

# Netweb Technologies – BUY

26 September 2025

Company update



IIFL CAPITAL

## NAIM orderings gathers momentum

**Netweb's 2nd order win (Rs4.5bn) under NAIM boosts near-term growth prospects and deepens penetration of its proprietary Tyrone AI-GPU accelerated systems in India. Ordering momentum for similar systems is expected to continue through 2HFY26–FY27ii. As NAIM led AI's revenue share rises to 50%+, we forecast a 50–80 bps moderation versus its guided OPM range. While manufacturing capacity is not a constraint, the NWC cycle will stretch in the near term, restricting further earnings upgrades in FY26–27ii. We expect both OPMs and FCF to improve by FY28ii. We continue to like Netweb and revise target price to Rs4110, implying 14% upside.**

**Early triumphs under NAIM alter growth trajectory:** Netweb has secured Rs21.8bn of orders to supply its Tyrone AI-GPU accelerated systems under the National AI Mission. The second order, worth Rs4.5bn, will be executed by 4QFY26, while the maiden Rs17.3bn order will be spread across 4QFY26 and 1QFY27. With a targeted 50% share of AI infra under NAIM, Netweb expects ordering momentum to continue in 2HFY26 and FY27. While capacity is not a constraint, we have trimmed our FY26–28ii base business forecasts by 8–10%, while raising overall revenues by 7–12%.

**Increased NWC cycle needs cap near term net margins:** Although these sovereign AI infra orders are secured from private sector players, payment risk remains low. However, the scale of projects and compressed execution timelines will require financing arrangements with banks to bridge NWC and cash flow gaps in the near term. We estimate short-term borrowings of Rs7–8bn, which should be fully repaid by FY28ii. Further, we expect a 50–80 bps impact on the guided OPM range of 13.5–14%, reflecting the relatively lower margins on NAIM orders.

**Reiterate BUY:** While FY26–27ii EPS is broadly unchanged, FY28ii EPS is raised by 7%. Better than expected OPMs on the large AI orders and lower impact from bridge finance can drive further EPS upgrade.

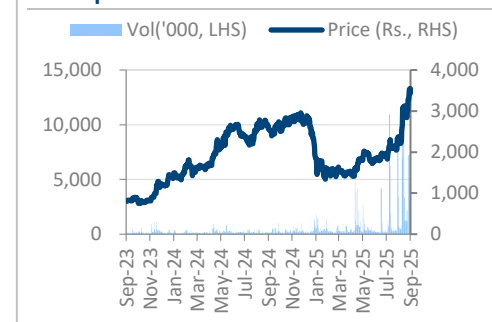
## Company update

CMP	Rs3614	Price performance (%)			
12-mth TP (Rs)	4110 (14%)		1M	3M	1Y
Market cap (US\$m)	2,297	Absolute (Rs)	52.4	96.6	41.7
Enterprise value(US\$m)	2,289	Absolute (US\$)	50.5	90.9	33.6
Bloomberg	NETWEB IN	Relative Perf.	51.3	98.6	52.1
Sector	EMS	Cagr (%)		3 yrs	5 yrs
		EPS (Rs)		36.5	71.0

### Shareholding pattern (%)

Promoter	71.0
Pledged (as % of promoter share)	0.0
FII	9.5
DII	4.2
52Wk High/Low (Rs)	3614/1339
Shares o/s (m)	57
Del Value 3mth avg (US\$ m)	17.6
Dividend yield FY26ii (%)	0.1
Free float (%)	29.0

### Stock performance



### Financial summary (Rs m)

Y/e 31 Mar, Parent	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Revenues (Rs m)	7,241	11,490	28,223	45,610	51,483
Ebitda margins (%)	14.2	13.9	13.0	13.1	13.7
Pre-exceptional PAT (Rs m)	759	1,145	2,488	4,139	5,062
Reported PAT (Rs m)	759	1,145	2,488	4,139	5,062
Pre-exceptional EPS (Rs)	13.5	20.2	43.9	73.1	89.4
Growth (%)	46.1	50	117.3	66.4	22.3

PER (x)	NM	178.8	82.3	49.5	40.4
ROE (%)	29.4	24.0	38.7	44.2	37.7
Net debt/equity (x)	(0.5)	(0.3)	0.8	0.0	(0.3)
EV/Ebitda (x)	196.5	126.8	57.6	34.2	28.3
Price/book (x)	48.2	38.6	27.1	18.3	13.1
OCF/Ebitda (x)	0.2	NM	NM	1.1	0.9

Source: Company, IIFL Research. Priced as on 25 September 2025

## Order wins drive upgrade in NAIM led revenues

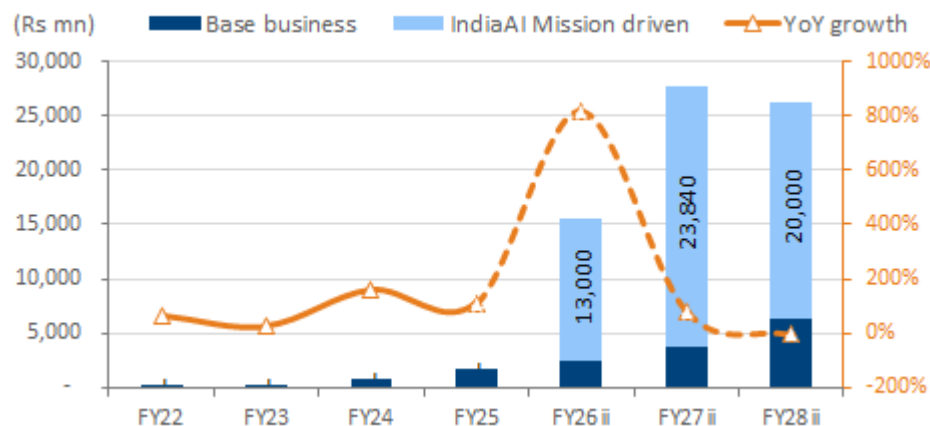
- While Netweb had positioned itself as the front runner for key large AI infra projects under National AI Mission, the project award activity has seen swift acceleration in Sep'25 with two order wins, totalling Rs22bn, executable in the next 9 months.
- Most billing is expected during 4QFY26-1QFY27.

**Figure 1: Netweb's recent two large AI mission order wins**

Date	Value (Rs mn)	Execution	Details
3 Sep 2025	17,340	Between 4QFY26 and 1HFY27	Supply of servers based on NVIDIA's Blackwell architecture; the systems will use Tyrone Camarero AI platform - Netweb's GPU-accelerated platforms
19 Sep 2025	4,500	End of FY26	PO for Tyrone AI GPU Accelerated Systems
<b>Total</b>	<b>21,840</b>	<b>4QFY26-1HFY27</b>	<b>AI GPU accelerated systems</b>

Source: Company, IIFL Research

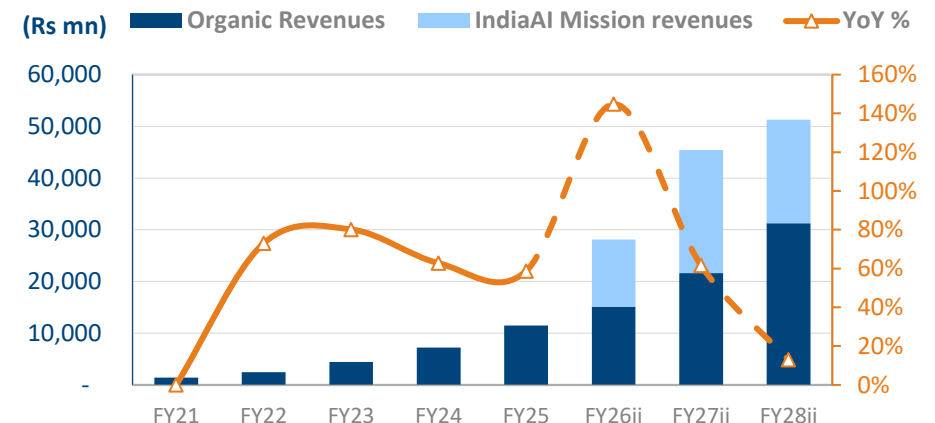
**Figure 2: NAIM orders to drive sharp uptick in Netweb's GPU penetration in the domestic market**



Source: Company, IIFL Research

- AI segment (with NAIM orders) is expected to contribute ~56% of overall revenues (149% Cagr) in the next 3 years, along with a 55% Cagr in base run-rate business over FY25-28ii
- After the recent order win of Rs4.5bn, we expect atleast 1-2 similar size project wins in 2HFY26 (Rs8-10bn), with deliveries in mid-FY27.
- We have raised our NAIM led revenues in FY26ii to Rs13bn (4.5+8.5) from Rs8.5bn earlier, FY27ii to Rs23.8bn (8.8 +15) and FY28ii being Rs20bn, translating to Rs56.8bn cumulative order wins in FY26-28ii, translating in ~53% market share.
- Higher than expected share gains for Netweb for creation of the sovereign AI infra in FY27-28ii can drive further upside to our estimates. Given the scale of NAIM driven short cycle orders, we expected organic run-rate business to grow softer-than-expected.
- SMT lines which are currently operating at ~60% levels on single shift basis, can be easily scaled up to deliver the GPUs at the required timelines. Further, timely expansion of the server manufacturing activities at their 2<sup>nd</sup> facility further enhances execution capacities.

**Figure 3: While the run-rate business is likely to grow by 40% Cagr, NAIM to aid overall revenues to grow 65% Cagr in FY25-28ii**



Source: Company, IIFL Research

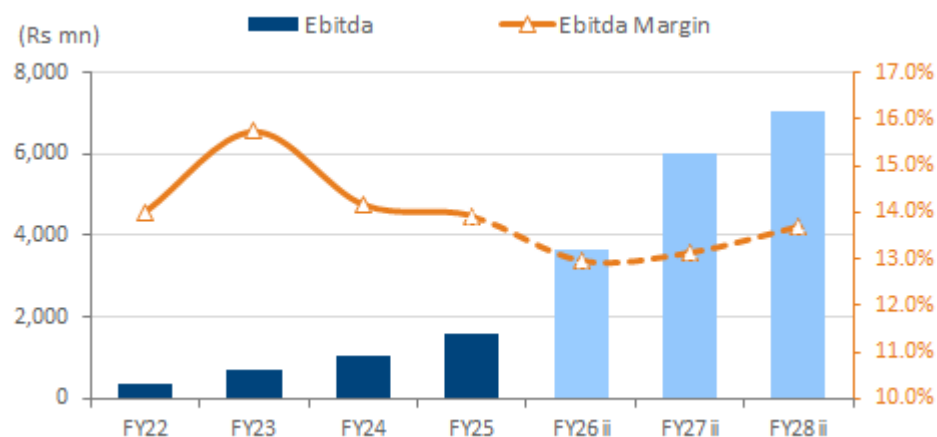
- Management however, continues to treat NAIM related jump growth independent of its organic run-rate business, and may opt to report these numbers separately as well from 2HFY26.

**Figure 4: Changes in revenue estimates**

Rs bn	New			Earlier			Change		
	FY26ii	FY27ii	FY28ii	FY26ii	FY27ii	FY28ii	FY26ii	FY27ii	FY28ii
Organic	15.1	21.6	31.3	16.5	23.4	32.6	-9%	-8%	-4%
YoY	32%	43%	45%	44%	41%	39%			
NAIM	13.0	23.8	20.0	8.5	18.8	15.0	53%	27%	33%
Total Sales	28.1	45.4	51.3	25.0	42.3	47.6	12%	7%	8%

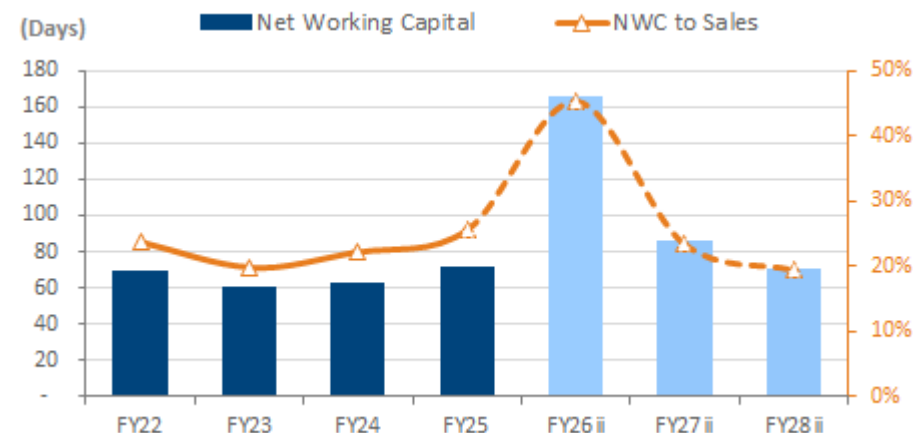
Source: Company, IIFL Research

- While Mgmt, has not guided on the profitability trends of these order wins, we have assumed NAIM OPMs in early teens. Hence increasing share of NAIM revenues in the overall share (55-60%) is expected to have ~50-80 bps impact on overall Ebitda margins.

**Figure 5: With AI mission orders expected to be margin dilutive, we see ~90bps OPM decline in FY26 with gradual recovery through FY28**


Source: Company, IIFL Research

- Despite the NAIM orders being backed by LC (90 days credit period) and carry healthy advances, sharp jump in deliveries in 4Q and preparedness of supplies for 1QFY26 will bloat NWC cycles in the interim. Short Term bridge financing for 6-9 months would also be required in 2HFY26-1HFY27 to the tune of Rs7-10bn.
- We have revised our forecasts accordingly keeping a conservative view on net earnings.

**Figure 6: Significant jump in debtors to drive higher working capital requirements in FY26, as we expect Netweb to undertake bridge financing to fund its NWC needs**


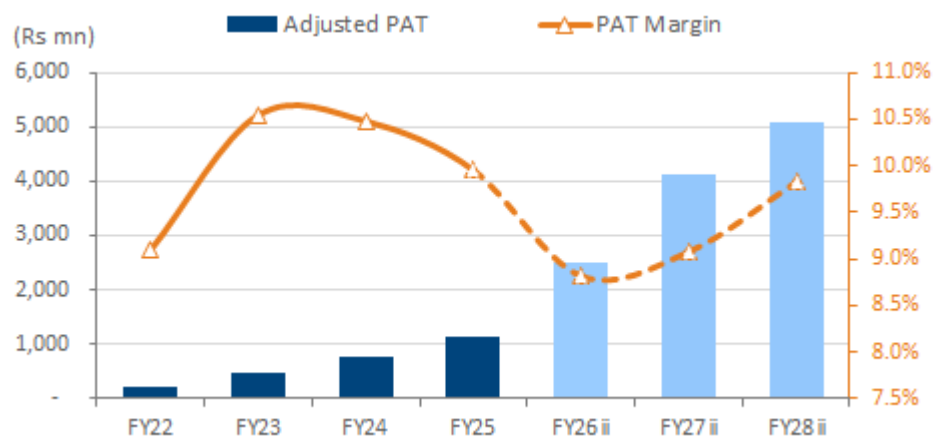
Source: Company, IIFL Research

**Figure 7: Changes in estimates**

Rs bn	New			Old			Change		
	FY26ii	FY27ii	FY28ii	FY26ii	FY27ii	FY28ii	FY26ii	FY27ii	FY28ii
Revenue	28.2	45.6	51.5	25.2	42.4	47.7	12%	8%	8%
Ebitda	3.7	6.0	7.1	3.5	5.8	6.5	5%	3%	8%
OPMs	13.0%	13.1%	13.7%	13.8%	13.7%	13.7%	-85bps	-60bps	0bps
PAT	2.5	4.1	5.1	2.5	4.2	4.7	0%	-2%	7%
EPS (Rs)	43.9	73.1	89.4	44.1	74.4	83.5	0%	-2%	7%

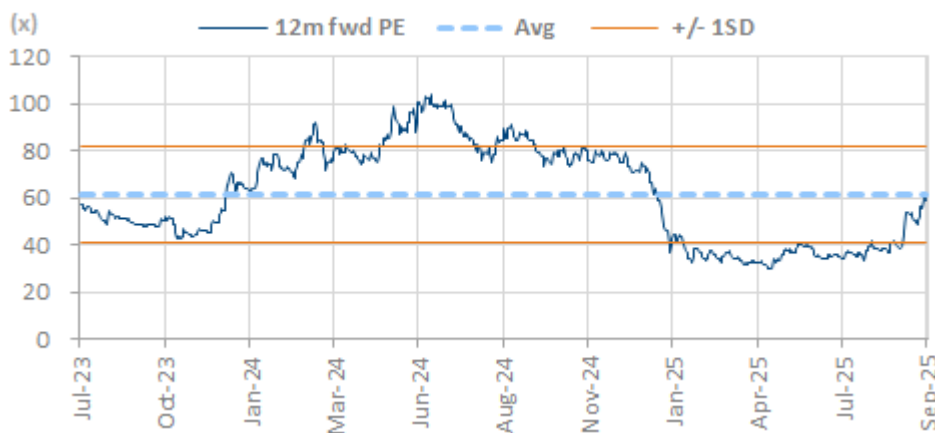
Source: Company, IIFL Research

**Figure 8: NAIM likely to keep net margins soft, yet translating in PAT Cagr of 64% in FY25-28ii**



Source: Company, IIFL Research

**Figure 9: Valuations have re-rated back to its 2Y average; Netweb currently trades at 60x [12m Fwd] EPS**



Source: Company, IIFL Research

**Figure 10: Changes in estimates vs pre-NAIM orders**

Rs bn	New			Old (pre NAIM)			Change		
	FY26ii	FY27ii	FY28ii	FY26ii	FY27ii	FY28ii	FY26ii	FY27ii	FY28ii
Revenue	28.2	45.6	51.5	16.7	23.8	33.2	69%	92%	55%
Ebitda	3.7	6.0	7.1	2.3	3.4	4.7	57%	77%	52%
OPMs	13.0%	13.1%	13.7%	14.0%	14.2%	14.0%	-100 bps	-107 bps	-34 bps
PAT	2.5	4.1	5.1	1.7	2.4	3.4	50%	70%	50%
EPS (Rs)	43.9	73.1	89.4	29.4	43.1	59.5	50%	70%	50%

Source: Company, IIFL Research

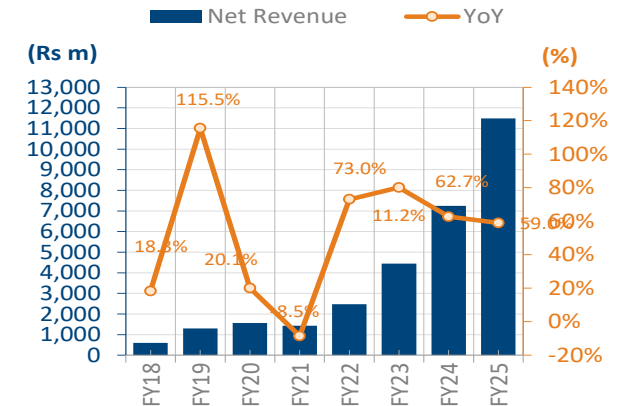
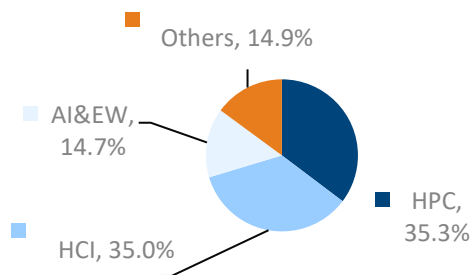
**Background:** Netweb Technologies is one of India's leading high-end computing solutions (HCS) provider, with fully integrated design and manufacturing capabilities. Established as a sole proprietorship in 1999 (incorporated as a company in 2016), over the last two decades Netweb has installed over 300 supercomputing systems, over 50 private cloud & HCI installations and 4,000+ AI systems and enterprise workstations.

## Management

Name	Designation
Sanjay Lodha	Chairman & MD
Ankit Kumar Singhal	CFO
Hriday Vikram	Chief Marketing Officer

Customers: ISRO, HAL, Graviton, IITs, Akamai, Yotta, Redington  
Competitors: IBM, ATOS, Lenovo, HPE, Nutanics

## Segment mix - FY25



## Assumptions

Y/e 31 Mar, Parent	FY24A	FY25A	FY26ii	FY27ii	FY28ii
<b>Revenue YoY (%)</b>					
HPC	51.8	54.5	30.0	50.0	45.0
Private cloud & HCI	81.0	52.3	30.0	40.0	40.0
AI&EW	158.3	112.0	817.4	77.9	(4.9)
HPS	10.0	(18.9)	30.0	25.0	25.0
Data centre server	19.0	10.7	17.5	18.0	20.0
HCS focussed Software and Service	85.9	158.5	10.0	10.0	10.0
Spare & Others	27.9	71.9	20.0	20.0	20.0
Network switches & 5G	0.0	248.2	60.0	70.0	100.0
ORAN					

Source: Company data, IIFL Research

## PE Chart



## EV/Ebitda



## Financial summary

### Income statement summary (Rs m)

Y/e 31 Mar, Parent	FY24A	FY25A	FY26ii	FY27ii	FY28ii
<b>Revenues</b>	<b>7,241</b>	<b>11,490</b>	<b>28,223</b>	<b>45,610</b>	<b>51,483</b>
Ebitda	1,025	1,600	3,657	5,993	7,054
Depreciation and amortisation	(63)	(113)	(154)	(187)	(225)
Ebit	963	1,487	3,503	5,805	6,829
Non-operating income	119	94	85	76	114
Financial expense	(62)	(41)	(248)	(326)	(149)
PBT	1,020	1,540	3,339	5,556	6,795
Exceptionals	0	0	0	0	0
Reported PBT	1,020	1,540	3,339	5,556	6,795
Tax expense	(261)	(395)	(852)	(1,417)	(1,733)
PAT	759	1,145	2,488	4,139	5,062
Minorities, Associates etc.	0	0	0	0	0
<b>Attributable PAT</b>	<b>759</b>	<b>1,145</b>	<b>2,488</b>	<b>4,139</b>	<b>5,062</b>

### Ratio analysis

Y/e 31 Mar, Parent	FY24A	FY25A	FY26ii	FY27ii	FY28ii
<b>Per share data (Rs)</b>					
Pre-exceptional EPS	13.5	20.2	43.9	73.1	89.4
DPS	2.0	2.5	5.3	8.8	10.7
BVPS	75.0	93.6	133.1	197.4	276.0
<b>Growth ratios (%)</b>					
Revenues	62.7	58.7	145.6	61.6	12.9
Ebitda	46.4	56.1	128.6	63.9	17.7
EPS	46.1	50.0	117.3	66.4	22.3
<b>Profitability ratios (%)</b>					
Ebitda margin	14.2	13.9	13.0	13.1	13.7
Ebit margin	13.3	12.9	12.4	12.7	13.3
Tax rate	25.6	25.7	25.5	25.5	25.5
Net profit margin	10.5	10.0	8.8	9.1	9.8
<b>Return ratios (%)</b>					
ROE	29.4	24.0	38.7	44.2	37.7
ROIC ex goodwill	45.8	39.8	30.9	35.1	46.7
ROIC	45.8	39.8	30.9	35.1	46.7
<b>Solvency ratios (x)</b>					
Net debt to Ebitda	(2.1)	(1.1)	1.6	0.0	(0.7)
Interest coverage	15.5	36.3	14.1	17.8	46.0

Source: Company data, IIFL Research

### Balance sheet summary (Rs m)

Y/e 31 Mar, Parent	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Cash & cash equivalents	2,216	1,795	1,715	2,428	5,134
Inventories	1,147	2,228	5,394	6,846	7,025
Receivables	1,838	3,615	13,099	12,446	12,645
Other current assets	399	615	1,241	2,005	2,263
Creditors	1,266	2,979	5,394	8,090	9,133
Other current liabilities	520	555	1,549	2,502	2,824
<b>Net current assets</b>	<b>3,814</b>	<b>4,720</b>	<b>14,506</b>	<b>13,133</b>	<b>15,111</b>
Fixed assets	429	531	510	523	497
Intangibles	18	30	30	30	30
Investments	0	0	0	0	0
Other long-term assets	77	119	139	164	193
<b>Total net assets</b>	<b>4,339</b>	<b>5,400</b>	<b>15,185</b>	<b>13,850</b>	<b>15,832</b>
Borrowings	16	13	7,520	2,520	20
Other long-term liabilities	95	84	123	145	172
<b>Shareholders equity</b>	<b>4,228</b>	<b>5,303</b>	<b>7,543</b>	<b>11,185</b>	<b>15,639</b>
<b>Total liabilities</b>	<b>4,339</b>	<b>5,400</b>	<b>15,185</b>	<b>13,850</b>	<b>15,832</b>

### Cash flow summary (Rs m)

Y/e 31 Mar, Parent	FY24A	FY25A	FY26ii	FY27ii	FY28ii
Ebit	963	1,487	3,503	5,805	6,829
Tax paid	(261)	(395)	(852)	(1,417)	(1,733)
Depreciation and amortization	63	113	154	187	225
Net working capital change	(683)	(1,397)	(9,866)	2,086	728
Other operating items	102	60	50	0	0
Operating cash flow before interest	184	(132)	(7,011)	6,662	6,050
Financial expense	(62)	(41)	(248)	(326)	(149)
Non-operating income	119	94	85	76	114
<b>Operating cash flow after interest</b>	<b>240</b>	<b>(79)</b>	<b>(7,175)</b>	<b>6,412</b>	<b>6,016</b>
<b>Capital expenditure</b>	<b>(186)</b>	<b>(229)</b>	<b>(150)</b>	<b>(200)</b>	<b>(200)</b>
Long-term investments	(1,406)	1,126	(64)	(51)	(85)
Others	1,177	(1,215)	(199)	(447)	(525)
<b>Free cash flow</b>	<b>(175)</b>	<b>(397)</b>	<b>(7,588)</b>	<b>5,713</b>	<b>5,206</b>
Equity raising	2,571	1	0	0	0
Borrowings	(316)	(24)	7,507	(5,000)	(2,500)
Dividend	0	0	0	0	0
Net chg in cash and equivalents	2,080	(421)	(80)	713	2,706

Source: Company data, IIFL Research



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**Name, Qualification and Certification of Research Analyst:** Renu Baid Pugalia(MMS), Akshit Gangwal(Chartered Accountant), Himanshi Narang(Chartered Accountant)

Renu Baid





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**Key to our recommendation structure**

**BUY** - Stock expected to give a return 10%+ more than average return on a debt instrument over a 1-year horizon.

**SELL** - Stock expected to give a return 10%+ below the average return on a debt instrument over a 1-year horizon.

**Add** - Stock expected to give a return 0-10% over the average return on a debt instrument over a 1-year horizon.

**Reduce** - Stock expected to give a return 0-10% below the average return on a debt instrument over a 1-year horizon.

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**Distribution of Ratings:** Out of 305 stocks rated in the IIFL coverage universe, 158 have BUY ratings, 7 have SELL ratings, 97 have ADD ratings, 0 have NR ratings and 42 have REDUCE ratings

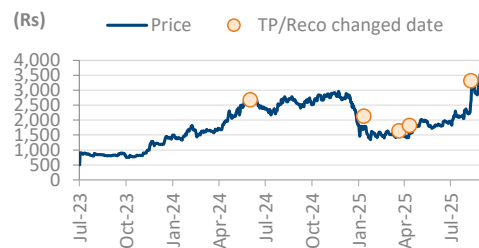
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Netweb Tech: 3 year price and rating history



Date	Rating	Close price (Rs)	Target price (Rs)	Upside (%)
04 Sep 2025	BUY	2527	3317	31.3
06 May 2025	ADD	1604	1824	13.7
15 Apr 2025	ADD	1465	1645	12.3
05 Feb 2025	ADD	1684	2130	26.5
26 Jun 2024	ADD	2570	2680	4.3