BUY (Maintain)

CMP: **INR 4,364** Target Price: **INR 5,360 (INR 4,500)** ▲ 23%

ICICI Securities

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30 July 2026

India | Equity Research | Results Update

Netweb Technologies India

Technology

Record performance across multiple fronts

Netweb reported robust revenue growth of 172% YoY in Q1FY27, ahead of I-Sec estimates, led by traction in HPC/AI and EW segments. EBITDA margin was robust at 14.7%. PAT margin, at 10.4%, exceeding company's guided range of 9–10%. Key notables: 1) Top-3 strategic segments' strong growth continued. 2) Strong pipeline at INR 104.1bn, up 151% YoY. 3) Strong partnerships with suppliers. IndiaAI mission-led strategic order, worth INR 4,300mn, was executed in Q1FY27 vs. INR 1,084mn in Q4FY26. Maintain **BUY** with a higher one-year forward P/E of 66x (in line with Dixon's life-time average + 0.5 SD; 56x earlier) on superior performance on all counts and roll over to Jun'27E TP of INR 5,360. We raise growth estimates for the HPC segment, build in better margins – expanding FY27–28E EPS by 1–2%.

Strong growth momentum continues

Netweb registered revenue growth of 172% YoY, exceeding I-Sec estimates of 120% growth; its highest-ever YoY growth. HPC/HCI/AI and EW segments grew by 62%/32%/484%. AI and EW segment growth is on expected lines given the orders from IndiaAI mission. However, HPC segment's growth was also at an eight-quarter high, possibly from increased traction in defence segment. Overall, top-3 strategic segments grew by 189% YoY. HPS and data centre segments growth was robust at 20%/38%. EBITDA margin, at 14.7% (down 20bps YoY/up 250bps QoQ), exceeded its guided range of 13–14%. EBIT margin was at 14.3%. The strong margin performance alleviates investor concerns of IndiaAI mission orders potentially damping margins. PAT margin was at 10.4% (up 30bps YoY), again surpassing the guided range of 9–10%. Order pipeline (excluding L1) was at a record high of INR 104bn, up 151% YoY, L1 was at INR8.48bn, up 2x YoY. Of the INR16.2bn remaining strategic order for FY27, INR4.3bn was executed in Q1FY27.

Demand drivers expanding

Backed by Indian government's continued focus on building sovereign AI infrastructure, original strategic demand order worth INR 21.8bn remains on track. Key demand drivers are: 1) sovereign AI infrastructure; 2) neocloud; 3) HPC; and 4) physical AI. In private cloud and HCI segments, Netweb is providing Tyrone Skylus for data localisation. It is investing in physical AI, digital twins, in-house software with focus on defence and national security, and has started engaging with quantum computing providers to be an early mover in this nascent industry.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	11,490	21,836	45,340	45,989
EBITDA	1,600	2,849	6,061	6,449
EBITDA Margin (%)	13.9	13.0	13.4	14.0
Net Profit	1,145	2,059	4,370	4,880
EPS (INR)	20.2	36.2	69.6	77.7
EPS % Chg YoY	50.0	79.0	92.4	11.7
P/E (x)	216.0	120.7	62.7	56.2
EV/EBITDA (x)	154.8	87.7	43.2	40.4
RoCE (%)	23.1	26.4	22.7	16.3
RoE (%)	24.0	32.8	28.6	19.1

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Market Data

Market Cap (INR)	248bn
Market Cap (USD)	2,598mn
Bloomberg Code	NETWEB IN Equity
Reuters Code	NETE.BO
52-week Range (INR)	5,244 /1,813
Free Float (%)	32.0
ADTV-3M (mn) (USD)	88.1

Price Performance (%)	3m	6m	12m
Absolute	8.3	42.2	121.2
Relative to Sensex	8.1	48.2	125.7

ESG Score	2024	2025	Change
ESG score	**60.3**	**68.2**	**7.9**
Environment	36.2	45.9	9.7
Social	61.9	73.7	11.8
Governance	77.0	80.6	3.6

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	0.1	0.9
EBITDA	1.6	1.1
EPS	1.7	0.5

Previous Reports

07-07-2026: ER&D Q1FY27 Preview
05-05-2026: Q4FY26 results review

Other highlights

- **Continued strong growth in top-3 strategic segments:** Top-3 strategic segments of HPC, HCI and AI and EW form 94% of quarterly revenue vs. 90% in Q4FY26 and 89% in Q1FY26. Top-3 strategic segment growth stood at 189% YoY vs. 114% in Q1FY26.
- **Strong organic pipeline:** Order book was at INR 25,069mn vs. INR2,299 in Q1FY26. L1 at INR 8,480mn, roughly 2x YoY. OB+ L1 was up 383% YoY. Order pipeline, excluding L1 stood at INR 104bn, up 151% YoY. This strong order book and pipeline set up growth predictability for Netweb.
- **Outlook:** Company remains focussed on solutions, vs. standard box pushing. The demand environment for AI-led capex looks positive for the next ~2 years, per management. Capex would not be increasing materially in FY27-28. Order book is robust across HPC and Private Cloud and HCI**.** Conversion ratio of the INR 104bn pipeline is expected to be at 60%. The company maintains robust inventory to navigate any supply chain constraints. **The record order pipeline, with robust conversion outlook, sets up the company in a good position to double its revenue base in FY27, comfortably.**
- **Cash conversion cycle** was at 96 days, improving from 111 in Q1FY26. Receivable days have come down from 86 in Q4FY26 to 78 days on account of good cash conversion policy.
- **Revenue from repeat customers stood at 98.92%, vs. 72.7% in Q1FY26.** Number of repeat customers was at 139, up by 2 YoY.

Miscellaneous

- The company has cash and cash equivalents of INR734 mn vs. INR 3.65bn in Q4FY26. Netweb's borrowings were flattish, at INR2,625mn, vs. INR 2,716.7mn in Q4FY26 (vs. INR 26mn in Q1FY26).
- Netweb maintains its focus on having strong R&D capabilities. R&D cost is expensed. Company has 125 strong R&D team in Q1FY27.
- Netweb now has 17 patents in its roster, up from 9 patents at the start of FY26.
- Annualised asset turnover ratio stood at 44x, vs. 33.2x.
- It will not be reporting strategic orders and organic orders separately, as strategic orders have become the new normal now.

Key risks: 1) Non-annuity nature of business with lumpy strategic orders; and 2) margin impact in quarters with large strategic order execution and increase in raw material costs arising from supply chain constraints.

Exhibit 1: Quarterly performance

INR mn	Q1FY27	Q4FY26	QoQ, %	Q1FY26	YoY, %
Revenue	8,197	7,737	5.9%	3,012	172.1%
EBITDA	1,205	966	24.8%	448	169.0%
EBITDA margin, %	14.7%	12.5%	222	14.9%	-17
EBIT	1172	927	26.4%	415	182.5%
EBIT margin, %	14.3%	12.0%	231	13.8%	53
PAT	853	706	20.9%	305	179.9%
PAT margin, %	10.4%	9.1%	129	10.1%	29
EPS	14.4	12.5	15.8%	5.4	168.1%

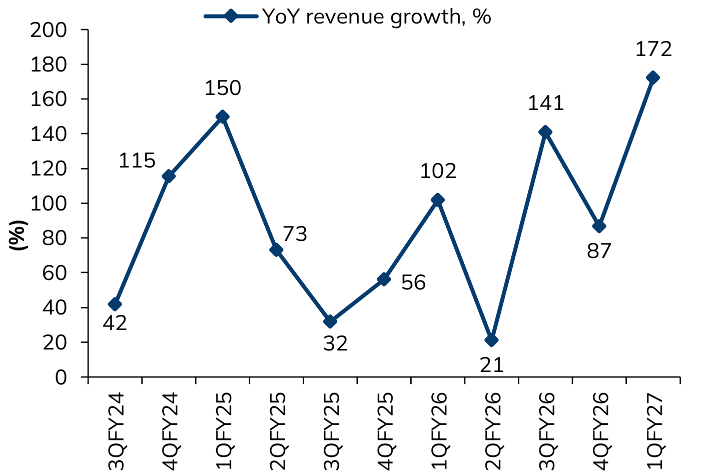
Source: I-Sec research, Company data

Exhibit 2: Change in estimates

in INR mn	New estimates		Old estimates		Change, %	
Change in estimates	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	45,340	45,989	45,286	45,579	0.1%	0.9%
EBITDA	6,061	6,449	5,963	6,381	1.6%	1.1%
EBITDA margin, %	13.4	14.0	13.2	14.0		
EPS	70	78	68	77	1.7%	0.5%

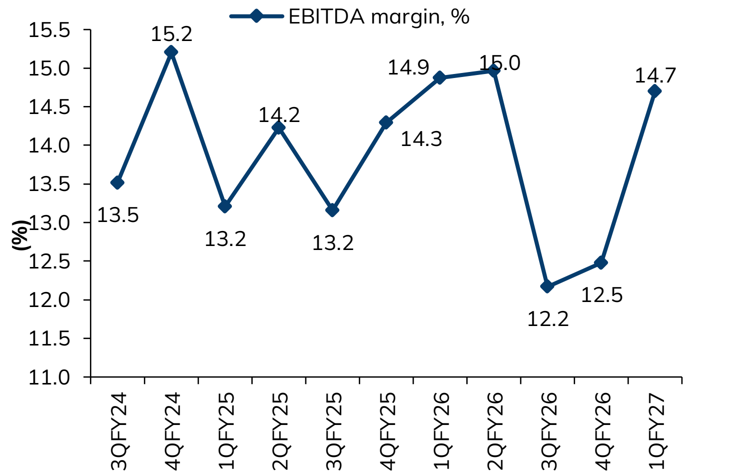
Source: I-Sec research, Company data

Exhibit 3: YoY revenue growth higher than Q1FY26 print



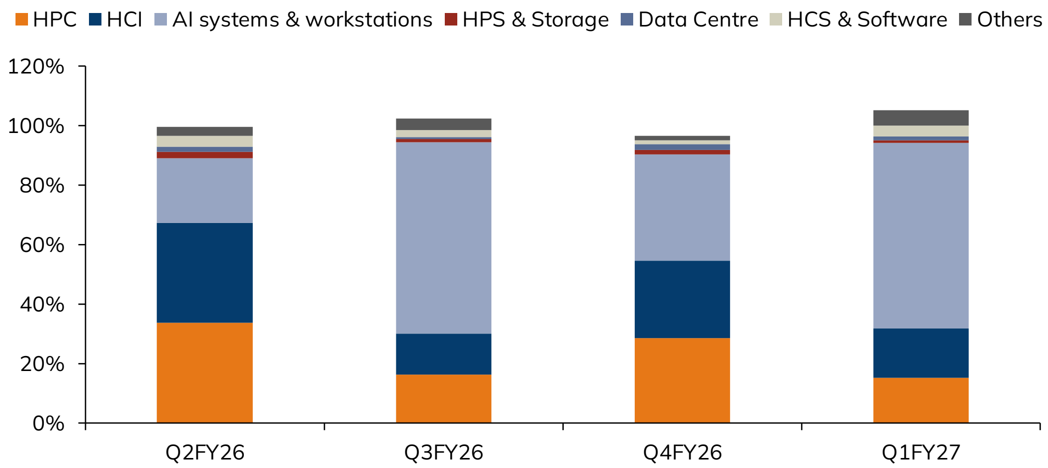
Source: I-Sec research, Company data

Exhibit 4: EBITDA margin at 14.7%, up 40bps YoY, despite large order execution of INR4.3 bn



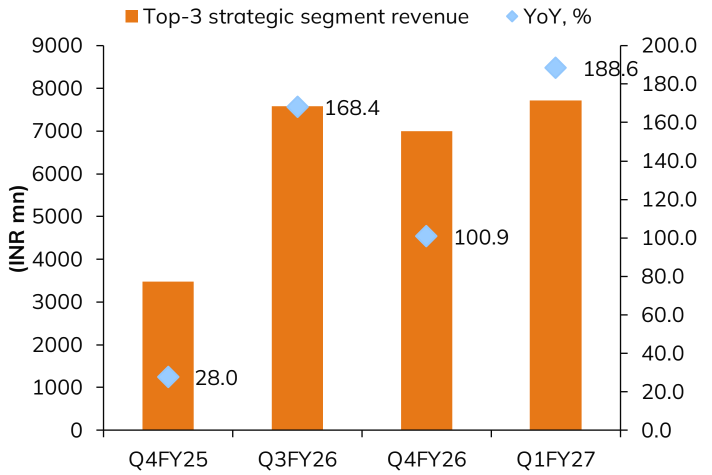
Source: I-Sec research, Company data

Exhibit 5: Change in revenue mix – share of AI and EW goes from 36% in Q4FY26 to 62% in Q1FY27



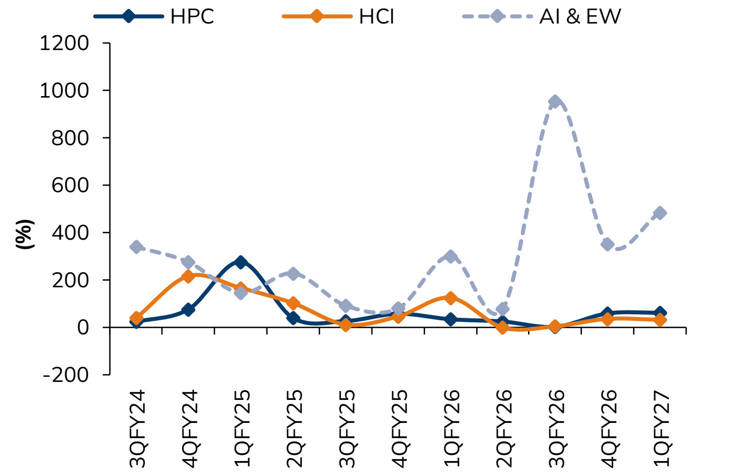
Source: Company data, I-Sec research

Exhibit 6: Top-3 strategic segments' revenue and growth surges



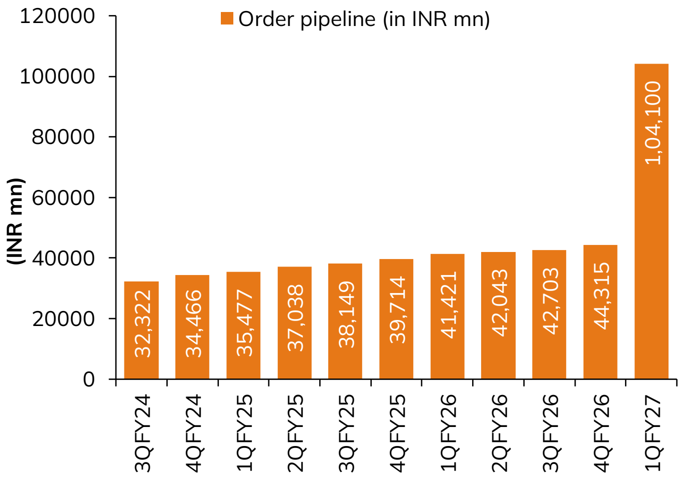
Source: Bloomberg, I-Sec research

Exhibit 7: AI & EW segment's 484% YoY uptick drives growth; HPC, HCI's YoY growth robust



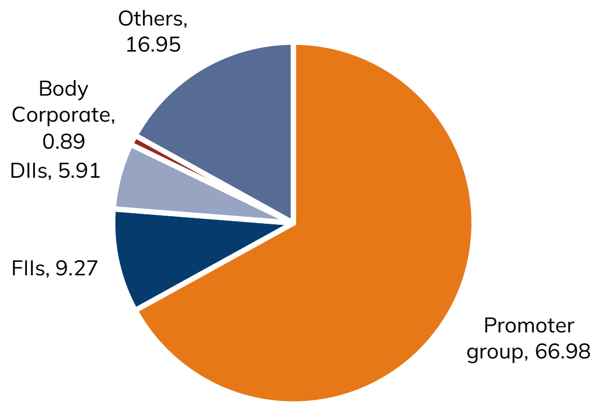
Source: Bloomberg, I-Sec research

Exhibit 8: Order pipeline strong



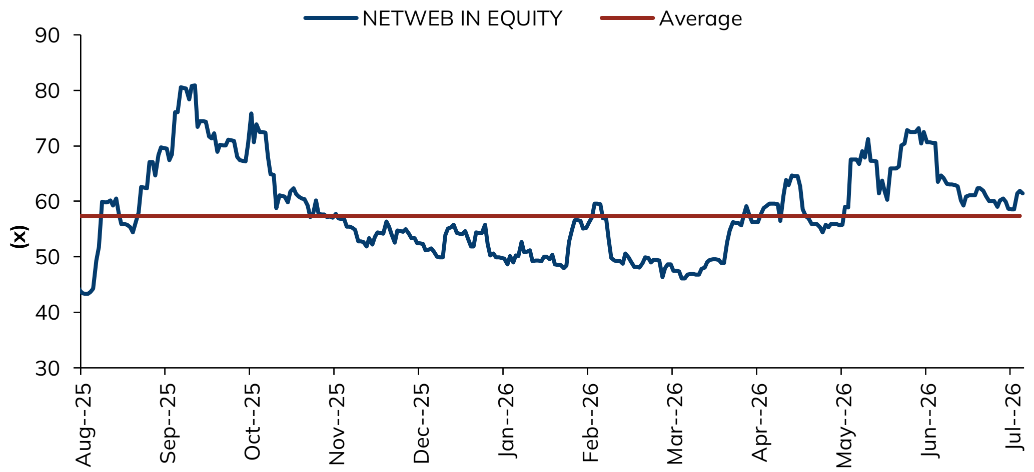
Source: I-Sec research, Company data

Exhibit 9: Promoter holding at 67%; DIIs share increased QoQ



Source: I-Sec research, Company data

Exhibit 10: Netweb is trading at 61.4x one-year forward P/E vs. its lifetime average of 57.4x



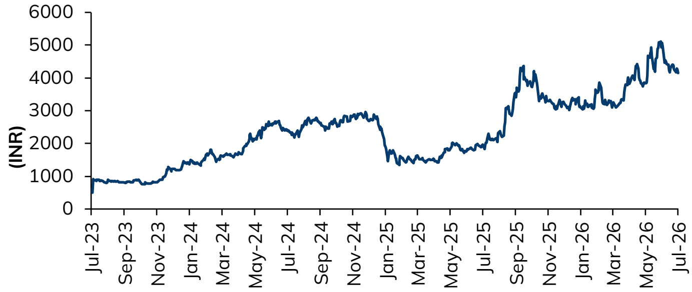
Source: I-Sec research, Bloomberg

Exhibit 11: Shareholding pattern

%	Dec'25	Mar'26	Jun'26
Promoters	71.0	67.0	67.0
Institutional investors	12.9	9.4	15.2
MFs and others	3.0	4.1	5.5
FIs/Banks	0.3	0.3	0.3
Insurance	0.0	0.3	0.1
FIIs	9.6	4.7	9.3
Others	16.2	23.7	17.8

Source: Bloomberg, I-Sec research

Exhibit 12: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 13: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales (INR. mn)	**11,490**	**21,836**	**45,340**	**45,989**
Operating Expense	**9,890**	**18,986**	**39,280**	**39,540**
EBITDA	1,600	2,849	6,061	6,449
EBITDA Margin (%)	**13.9**	**13.0**	**13.4**	**14.0**
Depreciation & Amortization	113	142	227	315
EBIT	1,487	2,707	5,833	6,134
Interest expenditure	41	130	151	151
Other Non-operating Income	94	188	190	576
Recurring PBT	1,540	2,766	5,873	6,560
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	**395**	**707**	**1,504**	**1,679**
PAT	1,145	2,059	4,370	4,880
Less: Minority Interest	-	-	-	-
Net Income (Reported)	1,145	2,059	4,370	4,880
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	1,145	2,059	4,370	4,880

Source Company data, I-Sec research

Exhibit 14: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	8,254	21,899	41,992	37,768
of which cash & cash eqv.	1,701	3,655	20,082	16,273
Total Current Liabilities & Provisions	3,534	12,470	16,409	12,602
Net Current Assets	**4,720**	**9,429**	**25,583**	**25,166**
Investments	-	-	-	-
Net Fixed Assets	475	553	2,758	2,743
ROU Assets	-	-	-	-
Capital Work-in-Progress	56	15	15	15
Goodwill	-	-	-	-
Other assets	119	59	59	59
Deferred Tax Assets	-	-	-	-
Total Assets	**5,400**	**10,079**	**28,444**	**28,013**
Liabilities				
Borrowings	**13**	**2,717**	**5,000**	**10**
Deferred Tax Liability	-	-	-	-
provisions	34	44	53	63
other Liabilities	50	86	95	104
Minority Interest	-	-	-	-
Equity Share Capital	113	114	120	120
Reserves & Surplus*	5,190	7,119	23,177	27,715
Total Net Worth	**5,303**	**7,233**	**23,297**	**27,835**
Total Liabilities	**5,400**	**10,079**	**28,444**	**28,013**

Source Company data, I-Sec research

Exhibit 15: Quarterly trend

(INR mn, year ending March)

	Sep-25	Dec-25	Mar-26	Jun-26
Net Sales	**3,037**	**8,049**	**7,737**	**8,197**
% growth (YoY)	21%	141%	86%	172%
EBITDA	**455**	**979**	**966**	**1,205**
Margin %	15.0%	12.2%	12.5%	14.7%
Other Income	9	66	102	85
Extraordinaries				
Adjusted Net Profit	**314**	**733**	**706**	**853**

Source Company data, I-Sec research

Exhibit 16: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
CFO before WC changes	1,659	1,678	6,061	6,449
CFO after WC changes	**262**	**1,026**	**4,096**	**3,057**
Tax Paid	(394)	689	(1,504)	(1,679)
Cashflow from Operations	(132)	1,715	2,592	1,377
Capital Commitments	(229)	(105)	(200)	(300)
Free Cashflow	**(361)**	**1,610**	**2,392**	**1,077**
Other investing cashflow	1,345	(2,059)	190	576
Cashflow from Investing Activities	**1,116**	**(2,164)**	**(10)**	**276**
Dividend and Buyback	-	-	-	-
Inc (Dec) in Borrowings	(24)	(33)	2,283	(4,990)
Others	-	-	-	-
Cash flow from Financing Activities	**(180)**	**2,404**	**13,844**	**(5,462)**
Chg. in Cash & Bank balance	**804**	**1,954**	**16,427**	**(3,809)**
Closing cash & balance	1,701	3,655	20,082	16,273

Source Company data, I-Sec research

Exhibit 17: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	20.2	36.2	69.6	77.7
Diluted EPS	20.2	36.2	69.6	77.7
Cash EPS	22.2	38.7	73.2	82.7
Dividend per share (DPS)	2.5	2.5	4.9	5.4
Book Value per share (BV)	93.6	127.0	371.0	443.2
Dividend Payout (%)	12.4	6.9	7.0	7.0
Growth (%)				
Net Sales	58.7	90.0	107.6	1.4
EBITDA	56.1	78.1	112.7	6.4
EPS	50.0	79.0	92.4	11.7
Valuation Ratios (x)				
P/E	216.0	120.7	62.7	56.2
P/CEPS	196.5	112.9	59.6	52.8
P/BV	46.6	34.4	11.8	9.8
EV / EBITDA	154.8	87.7	43.2	40.4
P/S	21.7	11.5	6.1	6.0
Dividend Yield (%)	0.1	0.1	0.1	0.1
Operating Ratios				
EBITDA Margins (%)	13.9	13.0	13.4	14.0
EBIT Margins (%)	12.9	12.4	12.9	13.3
Effective Tax Rate (%)	25.7	25.6	25.6	25.6
Net Profit Margins (%)	10.0	9.4	9.6	10.6
Inventory Turnover Days	53.6	85.9	70.1	67.2
Fixed Asset Turnover (x)	23.9	39.7	27.1	16.6
Receivables Days	87	86	70	90
Payables Days	67	88	74	83
Working Capital Days	72	73	45	57
Net Debt / EBITDA (x)	(15.9)	(6.7)	(66.4)	(51.7)
Profitability Ratios				
RoCE (%)	23.1	26.4	22.7	16.3
RoIC (%)	31.7	31.7	52.3	39.1
RoNW (%)	24.0	32.8	28.6	19.1

Source Company data, I-Sec research

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