

November 27, 2025

E2E Networks Limited: [ICRA]A- (Stable); assigned

Summary of rating action

Instrument[^]	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term Loans	450.00	[ICRA]A- (Stable); assigned
Long-term – Fund-based – Proposed Limits	550.00	[ICRA]A- (Stable); assigned
Total	1,000.00	

[^]Instrument details are provided in Annexure I

Rationale

The rating assigned to the bank facilities of E2E Networks Limited (E2E) reflects its decade-long operational track record and extensive experience of its promoters in the cloud computing industry, specifically in delivering infrastructure-as-a-service (IaaS) solutions to customers across diverse end-user industries.

The rating derives comfort from E2E's strategic partnership with Larsen & Toubro Limited (L&T), which currently holds a 19% equity stake in the company. Beyond the equity ownership, the strategic partnership with L&T allows E2E to gain prioritised access to L&T's data centre capacity, a key utility that enables E2E to integrate with its cloud computing infrastructure expertise, enhancing product/service competitiveness for both the partners. E2E's revenues rose at a compounded annual growth rate (CAGR) of 46% over FY2021-FY2025 to reach Rs. 164 crore in FY2025, supported by continuous capacity additions, new order wins, and strong service capabilities. While the overall revenues remain modest in relation to the size of the industry, E2E's operating profit margins (OPM) have expanded continually to 59% in FY2025 from about 30% in FY2021, aided by a lean cost structure and benefits arising from a rising scale. Further, steady accretion to reserves, sizeable fund-raises, and limited reliance on external debt resulted in a comfortable capital structure and coverage metrics over this period. In FY2025, the company raised funds of Rs. 1500 crore to support capacity expansion and accordingly, the company had nominal debt as on March 31, 2025.

Building on its industry experience and established relationships with a large global chip maker, E2E has set up a sizeable capacity of around 3,800 cloud Graphic Processing Units (GPUs) as of September 2025. During H1 FY2026, the company also won orders worth Rs. 265 crore from the Ministry of Electronics and Information Technology, Government of India (MeitY) to provide 2,524 GPUs over the next one year, as a part of the Government's initiative to build an inclusive artificial intelligence (AI) ecosystem and expanding the country's computing infrastructure under the India AI mission. This, coupled with the favourable demand prospects for the industry, supported by the growing use of AI in various end-user industries, is likely to drive the company's revenue growth, going forward.

However, the rating also factors in E2E's current moderate scale of operations and exposure of its profitability to competition from other prominent players, including large scale hyperscalers (that integrate data centre capacity and cloud computing services). The business is highly capital intensive and ICRA notes the company's plans of incurring sizeable capex towards adding incremental GPU clusters over FY2026-FY2027, funded by a mix of debt and internal accruals. Accordingly, its ability to maintain optimum utilisation of the incremental GPU cluster capacity would be key to sustaining its credit metrics and hence, will remain a monitorable. Moreover, the company's presence in a space where technological changes are rapid, exposes it to technological obsolescence risks. Finally, rising contribution of revenues Under India AI Mission is anticipated to increase the company's working capital requirements owing to the comparatively longer receivable cycle associated with Government contracts. Nevertheless, comfort can be drawn from the strategic importance of India AI Mission for the government. This is demonstrated by the funding support announced at Rs. 100 billion over the next five years and Rs. 20 billion approved under the Union Budget for FY2026, towards this project. Moreover, the AI applications developed under the mission would form

part of the India Stack programme, which is a key project being undertaken by the government aimed at creating a unified software platform to enhance the digital Infrastructure platform.

The Stable outlook on the rating reflects ICRA's opinion that despite some increase in financial leverage over the near term, E2E's credit profile will be supported by a healthy growth in revenues and earnings.

Key rating drivers and their description

Credit strengths

Established operational track record and extensive experience of promoters in the industry – Incorporated in 2009, E2E is led by its founder, Mr. Tarun Dua, having an experience of over two decades in the cloud computing infrastructure industry, along with an experienced management team. Over the years, the company's established operational track record in setting up adequate GPU capacities across its data centres in Noida, Chennai and Mumbai, along with healthy service capabilities to operate the same has enabled the business to scale up.

Operational synergies from strategic partnership with L&T – In November 2024, L&T entered into a strategic partnership with E2E wherein it acquired a 19% stake in the company. The partnership provides operational benefits to the company wherein the company can utilise L&T's data centre capacity and offer cloud computing services to customers through the installed GPUs. Going forward, E2E is likely to add its incremental GPU capacities in Chennai in the L&T data centre.

Comfortable financial risk profile – E2E's financial risk profile is healthy, supported by increasing accrual generation, comfortable capital structure, healthy coverage metrics and an adequate liquidity position. The company posted a YoY growth of 43% and 74% in FY2024 and FY2025, respectively, supported by incremental capacity additions and healthy repeat revenues from its customers. Lean cost structure and improving scale have further led to an expansion of its operating profitability over the years. In FY2025, the company raised funds of about Rs. 1,500 crore to support capacity expansion. Coupled with higher accretion to reserves, this led to limited reliance on external debt, translating into a healthy capital structure and coverage metrics, as reflected by Total Debt/OPBITDA of 0.8 times in FY2025. However, the company has plans of adding incremental GPU clusters, which will be funded by a mix of debt and internal accruals, resulting in relatively higher financial leverage compared with the historical levels. Nonetheless, commensurate earnings from the additional capacities are expected to result in comfortable credit metrics, going forward.

Favourable demand prospects and recent order wins to support future growth – Given the increasing demand for high-performance computing software and integration of generative AI in applications across the end-user industries, the demand for computing infrastructure is likely to increase multi-fold in future. Moreover, the company has won orders worth Rs. 265 crore, under the India AI mission, an independent business division of MeitY, focused on building an inclusive AI ecosystem and expanding India's cloud computing infrastructure. E2E will deploy 2,524 GPUs towards this order spread over FY2026 and early FY2027. This is expected to benefit the company's growth prospects over the near-to-medium term.

Credit challenges

Moderate scale of operations – Despite a healthy revenue growth momentum, the company's revenues at Rs. 164 crore in FY2025 remain moderate in comparison with the size of the industry. Also, with the recent order wins from the public sector, its receivable levels are expected to increase.

Ability to maintain optimum utilisation of incremental GPU cluster capacity will be key for sustaining credit metrics – Building a cloud computing infrastructure is quite capital intensive, implying that healthy capacity utilisation is necessary for achieving adequate returns on investment. In H1 FY2026, the company almost doubled its GPU capacity by adding 2,048 GPU clusters across its data centres in Noida and Chennai, funded by the capital raised in FY2025. E2E aims to devote a major part of its GPU capacities towards the recently won orders under the India AI mission. Due to the one-time installation and power costs associated with the newly added GPUs, E2E's OPM moderated to 29% in Q1 FY2026, but subsequently increased to 41% in Q2 FY 2026. This is expected to improve further in the next few quarters as the billing of the new orders is expected to

start in Q4 FY2026. The company further plans adding incremental 2,048 GPU clusters by Q1 FY2027, funded by a mix of debt and internal accruals. Hence, its ability to maintain optimum utilisation of the incremental GPU capacities will be key for sustaining profitability metrics and credit metrics, given the backdrop of the debt-funded capacity addition.

Exposed to inherent competition and technology obsolescence risks in the industry – While the industry is in a growth phase, competition is also increasing and therefore the ability to maintain profitability for a mid-sized player like E2E would be challenging. The company faces competition from hyperscalers in the cloud computing space. Operating in a rapidly evolving technological landscape, the company remains exposed to the risk of technological obsolescence. However, this risk is partially mitigated by the continued demand for a diverse range of GPU applications, including that for legacy technologies.

Environmental and social risks

Environmental considerations: Given the service-oriented nature of its business, E2E’s direct exposure to environmental risks, as well as those emanating from regulations or policy changes, is not material.

Social considerations: E2E’s social risks, as a cloud computing service provider stem from issues related to data security, privacy, and responsible use of its platform which can impact its reputation and customer trust.

Liquidity position: Adequate

E2E’s liquidity position is adequate with free cash and bank balance and liquid investments of Rs. 420.5 crore as on September 30, 2025. Against this, E2E has sizeable capex plans of about Rs. 1,500 crore over the near term, which will be funded through a mix of debt and surplus funds. Moreover, the company has debt repayment obligations of Rs. 32 crore in FY2026 and Rs. 64 crore in FY2027, which could be adequately funded from the surplus funds and cash flow from operations.

Rating sensitivities

Positive factors – The rating could be upgraded if the company demonstrates a significant improvement in revenue and earnings, aided by healthy utilisation of the newly added GPU capacities, while reporting an improvement in credit metrics and maintaining adequate liquidity position.

Negative factors – The rating could be downgraded in case of a considerable decline in revenues and profits, or higher-than-expected debt-funded capex, or if a stretched working capital cycle exerts pressure on the company’s credit metrics and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the company.

About the company

Founded in 2009, E2E provides accelerated cloud infrastructure/ IaaS solutions including cloud GPUs such as NVIDIA A100, H100, H200 GPUs, among others on the cloud. Its facilities are located in Noida, Chennai and Mumbai. As of September 2025, the company has a capacity of 3,932 GPUs across its units. Promoted by Mr. Tarun Dua and family, the company was listed on the National Stock Exchange of India in May 2018. The company also entered into a strategic partnership with L&T, wherein L&T holds a 19% stake in the company as on September 30, 2025.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	94.5	164.0
PAT	21.9	47.5
OPBDIT/OI	50.9%	59.1%
PAT/OI	23.1%	29.0%
Total outside liabilities/Tangible net worth (times)	2.7	0.6
Total debt/OPBDIT (times)	3.0	0.8
Interest coverage (times)	13.3	7.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Nov 27, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	450.00	[ICRA]A- (Stable)	-	-	-	-	-	-
Proposed Limits	Long-term	550.00	[ICRA]A- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term Loans	Simple
Long-term – Fund-based – Proposed Limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term Loans	FY2025	8.0 – 8.5%	FY2029	450.00	[ICRA]A- (Stable)
NA	Proposed Limits	-	-	-	550.00	[ICRA]A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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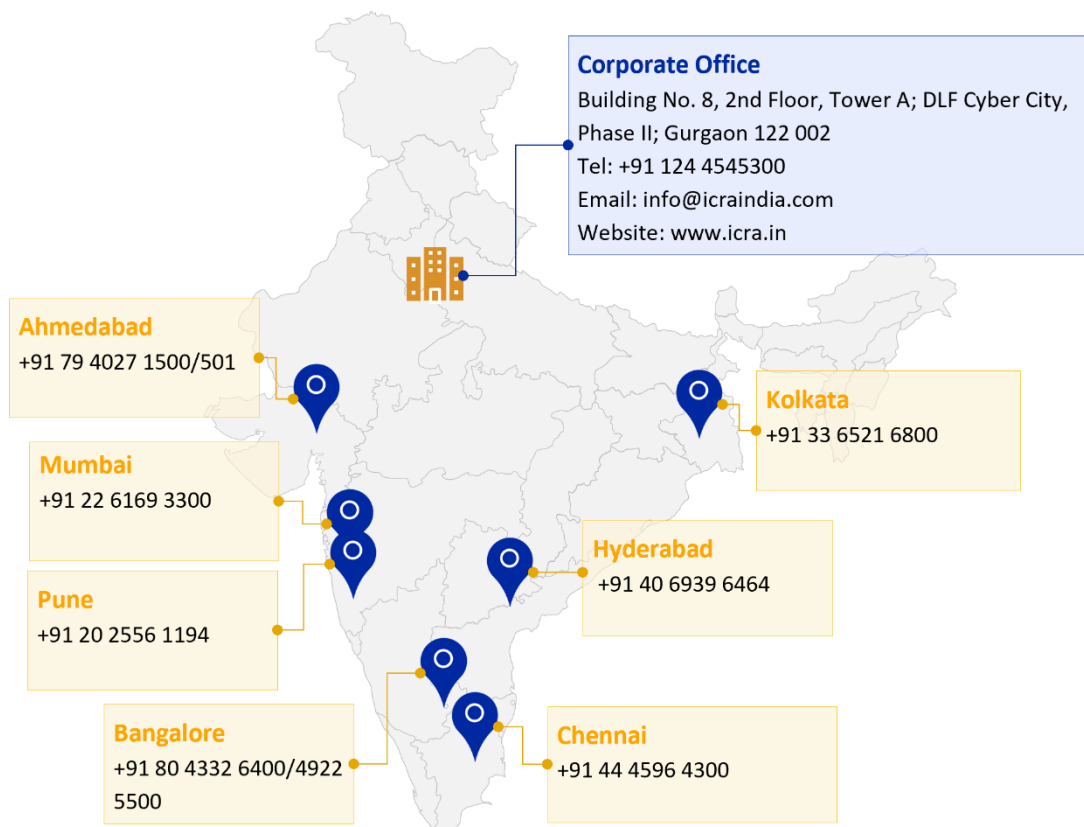
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