term Growth Opportunities, Strategic Collaborations & Margin Expansion

E2E Networks is well positioned to benefit from structural growth in AI infrastructure over the coming years. India's sovereign AI initiatives, increasing enterprise AI adoption, generative AI deployment, AI inference workloads and localisation requirements continue to create sustained demand for domestic GPU cloud providers. The company's strategic partnership with Larsen & Toubro provides both financial strength and commercial opportunities through enterprise AI deployments while ensuring access to large-scale data centre infrastructure. Government empanelment under IndiaAI Mission and MeitY Cloud further expands opportunities across public sector organisations and regulated industries. Continuous investments in proprietary software platforms such as TIR AI Platform and Jarvislabs.ai strengthen customer stickiness, improve pricing flexibility and enhance margins through software-led monetisation. Future deployment of B300, GB300 and Vera Rubin GPU architectures further strengthens the company's technology leadership. Increasing contribution from higher-value AI training workloads, enterprise contracts, international customers and software-enabled services should support sustainable margin expansion, stronger operating leverage and superior return on capital over the medium term.

5. Capital Expenditure, Balance Sheet & Cash Flow Position

The company has undertaken one of the most aggressive AI infrastructure investment programmes among listed Indian technology companies over the past 18 months. FY26 capital expenditure reached approximately INR 8.7 billion, including substantial investment in GPU infrastructure, while additional investments continued during Q1FY27 to support Blackwell deployments. The company has raised significant growth capital through preferential allotments and QIP, leaving over INR 1.3 billion of unutilised funds available for future expansion. Management continues to maintain adequate financial flexibility while simultaneously exploring asset-light financing structures that could accelerate GPU deployment without materially increasing balance sheet leverage. Property, plant and equipment increased significantly due to GPU investments, positioning the company for sustained revenue growth over coming years. Although depreciation and finance costs have increased because of rapid infrastructure additions, Q1FY27 demonstrated that rising utilisation can more than offset these costs, resulting in significant improvement in profitability. Strong EBITDA generation and improving operating cash flows are expected to strengthen free cash flow generation as GPU assets mature and capacity utilisation continues to improve.

6. Industry Outlook, Structural Tailwinds & Operating Leverage

The global AI infrastructure industry continues to experience structural supply shortages, while enterprise AI adoption, sovereign AI investments and large language model deployments remain powerful long-term growth drivers. India is rapidly emerging as a strategic AI infrastructure market, supported by government initiatives under IndiaAI Mission, significant private sector investments in hyperscale data centres and increasing enterprise demand for sovereign AI infrastructure. Management believes GPU supply remains structurally constrained globally, supporting favourable pricing and healthy utilisation levels. Rising international revenue contribution, increasing enterprise adoption, expansion into AI inference workloads and commercialisation of higher-end Blackwell GPUs are expected to further improve revenue mix and profitability. As utilisation rises across recently commissioned GPU clusters, incremental revenue should flow through at significantly higher EBITDA margins due to fixed infrastructure costs, resulting in meaningful operating leverage over the next several quarters. Higher-margin software platforms, proprietary cloud orchestration, cross-selling opportunities and international customer additions further enhance long-term earnings visibility.

7. Key Risks, Near-Term Headwinds & Investment Conclusion

Despite the strong growth outlook, investors should monitor several short-term risks. The business remains capital intensive, requiring continuous investment in next-generation GPU infrastructure, while higher depreciation and finance costs could temporarily pressure reported earnings during expansion phases. Execution risks related to timely deployment of future Blackwell clusters, availability of NVIDIA GPUs, supply-chain disruptions and evolving AI technology cycles also remain important. Customer project timing, government order execution and competitive pricing from global hyperscalers could create quarterly revenue volatility. Nevertheless, management expects demand to remain significantly ahead of supply, with utilisation continuing to improve across existing assets. Considering the company's exceptional Q1FY27 performance, strong execution track record, expanding AI infrastructure, visible capacity-led earnings growth, sovereign AI positioning, robust operating leverage and multiple structural growth catalysts, E2E Networks appears well positioned to deliver superior earnings growth over the next six months. The combination of accelerating revenue growth, expanding EBITDA margins, improving profitability and sustained capacity expansion supports a **BUY** recommendation for investors with a medium-term investment horizon.

Q1FY27 Financial Performance:

	YoY	QoQ	Jun 2026	Mar 2026	Jun 2025
Revenue Cr	334.1%	63.9%	157	96	36
Operating Profit Cr	1,021.8%	102.9%	118	58	11
OPM %			75.2	60.8	29.1
PAT Cr	1,645.1%	581.4%	44	6	-3
NPM %			28.0	6.7	-7.9
EPS ₹	21,500.0%	7,033.3%	2.1	0.0	0.0

Happy Investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team