E2E Networks Ltd (ENL)

2QFY27 Result Update | AI/ML | IaaS

DALAL & BROACHA STOCK BROKING PVT. LTD.

Institutional Equity Research Desk

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Strong execution on the back of robust demand

E2E Networks delivered a strong 2QFY27 performance, with revenue rising 5.1x YoY to Rs 2,238 mn, driven by Blackwell GPU monetisation. The company's September exit revenue stood at Rs 751 mn, with current MRR at ~Rs 750 mn. During the quarter, the existing B200 GPU cluster was converted from pay-as-you-go to a multi-year contract worth ~Rs 10 bn, extending until June 2029; flagship B200 capacity is now fully utilised under this contract, providing strong revenue visibility. E2E's installed GPU base stands at ~5,100 units, and the next batch of 1,024+ B200 GPUs is expected to become operational in 3QFY27.

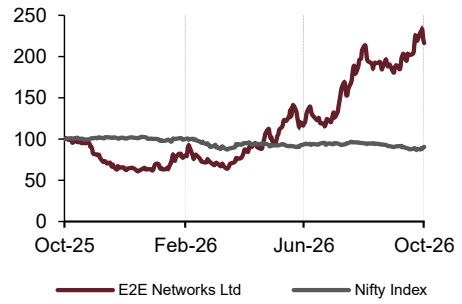
EBITDA margins stood at 76.6% in 2QFY27 (+141 bps QoQ), and management expects margins to sustain above 70% over the medium to long term.

The company is transitioning from primarily selling GPU compute capacity toward an integrated AI technology platform, with Blaze, Endpoint and Jarvis Lab offerings soft-launched during the quarter to strengthen inference capabilities. With the multi-year anchor contract, deep partnerships (notably with NVIDIA and L&T) and alignment with the IndiaAI Mission, E2E is well positioned to scale rapidly in the AI infrastructure ecosystem.

Rating	TP (Rs)	Up/Dn (%)
BUY	**1,074**	**55**
Market Data		
Current price	**Rs**	**695**
Market Cap (Rs.Bn)	(Rs Bn)	143
Market Cap (US$ Mn)	(US$ Mn)	1,507
Face Value	Rs	1
52 Weeks High/Low	Rs	769 / 183.36
Average Daily Volume	('000)	1,168
BSE Code		544783
Bloomberg		E2E.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-26	Mar-26
Promoters	39.50	39.50
Public	60.50	60.50
Total	**100.00**	**100.00**

Source: Bloomberg

Key Risks:

- Anchor customer concentration (~Rs 10 bn contract)
- Delay in commissioning of next 1,024+ B200 GPUs
- No CAPEX or capacity guidance; funding undecided
- Slow progress on India AI Mission
- Rising global hyperscaler competition, pricing pressure
- Tech disruption risk

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Financial Summary:

Particular (Rs Mn)	FY22A	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Sales	519	662	945	1,640	2,456	10,116	14,616	21,216
Adj EBITDA	231	336	498	990	1,291	7,770	11,343	16,475
Margin (%)	**45**	**51**	**53**	**60**	**53**	**77**	**78**	**78**
PAT	65	99	219	475	-156	2,875	4,290	6,752
EPS (Rs)	0	1	2	3	-1	14	21	33
Growth (%)		**54**	**120**	**87**	**-127**	**-1,905**	**49**	**57**
P/E (x)	1,558	1,015	460	246	-897	50	33	21
EV/Adj EBITDA (x)	435	298	202	104	105	18	12	9
ROCE (%)	-	28	25	4	-2	18	22	29

~Rs 10 bn Blackwell contract; revenue visibility strong

The existing B200 GPU cluster has been converted from pay-as-you-go to a multi-year contract worth ~Rs 10 bn, extending until June 2029, with flagship B200 capacity fully utilised under this contract. Current MRR stands at ~Rs 750 mn; management did not disclose the anchor contract's contribution. Further earnings growth is expected from uncontracted and short-term contracted GPU capacity. The IndiaAI Mission contributes ~13–15% of quarterly revenue, while international operations contribute ~20–25%.

Margins to sustain above 70%

Gross margins expanded to 88.4% in 2QFY27 (+299 bps QoQ) as operating leverage kicked in amid strong utilisation, while COGS, largely comprising data centre costs, remained broadly stable. EBITDA margins stood at 76.6% (+141 bps QoQ). Management expects EBITDA margins to remain above 70% over the medium to long term and at full utilisation, with higher utilisation and Blackwell monetisation remaining the key profitability drivers.

Next batch of 1,024+ B200 GPUs operational in 3QFY27

The next batch of 1,024+ B200 GPUs is expected to become operational in 3QFY27. No additional GPU deployment or CAPEX guidance was provided, and future B300 and Vera Rubin deployments remain undecided. Management remains flexible on funding, including debt and off-balance-sheet structures, subject to cash-flow sustainability. H1FY27 CAPEX stood at Rs 3,936 mn on a cash basis (Rs 1,170 mn of accrual additions as per the investor presentation), funded by operating cash flows of Rs 3,965 mn, cash balances of Rs 5,994 mn and debt of Rs 4,504 mn.

Transition toward an integrated AI platform

E2E is transitioning from primarily selling GPU compute capacity toward an integrated AI technology platform, with the majority of GPUs currently operating through its platform and limited bare-metal sales. Blaze, Endpoint and Jarvis Lab offerings were soft-launched, strengthening inference capabilities, while part of GPU capacity is being allocated internally toward R&D and platform development. Management aims to build a full-stack sovereign AI platform covering training, inference and advanced workloads, is exploring additional partnerships similar to L&T and maintains a chipmaker-agnostic approach, including potential AMD support. Management sees significant AI infrastructure demand and limits competitive pressure currently.

Financial Outlook.

Depreciation is expected to rise further as the next batch of B200 GPUs is commissioned in 3QFY27. Finance costs are likely to remain elevated, reflecting debt of ~Rs 4.5 bn on the books, though management has indicated funding flexibility, including off-balance-sheet structures, for future procurement. Key monitorables include timely commissioning and monetisation of the next 1,024+ B200 GPUs, incremental MRR and revenue contribution from new capacity, future GPU procurement, CAPEX requirements and funding structure, and commercial adoption and profitability of the new inference products.

Valuation & Outlook

E2E's long-term outlook remains positive, supported by the ~Rs 10 bn multi-year Blackwell contract, full utilisation of flagship B200 capacity and sustained operating leverage. Incremental growth is likely to depend on timely deployment and monetisation of the next 1,024+ B200 GPUs, incremental customer acquisition and monetisation of uncontracted and short-term contracted capacity. Margin visibility remains strong, with management guiding EBITDA margins above 70% over the medium to long term.

From a valuation perspective, the key rerating drivers will be sustained MRR growth, timely execution of the next GPU batch and improvement in return ratios. FCF is likely to remain broadly neutral as operating cash flows are reinvested into GPU procurement, with management open to debt and off-balance-sheet funding structures.

We revise our estimates on E2E Networks given the multi-year Blackwell contract and capacity visibility for the coming years. We now project Revenue/EBITDA/PAT of Rs 10,116 mn/7,770 mn/2,875 mn for FY27E and Rs 21,216 mn/16,475 mn/6,752 mn for FY29E, with EPS of Rs 14/21/33 over FY27E–29E.

We maintain our BUY rating on E2E Networks, projecting Revenue/EBITDA CAGR of 105%/135% over FY26–29E. PAT and EPS growth are expected to trail EBITDA growth due to elevated depreciation from the ongoing CAPEX cycle. **We have a TP: 1,074**

Valuation			
Particular (Rs.Mn)	**FY28E**	**FY29E**	**Average**
EPS (Rs)	21	33	27
Assigned P/E (x)	40	40	40
Fair Value	835	1,314	1,074
CMP	695	695	695
Potential Upside	**20%**	**89%**	**55%**

Quarterly Financials

Particular (Rs.Mn)	2QFY27	2QFY26	YoY Growth (%)	1QFY27	QoQ Growth (%)
Sales	**2,238**	**438**	**411%**	**1,568**	**43%**
Total Income	2,337	521	348%	1,682	39%
Gross Profit	1,978	294	573%	1,339	48%
Total Expenses	523	258	103%	389	35%
EBITDA Profit (Without OI)	**1,715**	**180**	**853%**	**1,179**	**45%**
Depreciation & Amortization	740	428	73%	606	22%
EBIT Profit	975	-248	-	573	70%
Total Tax	244	-50	-	147	66%
Reported PAT	**727**	**-135**	**-**	**439**	**66%**
Reported EPS	3.5	-0.7	-	2.1	66%
Margins	**2QFY27**	**2QFY26**	**Changes in BPS**	**1QFY27**	**Changes in BPS**
Gross Margins	88.4%	67.1%	2127	85.4%	299
EBITDA Margins	**76.6%**	**41.1%**	**3553**	**75.2%**	**141**
EBIT Margins	43.6%	-56.6%	10018	36.5%	704
PAT Margins	32.5%	-30.7%	6322	28.0%	450
Other Key Metrics	**2QFY27**	**2QFY26**	**YoY Growth (%)**	**1QFY27**	**QoQ Growth (%)**
Exit MRR	751	160	369%	718	5%
CAPEX	993	75	1224%	177	461%
Total GPUs	5,100	3,900	31%	5,100	0%

Source: Dalal & Broacha Research

Financials

P&L (Rs Mn)	FY22A	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue from Operations	519	662	945	1,640	2,456	10,116	14,616	21,216
Total COGS	154	169	202	305	660	1,647	2,388	3,582
Gross Profit	**365**	**493**	**743**	**1,335**	**1,796**	**8,469**	**12,228**	**17,634**
Employee Expenses	100	115	157	212	346	515	668	900
Other Expenses	34	41	88	133	159	184	217	259
Adj EBITDA (ex ESOP Cost)	**231**	**336**	**498**	**990**	**1,291**	**7,770**	**11,343**	**16,475**
Depreciation	178	201	157	601	1,692	4,106	5,781	7,801
Adj EBIT	**53**	**135**	**341**	**389**	**-402**	**3,663**	**5,561**	**8,674**
ESOP Cost	2	6	19	23	28	28	28	28
Other Income	4	8	16	394	340	412	453	499
Finance Cost	2	5	36	132	122	214	267	142
Profit Before Tax	53	132	302	628	-212	3,834	5,719	9,003
Exceptional Item	-	-	-	-	-	-	-	-
Tax	-12	33	83	153	-56	958	1,430	2,251
Profit After Tax	**65**	**99**	**219**	**475**	**-156**	**2,875**	**4,290**	**6,752**

Balance Sheet (Rs Mn)	FY22A	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Total Equity Share Capital	145	145	145	200	206	206	206	206
Reserves	240	349	564	15,728	16,645	19,548	23,866	30,646
Net Worth	**385**	**494**	**708**	**15,928**	**16,851**	**19,754**	**24,071**	**30,851**
Preference Share Capital	-	-	-	-	-	-	-	-
Non Current Liabilities	**30**	**72**	**1,388**	**922**	**1,556**	**2,650**	**3,564**	**1,994**
Borrowings	6	2	885	61	800	2,000	3,000	1,500
Deferred Tax Liability (net)	6	9	84	234	180	180	180	180
Provisions	6	8	9	11	17	17	17	17
Lease Liability	12	53	410	616	559	453	367	297
Current Liabilities	**65**	**118**	**456**	**8,958**	**4,874**	**470**	**580**	**747**
Borrowings	3	4	146	53	232	-	-	-
Current Tax Liabilities (net)	-	-	-	-	-	-	-	-
Trade Payables	22	25	60	71	126	296	406	573
Other financial liabilities	12	57	161	8,757	4,342	-	-	-
Provisions	0	0	0	0	0	0	0	0
Other Current Liabilities	27	33	89	75	173	173	173	173
Total Liabilities	**95**	**190**	**1,844**	**9,880**	**6,431**	**3,120**	**4,143**	**2,741**
Total Liabilities and Equity	**480**	**684**	**2,552**	**25,807**	**23,281**	**22,874**	**28,215**	**33,592**
Non Current Assets	**386**	**423**	**2,167**	**10,321**	**17,196**	**19,090**	**23,309**	**27,508**
Total Net Block	370	420	2,104	3,893	10,356	17,584	21,803	26,002
CWIP	-	-	-	6,362	5,334	-	-	-
Goodwill	-	-	-	-	-	-	-	-
Financial Assets	0	-	39	17	438	438	438	438
Deferred Tax Asset	-	-	-	-	-	-	-	-
Other Non Current Assets	16	3	24	50	1,068	1,068	1,068	1,068
Current Assets	**94**	**261**	**385**	**15,486**	**6,085**	**3,784**	**4,906**	**6,085**
Investments	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Trade Receivables	1	6	26	97	171	809	1,462	2,334
Cash and Bank Balances	68	218	90	13,569	3,659	720	1,190	1,496
Short Term Loans and Advances	-	-	-	-	-	-	-	-
Other Financial Assets	20	28	37	35	151	151	151	151
Other Current Assets	4	10	233	1,784	2,103	2,103	2,103	2,103
Total Assets	**480**	**684**	**2,552**	**25,807**	**23,281**	**22,874**	**28,215**	**33,592**

Source: Dalal & Broacha Research

Cash Flow	FY22A	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Cash Flow from Operating Activities								
Profit Before Tax	53	132	302	628	-212	3,834	5,719	9,003
Non Cash/ Non Operating Items:								
Depreciation & Amortization	178	201	157	601	1,692	4,106	5,781	7,801
Other Income	2	7	15	326	266	412	453	499
ESOP	2	6	19	23	28	28	28	28
Bad Debts Writen Off	0	-	4	4	5	-	-	-
Assets Written Off	7	-	-	-	-	-	-	-
Interest Cost	2	4	36	129	118	214	267	142
OCF Before WC Changes	**239**	**337**	**504**	**1,059**	**1,366**	**7,770**	**11,343**	**16,475**
WC Capital Changes:								
Changes in Trade Payables	1	3	35	12	55	170	110	167
Changes in Other Current Liabilities	14	6	55	-13	98	-	-	-
Changes in other Financial Liabilities	1	44	105	13	22	-4,342	-	-
Changes in Trade Recievables	2	-5	-20	-76	-79	-638	-652	-872
Changes in Other current Assets	7	-5	-223	-85	-130	-	-	-
Changes in Other financial Assets	-6	-8	-9	-2	-114	-	-	-
Changes in Provisions	1	2	2	3	7	-	-	-
OCF After WC Changes	**258**	**373**	**450**	**910**	**1,225**	2,959	10,800	15,770
Tax	0	18	22	26	5	958	1,430	2,251
OCF	**258**	**355**	**429**	**885**	**1,221**	**2,001**	**9,370**	**13,519**
Cash Flow from Investing Activities								
CAPEX	-214	-189	-1,455	-1,259	-12,625	-6,000	-10,000	-12,000
Proceeds from Sale of Fixed Assets	2	0	0	1	1	-	-	-
Changes in Other Bank Balances & Invst	15	-23	4	-8,894	8,071	-	-	-
Interest Received	5	5	14	325	265	412	453	499
CFI	**-192**	**-207**	**-1,438**	**-9,828**	**-4,287**	**-5,588**	**-9,547**	**-11,501**
Cash Flow from Financing Activities								
Proceeds from Issue of Shares	1	-	-	14,728	1,041	-	-	-
Reciept of ESOP	-	2	2	-1	1	-	-	-
Payment for purchase of treasury shares	-5	-	-	-	-	-	-	-
Proceeds from Borrowings	-	-	1,050	179	969	1,200	1,000	-
Repayment of Borrowings	-13	-3	-27	-1,094	-62	-232	-	-1,500
Payment of Lease	-1	-21	-77	-237	-244	-140	-113	-92
Interest Cost	-1	-1	-24	-73	-59	-180	-240	-120
CFF	**-15**	**-24**	**924**	**13,502**	**1,646**	**648**	**647**	**-1,712**
Cash at the Beginning	-8	38	163	78	4,637	3,216	277	747
Cash during the Year	**51**	**125**	**-85**	**4,559**	**-1,421**	**-2,939**	**470**	**306**
Closing Cash Balance	43	163	78	4,637	3,216	277	747	1,053

Particular	FY22A	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Adj EBITDAM (%)	45	51	53	60	53	77	78	78
NPM (%)	12	15	23	29	-6	28	29	32
Tax Rate (%)	-22	25	28	24	27	25	25	25
Growth Ratios								
Net Sales	-	28	43	74	50	312	44	45
Adj EBITDA	-	46	48	99	30	502	46	45
EBIT	-	157	152	14	-203	-1,012	52	56
PAT	-	54	121	117	-133	-1,947	49	57
Per Share (Rs.)								
Net Earnings (EPS)	0	1	2	3	-1	14	21	33
Cash Earnings (CPS)	1	2	1	81	19	4	7	8
Book Value	3	3	5	95	84	96	117	150
Valuation Ratios								
P/E (x)	1,558.3	1,014.6	460.1	245.8	-896.8	49.7	33.3	21.2
P/B (x)	261.4	203.5	142.0	7.3	8.3	7.2	5.9	4.6
EV/Adj EBITDA (x)	434.8	298.1	201.6	104.2	105.2	18.3	12.5	8.6
EV/FCF (x)	2,287.3	605.1	-97.9	-275.2	-11.9	-35.5	-224.6	93.0
Return Ratios								
ROE (%)	-	23	36	6	-1	16	20	25
ROCE (%)	-	28	25	4	-2	18	22	29

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