



About ESDS Private Equity

Founded in 2005 by first-generation entrepreneur Piyush Somani, ESDS was initially conceived as an outsourced hosting support company. It then became a web hosting company in the US and the UK. Since then, ESDS has gone from strength to strength and built a huge customer base across the globe. In a relatively short time since its inception, its innovative and groundbreaking solutions have put the company in the league of competitors like AWS, Microsoft Azure, CtrlS, Sify, Alibaba, Netmagic, NextGen, Rackspace, etc. ESDS has expertise in managed data center services, cloud solutions, and disaster recovery hosting. All ESDS services are backed by extensive technical support that helps strengthen ESDS' relationship with its customers. The company has a strong presence in almost all industry verticals including BFSI, Healthcare, Education, Energy & Utilities, Agriculture, Manufacturing, IT, Entertainment & Media, Travel & Tourism, Telecom, Government, E-commerce, etc. The company is currently present in 19 countries across Asia Pacific, Europe, the Middle East, the Americas and Africa.

Special Successes of ESDS

- a. First Indian cloud company to patent Vertical Auto Scaling.
- b. 1. Commercial data center with valid Uptime Tier III certificate.
- c. First Indian cloud company to receive a patent for cloud and infrastructure hosting.
- d. Only a cloud and data center company in India with 50+ R&D engineers.

ESDS' business model is broadly divided into two parts:

- a. Managed Cloud Hosting
- b. Managed Data Center

ESDS Products and Services

a. eNlight Cloud is a software solution that transforms capital expenditures into operational expenditures by eliminating expensive hardware costs, maintenance costs, and obsolescence of traditional IT infrastructure through cloud computing. eNlight Cloud is India's first and only cloud computing platform patented by USPTO (Patent No: 9176788) and UK (Patent No: GB2493812) for "Method and System for Real-Time Resource Demand Detection and Automatic Adjustment". It is a state-of-the-art cloud hosting solution with built-in capability to automatically scale CPU and RAM as required without human intervention or downtime. enlight's auto-scaling feature has eliminated downtime commonly caused by fluctuations in internet traffic. This feature also makes eNlight an unmatched disaster recovery hosting product that provides cost savings of up to 70%.



b. enight 360

c. Data Center Services

ESDS offers Dedicated or Managed Hosting services for Internet hosting where customers rent the entire server instead of sharing it. It also offers services like Colocation services, Static VM/VP hosting, Disaster Recovery hosting, etc.

ESDS Data Centers

(i) Nashik Data Center – Phase 1 – 100% Occupied

(ii) Mumbai Data Center – Phase 1 – 100% Occupied

(iii) Bangalore Data Center – 10% Occupancy

(iv) Nashik Data Center – Phase 2 – 3% Occupancy New data centers are expected to open soon in Bahrain and other locations in India.

d. eMagic DCIM

eMagic DCIM is a highly integrated composite solution that provides a single console to manage data center operations. This helps streamline management processes leading to optimization of functional processes. eMagic DCIM is a highly acclaimed enterprise data center management solution and is currently installed and running successfully on-premise by customers such as Reliance Capital, ABB Group, CDSL, Satara DCCB, and newly acquired companies such as DCB Bank.

ESDS Customers

a. Providing complete managed hosting for CBS, ATM Card Solutions, Mobile Banking, Net Banking, IMPS, UPI Payments, Bharat Billpay, etc. ESDS currently hosts 220+ Cooperative Banks and 350+ websites of nationalized Public Sector Undertakings on its eNlight cloud hosting platform.

b. ESDS has emerged in the last 12 months as one of the top players hosting SAP HANA deployments for some of the biggest companies and big brands in India. ESDS won over 50% of SAP HANA cloud hosting in India last year.

c. Some of India's largest matchmaking portals, e-commerce portals, and major PMO initiatives like MUDRA Bank, Startup India, and Standup India are all designed, developed, and hosted by ESDS on the Enlight Cloud platform. Under the Mudra program, the Government of India has disbursed \$200 million in loans through the ESDS platform.

Why ESDS?

a. India's most trusted cloud service provider.

b. Offers the most innovative technology.

c. ESDS offers a wide range of products and services. eNlight 360° and eMagic are products, while iPAS and VTMScan are SaaS products of ESDS.

d. Customers across industries trust ESDS. ESDS is proud to serve customers across industries including banking, government, IT, telecom, defense, manufacturing, and more.



ESDS Mission to 2024

- a. By 2024, ESDS plans to connect 1 billion devices across India, improving their capabilities and connectivity.
- b. Over 380 bank customers will be connected.
- c. 150,000 POS devices will be connected.
- d. 25,000 ATMs will be connected.
- e. 900,000 card transactions need to be completed.
- f. 30+ smart cities + many projects, up to 2 million devices need to be connected.

Company presentation to investors

ESDS Unlisted Equity FY2022-23 Review

1. Selling and Operating Expenses

While revenues have registered a moderate increase from Rs 195 crore in FY2022 to Rs 250 crore in FY2023, operating costs have increased significantly. Employee benefits expenses alone have increased by Rs 7 billion and other operating expenses have increased by Rs 18 billion. This increase in operating costs has resulted in a decline in EBITDA margins by 7%, creating significant pressure for the company.

2. Debt and interest costs

The company's total debt has increased to around Rs 136 crore in FY23 from Rs 110 crore last year. As a result, interest costs have also increased to Rs 25 crore from Rs 17 crore, raising concerns over the company's debt management.

3. Bright Spots

Despite operational challenges, the company has been able to generate cash flow from operations of around Rs 54 crore, up from Rs 31 crore in FY22. The increase is primarily due to higher depreciation and amortization (D&A), which does not represent cash and underlying operational strength.

4. New Product Launches and Customer Relationships

ESDS has expanded its footprint by opening a new data center in Mohali and plans to open one in Navi Mumbai in HIFY24. The company has also strengthened relationships with existing customers such as L&T, EDF, and Tech Mahindra, which have significantly expanded their business for ESDS.

5. Revenue Recognition and New Orders

Several new projects and contracts have been signed and promising revenue streams are forecasted for the upcoming financial year. The Mohali data center alone has orders worth Rs 254 billion, indicating solid revenue realization shortly.

ESDS Unlisted Equity Annual Report 2022 Update

1. Revenue in FY22 grew 14% over FY21. However, the CAGR over the last five years from 2017 to 2021 was 25%. Hence, growth slowed in FY22.
2. Although sales increased in FY22, operating profits were down 5% compared to FY21.
3. ESDS unlisted shares posted a loss of Rs 2.6 billion in FY22 after making a profit of Rs 5.4 billion in FY21.
4. Despite the loss, ESDS generated a cash flow of Rs 26 million from operations due to asset depreciation of Rs 42 million.

5. Free cash flow is negative as they have a capex of Rs 600 crore in FY22 and operating cash flow is only Rs 260 crore. To fund this capex, they have raised funds through the following means: a) Rs 200 crore from preference shares
b) Rs 300 crore from NCDs
c) An increase in current borrowings of Rs 420 crore. This means that they have raised a total of around Rs 750 crore through fund raising in FY22.
6. Trade receivables increased from Rs 46 crore in FY21 to Rs 63 crore in FY22. Unlisted ESDS shares are not performing well in FY22.

Valuation of ESDS Unlisted Shares

Total number of shares issued after conversion into preference shares is around 9.28 billion shares as on March 31, 2023.

With a CMP of 250, the Mcap or valuation would be around Rs 220 billion, which seems too high.

Fundamentals

Fundamentals			
ESDS Ltd	450 Per Equity Price	Market Cap (in cr.)	4340
Unlisted Shares Price		P/E Ratio	263.31
Lot Size	500 Share	P/B Ratio	17
52 Week High	465	Debt to Equity	0.41
52 Week Low	225	ROE (%)	6.49
Depository	NSDL & CDSL	Book Value	26.18
PAN Number	AABCE4981A	Face Value	1
ISIN Number	INE0DR101029		
CIN Number	U72200MH2005PLC155433		
RTA	N/A		

Financials (Figures in cr)

P&L Statement				
P&L Statement	2021	2022	2023	2024
Revenue	172	195	207	281
Cost Of Material consumed	0	0	0	0
Gross Margin	100	100	100	100
Change in Inventory	0	0	0	0
Employee Benefit Expenses	59	71	77	84
Other Expenses	51	66	83	100
EBITDA	62	58	47	97
OPM	30.05	29.74	22.71	34.52
Other Income	2	4	0	5.6
Finance Cost	37	18	26	27
D&A	51	43	49	49
EBIT	11	15	-2	48
EBIT Margin	4.6	7.69	0.97	17.08
PBT	8	-2	-28	25
PBT Margin	4.65	-1.03	-13.53	8.9
TAX	3	0.5	-5	8.5
PAT	5	-2.5	-23	16.5
NPM	2.91	1.28	-11.11	5.87
EPS	0.96	-0.27	-2.48	1.78
Financial Ratios	2021	2022	2023	2024
Operating Profit Margin	36.05	29.74	22.71	34.52
Net Profit Margin	2.91	-2.5	-23	5.87
Earning Par Share (Diluted)	0.96	1.28	-11.11	1.78

Balance Sheet				
Assets	2021	2022	2023	2024
Fixed Assets	207	204	197	317
CWIP	0	0	0	0
Investments	0	0	0	0
Trade Receivables	46	64	57	118
Inventory	0	0	0	0
Other Assets	207	254	245	107.39
Total Assets	460	522	499	542.39
Liabilities	2021	2022	2023	2024
Share Capital	5.2	9.1	9.28	9.289
FV	1	1	1	1
Reserves	187	206	201	245
Borrowings	70	133	165	105
Trade Payables	25	24	28	22
Other Liabilities	172.8	149.9	95.72	161
Total Liabilities	460	522	499	542.29

Cash-Flow Statement				
Cash- Flow Statement	2021	2022	2023	2024
PBT	8.7	-2	-28	25
OPBWC	67	64	50	107
Change in Receivables	-5.8	-24	5	-40
Change in Inventories	0	0	1	0
Change in Payables	-7.5	-0.4	0	-3.6
Other Changes	-10	-14	6	10
Working Capital Change	-23.3	-38.4	12	-33.6
Cash Generated From Operations	43.7	25.6	62	73.4
Tax	5	-9	-7	5.8
Cash Flow From Operations	48.7	16.6	55	79.2
Purchase of PPE	-69	-60	-36	-23
Sale of PPE	13	0	0	0
Cash Flow From Investment	-58	-69	-54	-26.9
Borrowing	20	33	-13	-19.8
Divided	0	0	0	0
Equity	0	0	-1	0
Others From Financing	2	40.5	-2	-47
Cash Flow from Financing	22	73.5	-19	-66.8
Net Cash Generated	12.7	21.1	-18	-14.5
Cash at the Start	0.6	14	35	15.772
Cash at the End	13.3	35.1	17	1.27