

Founded in 2012, Esconet Technologies Limited provides high-end supercomputing solutions, and data center facilities that include storage servers, network security, virtualization, and data protection.

ETL offers Servers and Graphics Workstations, Comprehensive Data Storage Solutions, Virtualization Software, Backup and Disaster Recovery Solutions, Data Centre and Access Networks, Advanced Software Defined Networks, Network Security Tools, Email Communication Systems, Databases with High Availability, and Log Management and Analytics Software.

It also provides service and after-sales services which include IT Hardware Installation & Configuration, Deployment and Seamless Integration of Diverse IT Infrastructure Software, Infrastructure Management & Monitoring, Expertise in Private Cloud Setup and Management, Annual Maintenance Services, Managed Backup and Disaster Recovery Solutions, Data Migration Services, and Expert Consulting Service

Esconet's clients include Ministry of Defence, National Informatics Centre-MeitY, National Informatics Centre Services Inc - MeitY, Indian Institute of Technology, Indraprastha Institute of Technology Limited, Bharat Electronics Limited, Oil & Natural Gas Commission Limited, Engineers India Limited and Hindustan National Glass & Industries Limited and many more.

ETL is promoted by Mr. Santosh Kumar Agrawal, Mr. Sunil Kumar Agrawal & Mr. Vineet Agrawal all having vast experience in field of IT Hardware & Software Service Industry. Mr Samtosh Agrawal has transformed the business focusing on IT solutions, cloud computing, and fostering long-lasting relationships with clients. Sunil' Agrwal's unique expertise extends to server architecture, where he has designed custom servers & computer workstations, specifically tailored for Artificial Intelligence & Machine Learning applications

ETL is now looking at raising Rs 28.22 crs (at the upper price band) via a fresh issue primarily to fund working capital requirements, investment in "Zeacloud Services Private Limited for capex here & for general corporate purposes

ETL is making a fresh issue of 33.60 lac shares of Rs 10 each aggregating Rs 28.22 crs. The net offer to the public is 31.84 lacs shares offered in a price band of Rs 80-84 per share. 953600 shares are reserved for anchor investors, 11.14 lac shares to retail, 4.78 lac shares to the Non-Institutional HNI category & 638400 shares to QIBs & 1.76 lac shares to the Market Makers. The shares will be listed on the NSE Emerge platform of National Stock Exchange ("NSE EMERGE")

**Issue opens** on 16-02-2024

**Issue closes** on 20-02-2024

**Exp date of Listing** – 23<sup>rd</sup> Feb 2024

**Listing** – NSE Emerge

**Price band** ₹80-84 **Issue**

**Size** ₹ 28.22 Crs **Face**

**Value** ₹10 /-

**Lot Size** - 1600

**Fresh Shares Offered** – 33.60 lac shares at price band of Rs 80-84

**QIP** – 638400 equity shares of FV of Rs 10 at Rs 80-84 price band

**Retail Portion** 11.14 lac Equity Shares of ₹10.00 each at Rs 80-84 price band

**HNI/NII** 4.78 lac Equity Shares of ₹10.00 each at Rs 80-84 price band

**BRLMs:** Corporate Capital Ventures Private Limited

Prominent Domestic Investors, including Persistent Growth Fund, India Max Investment Fund, Craft Emerging Fund & Astrone Capital VCC have subscribed to ETL's anchor book where Co offered 953600 shares to the anchor investors.

## ESCONET TECHNOLOGIES LIMITED

### **Key Business Verticals of Esconet**

Esconet Technologies is a leading one stop IT infra solutions provider in the storage, cloud computing, managed services and data security segments

Established in 2012, ETL has served 500+ clients across 20+ sectors

Sold 5000+ Hexadata servers & high-performance workstations

Installed 20 Petabytes of varied data storage systems and delivered 40,000+ethernet ports across data centers & campus networks

Company enjoys marquee customers like Siemens Darcl Map My India Ministry of Defence ONGC Videsh Motherson Bharat Electronics AnG India INTEX and works with marquee technology partners like Dell AWS Cisco Red Microsoft Nvidia Scality AMD etc

Esconet provides a robust suit server solution meticulously crafted to cater to the diverse and evolving needs of enterprises. These solutions encompass cutting-edge hardware configurations, seamless networking, and secure storage options, providing a reliable foundation for businesses to build upon.

In stride with the data-driven era, Esconet goes beyond conventional server services and integrates systematic machine learning tools and artificial intelligence into its portfolio

More importantly it provides a wide range of System Integration services that involves total IT solutions including hardware, network and software implementations.

Recognizing the demand in the Indian market, Esconet introduced its brand, HexaData, specializing in high-end Servers, Workstations, and storage systems. Additionally, Esconet's strategic collaboration with NVIDIA has resulted our growth in the Artificial Intelligence (AI) and Machine Learning (ML) domain, enhancing its servers and workstations.

In 2022, with a view to expand the services horizon, the promoters of Esconet established ZeaCloud Services Private Limited (Hereinafter refer as “ZeaCloud Services”) and later on in 2023 acquired ZeaCloud Services through a Share Swap arrangement as a wholly owned subsidiary.

ZeaCloud Services, specializes in providing a comprehensive range of cloud-based services through their brand name Availablous to meet various business needs such as disaster recovery services, managed cloud services, private cloud, DaaS service HexaData, a quality-oriented product line by Esconet, represents a conventional shift of Esconet's in computational power and performance. Besides serving customer needs in terms of servers, it also about integrating the latest NVIDIA GPGPU technology to create supercomputers compactly packaged.

.These state-of-the-art machines are engineered to handle the most technical, data-intensive tasks, essentially bringing the capabilities of a supercomputer into a single unit

### **Key Features of HexaData**

**Unmatched Computational Power** – HexaData servers and workstations push the boundaries of computational power, enabling high-speed data processing and addressing complex tasks

**AI (Artificial Intelligence) and ML (Machine Learning) Optimization** – Leveraging NVIDIA GPGPU technology, HexaData is optimized for Artificial Intelligence and Machine Learning, providing an exceptional platform for AI/ML software development and execution

**Advanced Graphics Workstations** – HexaData doesn't compromise on graphics performance, making it ideal for advanced graphics workstations, ensuring smooth rendering and visualization of complex data

**Dedicated Data Storage Solutions** – HexaData specializes in high-capacity and high-throughput data storage solutions. These systems are designed around parallel file systems, enhancing efficiency and accessibility

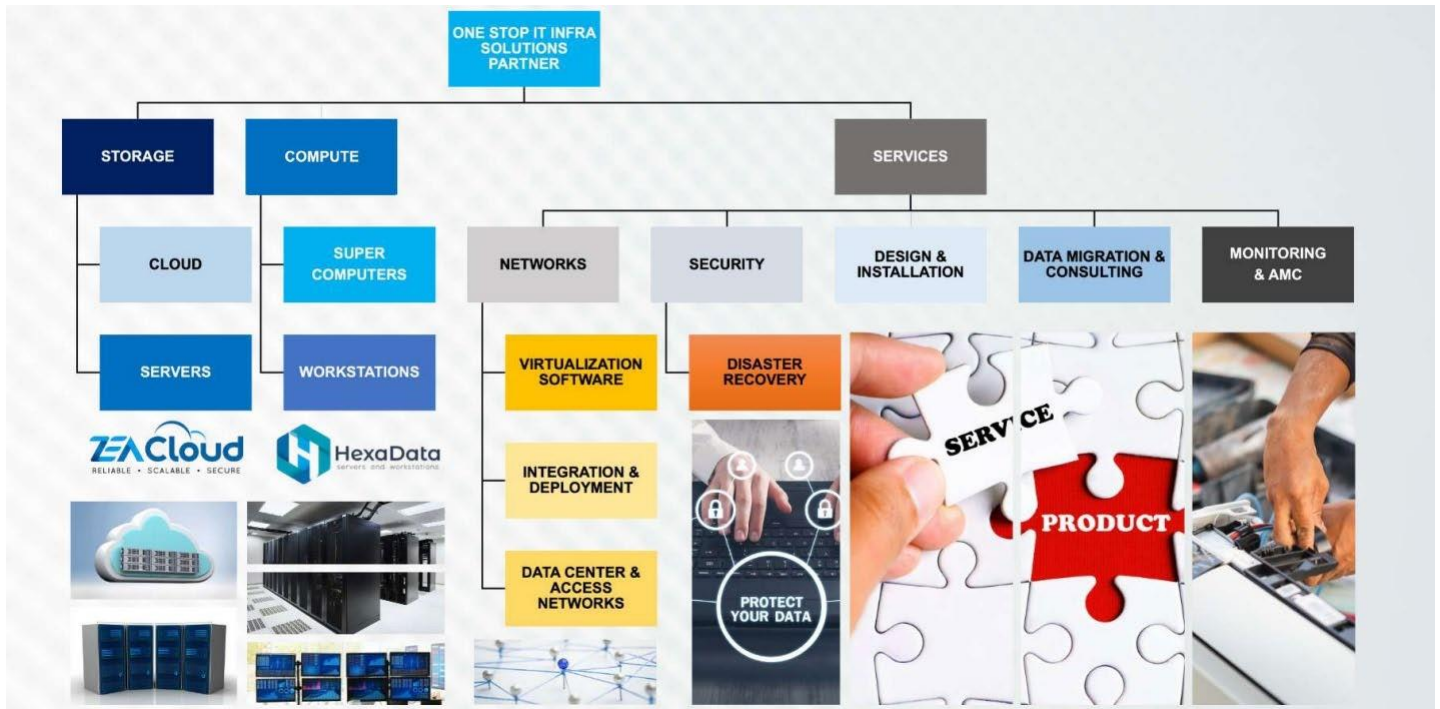
**Reliability and Enterprise-Grade Performance** – HexaData is built to provide enterprise-level reliability while seamlessly integrating exceptional computational power, ensuring a transformative tool for a range of industries

**Optimized for Data Analytics** – Tailored to cater to industries where cutting-edge data analytics and high performance computing capabilities are essential, HexaData facilitates advanced simulations and data analytics with ease

The launch of the integration segment for Servers, Workstations, and Data Storage systems under the brand name HexaData in 2019 marked a significant milestone for Esconet Technologies.

With a strong focus on specialising the creation of high-capacity servers and workstation, the collaboration with NVIDIA further solidifies Esconet's position at the forefront of technology, enabling the creation of hardware that truly meets the evolving demands of AI, ML, and advanced computing. HexaData represents a fusion of cutting-edge technology, innovation, and dedication to meeting the needs of modern industries

## Esconet's Complete Product Offerings to customers –



## Esconet's Reputed customers across sectors –





## **IT Hardware & Software Services/DataCenter Industry Potential going ahead looking strong – Global Server Market –**

Despite a huge decline in unit demand, the server market continued experiencing strong spending growth in the second quarter of 2023 with 3.4% y/y growth, driven by high ASP growth, mostly related to higher than usual GPU server shipments to hyperscalers

The global supercomputer market is projected to increase at an impressive CAGR of 10.5% and hit a valuation of US\$ 19 billion by the end of 2033, up from US\$ 7 billion in 2023

Rising demand for high processing power is increasing the sales of supercomputers. High processing power refers to the processing needed to manage and process data to evaluate it and make decisions. Governments throughout the world are investing in high-end projects that necessitate high-performance computing systems, leading to a rise in supercomputer demand

Cloud System Management Market Size was valued at USD 2.1 billion in 2022. The Cloud System Management market industry is projected to grow from USD 2.34 Billion in 2023 to USD 5.59 billion by 2032, exhibiting a compound annual growth rate (CAGR) of 11.50% during the forecast period (2023 - 2032). Rapidly implementing virtualized workloads and improved productivity in the workplace are the key market drivers enhancing market growth

The Cloud Computing Market size is expected to grow from USD 0.58 trillion in 2023 to USD 1.24 trillion by 2028, at a CAGR of 16.40% during the forecast period (2023-2028). Global demand for cloud computing is growing because of emerging technologies like big data, AI, and machine learning (ML). Also, increased focus on customer centric applications to boost consumer satisfaction is one element impacting the rise of emerging technologies

The Indian data center sector is currently in a dynamic phase, marked by impressive growth and substantial government support. In 2023, India's data center market is forecasted to achieve revenues of approximately US\$7.44 billion, with network infrastructure emerging as the dominant segment, valued at US\$5.09 billion.

In 2022, the data center capacity in India was at 637 MW. India is ranked the 13th largest data center market in the world with 138 data centers. Additionally, 45 new data centers with a combined 13 million square feet and 1,015 MW of capacity are scheduled to be developed by the end of 2025.

Data center businesses in India are positioned for consistent annual expansion, with an expected compound annual growth rate (CAGR) of 5.84% propelling the market size to an estimated US\$9.27 billion by 2027

The substantial growth potential in India's data center sector is fueled by the demands of the IT sector and global capability centers (GCC), the expanding digital economy encompassing social media, e-commerce, digital transactions, online gaming, and streaming services, as well as the shift towards hybrid workplaces. This presents significant investment opportunities for businesses providing top-tier data center infrastructure and services

India cloud computing market size was estimated at USD 6.47 billion in 2022. During the forecast period between 2023 and 2029, the India cloud computing market size is projected to grow at a CAGR of 18.37% reaching a value of USD 17.8 billion by 2029.

The market growth is mainly driven by surging adoption of digital transformation strategies by businesses seeking enhanced efficiency and competitiveness. Businesses and individuals are realizing the benefits of using cloud services, which allow them to store and access data, run software, and collaborate online without needing to invest in and manage complex IT infrastructure

More importantly Esconet is a established player & provides a wide range of System Integration services that involves total IT solutions including hardware, network and software implementations. Hence all this growth in the industry will significantly benefit it going ahead

### Esconet's Key Competitive Strengths

- **Experienced Management Team** – The company's management team led by Santosh Kumar Agrawal, Mr. Sunil Kumar Agrawal & Mr. Vineet Agrawal all having vast experience in field of IT Hardware & Software Service Industry in which it is operating and have been responsible for the growth of its operations and financial performance. They also have adequate experience in the line of business undertaken by the Company for its strategic and day-to-day business operations.
- **Scalable Business Model** – Esconet enjoys a business model which is scalable. The biggest positive Esconet enjoys is that it is a fully Indian-grown integrated player for the last 12 years providing a wide range of System Integration services that involves total IT solutions including hardware, network and software implementations
- Company enjoys marquee customers like Siemens Darcl Map My India Ministry of Defence ONGC Videsh Motherson Bharat Electronics AnG India INTEX and works with marquee technology partners like Dell AWS Cisco Red Microsoft Nvidia Scality AMD etc
- **Financials** –

31st March (₹) Cr.	FY21	FY22	FY23	Sep-23
Total Revenue	44.12	68.56	96.59	71.42
EBIDTA	0.11	2.02	6.39	5.18
EBIDTA %	0.25	2.95	6.62	7.25
PBT	NA	NA	4.65	4.10
Profit After Tax	-1.05	0.73	3.18	3.05
EPS Rs	NA	9.61	39.63	39.73
Shareholders' Funds	NA	NA	5.54	9.02

Source - Company

**Risks-** Environmental risks like floods, heavy rainfalls & Cyclones can significantly affect business growth

### **Our View on This IPO**

Esconet Technologies Limited (ETL) which is tapping the SME IPO market, enjoys a strong track record of ramping up its turnover in the last two years & building strong business relationships with its domestic customers across many sectors, which has helped it significantly scale its operations significantly.

ETL is a domestically grown, fully integrated player it is a fully Indian-grown integrated player for the last 12 years providing a wide range of System Integration services that involves total IT solutions including hardware, network and software implementations hence we believe that ETL enjoys a business model which is scalable.

Overall, the company is also confident of increasing its domestic revenues in the next three years, via both the domestic & export markets going ahead

More importantly, ETL's promoters have significant industry experience and have been instrumental in the company's consistent growth. The management team's combined expertise and experience are also a significant asset going ahead.

**We are positive on ETL for the long term as both India's & Global Cab Data center and Server/Super Computer market offers a massive runway for growth over the next 3-5 years ahead. More importantly, the company enjoys marquee customers which makes its positioning very strong & will help it scale up its operations going ahead**

**After the proposed IPO, the company's net worth will total Rs 33.88 crore; post-IPO, the equity capital will stand at Rs 12.36 crore.**

**We are confident that Esconet Technologies Limited will deliver consistent performance and provide an excellent investment opportunity for investors with a long-term horizon.**

**Hence, we recommend SUBSCRIBE for long-term investment.**