

20 January 2026

India | Equity Research | Results Update

Netweb Technologies India

Technology

All-round robust execution

NETWEB (sole end-to-end HCS play in the Indian listed space) reported robust revenue growth of 141% YoY in Q3FY26, led by traction in AI & EW segment from execution of a strategic order worth INR 450mn. EBITDA margin was muted on higher volume execution. PAT margin at 9.1% was within the company's guided range of 9-10%. Key notables: 1) Strong growth in top-3 strategic segments; 2) strong pipeline at INR 42.7bn, up 12% YoY; 3) improved cash conversion cycle from increased share of private clientele in the revenue mix; 4) strong partnerships with suppliers. Maintain **BUY** with an unchanged one-year forward P/E of 56x and revised TP of INR 4,150. This is led by robust Q3 performance, adjusted Q4FY26 numbers for execution of 1/3rd of INR 21.8bn strategic order in H2FY26 and keeping annual estimates largely unchanged.

Growth beat; margin miss

NEWTEB reported revenue growth of 141% YoY, exceeding I-Sec/ consensus estimate of 45%/ 51%, registering the strongest growth in last six quarters. The growth was driven mostly by AI & EW segment which was up 955%, forming 64% of Q3FY26 revenue (vs. 22% in Q2FY26). NEWTEB executed a large strategic order worth INR 4.5bn in Q3FY26 (falling under AI & EW segment). HPC/ HCI/ AI & EW/ HPS & storage/ data centre/ HCS & software grew 3%/5%/955%/-28%/-59%/60% YoY in Q3FY26, respectively. EBIT margin stood at 11.7%, down 50bps YoY (falling below I-Sec/ consensus estimate: 12.7%/ 12.3%). Margin was impacted on large strategic order execution. PAT was up 142% YoY. Other income was INR 66mn (vs. INR 9mn QoQ), including INR 28mn worth of MTM gains from hedging on ~60% of import payables. PAT margin at 9.1% was within the company's target range of 9-10% (ex- strategic order PAT margin was 9.9%).

Skilful supply-chain management

Global supply chain for computing components is under stress from surge in AI demand, leading to a price increase. Memory and flash storage cost constitutes a substantial part of the bill of materials for NETWEB. However, NETWEB has managed the cost surge through strong supplier relationships and proactive supply-chain planning, thus, avoiding any major margin impact. It has the inventory of critical components (required for upcoming orders) in place. HPC and HCI segments continue to see robust demand; however, some order executions have been pushed to subsequent quarters given large deal execution in AI & EW segment in Q3. Company maintains organic growth guidance of 30-40% for next couple of years.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	11,490	23,498	44,729	45,839
EBITDA	1,600	3,044	5,859	6,387
EBITDA Margin (%)	13.9	13.0	13.1	13.9
Net Profit	1,145	2,122	4,085	4,560
EPS (INR)	20.2	37.5	72.1	80.5
EPS % Chg YoY	50.0	85.4	92.5	11.6
P/E (x)	168.4	90.9	47.2	42.3
EV/EBITDA (x)	119.7	62.9	32.6	29.3
RoCE (%)	23.1	24.7	30.3	30.1
RoE (%)	24.0	34.0	45.6	35.7

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Market Data

Market Cap (INR)	193bn
Market Cap (USD)	2,120mn
Bloomberg Code	NETWEB IN
Reuters Code	NETE.BO
52-week Range (INR)	4,480 / 1,252
Free Float (%)	29.0
ADTV-3M (mn) (USD)	60.2

Price Performance (%)	3m	6m	12m
Absolute	(11.2)	76.2	45.5
Relative to Sensex	(10.4)	74.4	36.9

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
Revenue	0.0	0.0	0.0
EBITDA	(1.5)	0.0	0.0
EPS	0.3	1.0	1.0

Previous Reports

06-01-2026: [Q3FY26 ER&D Preview](#)

15-12-2025: [Initiating Coverage](#)

Other highlights

- **Good progress under IndiaAI mission:** Under one of the pillars of IndiaAI mission, 10,000 GPUs were to be deployed initially. The GPU deployment is well on track with 34,000 GPUs having already been deployed towards strengthening indigenous AI capabilities.
- **Strong growth in top-3 strategic segments:** Top-3 strategic segments of HPC, HCI and AI & EW form 94% of quarterly revenue vs. 89% in Q2FY26 and 85% in Q3FY25. Top-3 strategic segment growth stood at 168% YoY vs. 28% in Q3FY25.
- **Improving cash conversion cycle:** Cash conversion cycle improved to 69 days vs. 120 days in Q2FY26 as revenue mix shifted towards private clients (Q3FY26 revenue mix = Private: Govt: 75%: 25%) and inventory days came down on large order execution.
- **Strong organic orderbook:** Orderbook at INR 5,258mn was up 46% YoY. L1 at INR 3,316mn was down 4.7% YoY. OB+ L1 was up 21%. Order pipeline excluding L1 stood at INR 42.7bn, up 11.9% YoY. This strong orderbook and pipeline sets up growth predictability for NETWEB.

Miscellaneous:

- Revenue from repeat clients stood at 80.5% for 9MFY26 (vs. 81.4% in FY25). 89 new clients have been onboarded in last nine months.
- Company has cash and cash equivalents of INR 2bn vs. INR 2.5bn in Q2FY26. NETWEB's borrowings stood at INR 35.5mn in Q3FY26.
- Company's R&D team is 100-member strong. It is open to acquisitions which may strengthen its R&D capabilities.
- Copper prices are high because of data centre demand. Company uses copper in its data centres.
- NETWEB was already compliant with new labour code. Hence, no new exceptional item was announced in Q3FY26.

Key risks: 1) Non-annuity nature of business with lumpy strategic orders; 2) margin impact in quarters with large strategic order execution.

Exhibit 1: Quarterly performance

INR mn	Q3FY26	Q2FY26	QoQ, %	Q3FY25	YoY, %
Revenue	8,049	3,037	165.0%	3,340	141.0%
EBITDA	979	455	115.4%	439	122.9%
EBITDA margin, %	12.2%	15.0%	-280	13.2%	-99
EBIT	943	420	124.4%	408	131.0%
EBIT margin, %	11.7%	13.8%	-212	12.2%	-51
PAT	733	314	133.2%	303	141.8%
PAT margin, %	9.1%	10.3%	-124	9.1%	3
EPS	12.9	5.5	133.2%	5.4	140.5%

Source: I-Sec research, Company data

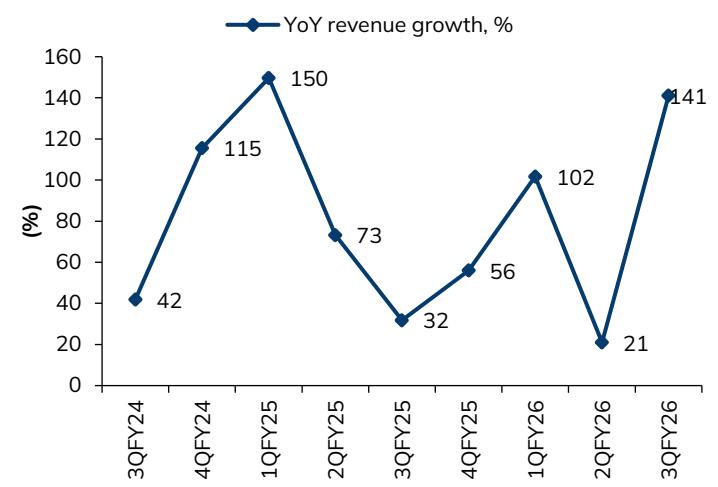
With some portion of Q4FY26 strategic orders getting preponed to Q3FY26 and timeline of strategic order execution remaining the same, we largely maintain our estimates. Of the INR 21.8bn strategic orders, 1/3rd will be executed in H2FY26 and 2/3rd in H1FY27. We have built in 40% organic growth for FY26E and 39% organic revenue CAGR over FY25-28E.

Exhibit 2: Change in estimates

INR mn	New estimates			Old estimates			Change in estimates, %		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	23,498	44,729	45,839	23498	44729	45839	0.0%	0.0%	0.0%
EBITDA	3,044	5,859	6,387	3091	5859	6387	-1.5%	0.0%	0.0%
EBITDA margin, %	13.0	13.1	13.9	13.2	13.1	13.9			
EPS	37	72	80	37	71	80	0.3%	1.0%	1.0%

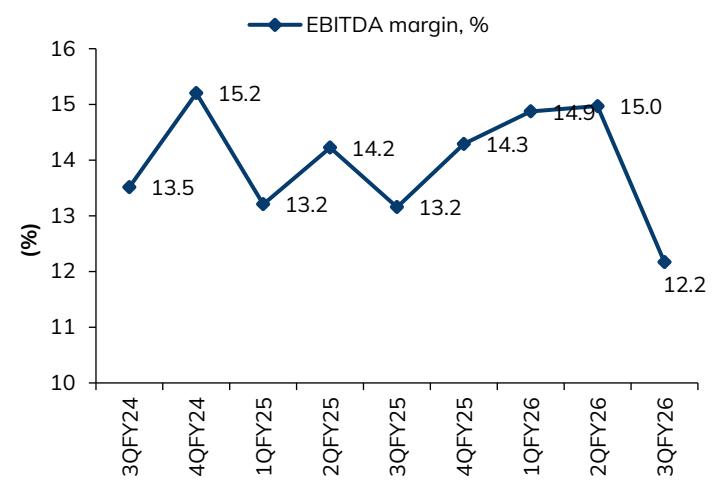
Source: I-Sec research, Company data

Exhibit 3: 6-quarter high YoY revenue growth



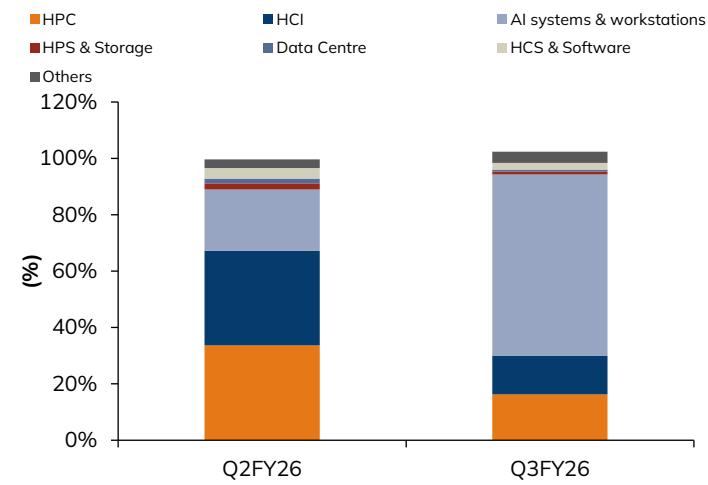
Source: I-Sec research, Company data

Exhibit 4: EBITDA margin at 12.2%, down 100bps YoY on a large strategic order execution worth INR 450mn



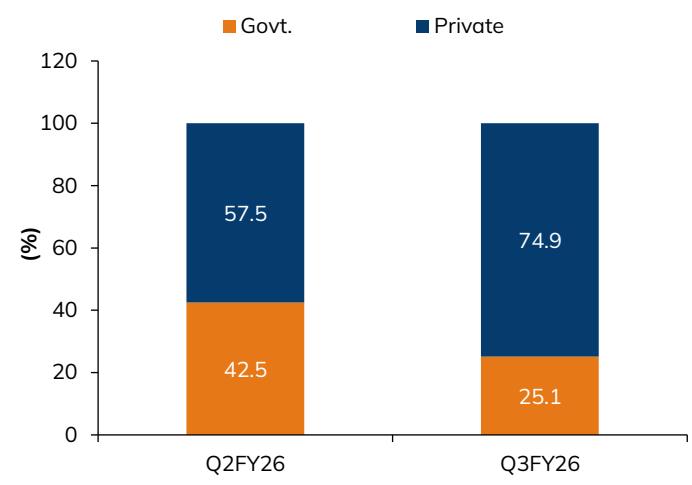
Source: I-Sec research, Company data

Exhibit 5: Change in revenue mix – share of AI and EW goes up from 22% in Q2FY26 to 64% in Q3FY26



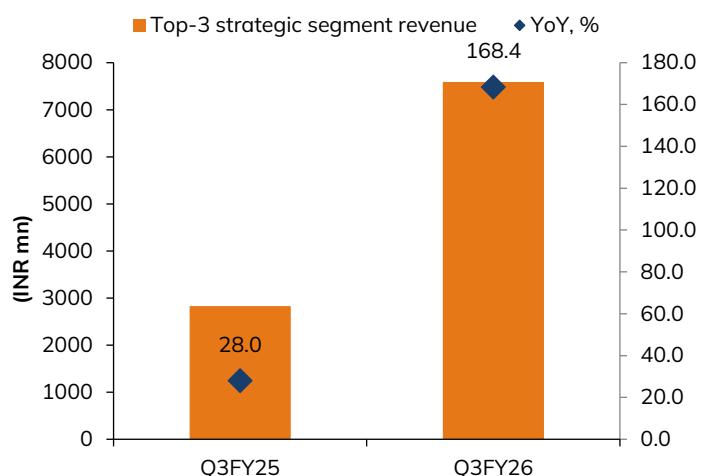
Source: I-Sec research, Company data

Exhibit 6: Change in revenue mix- share of private clients increases



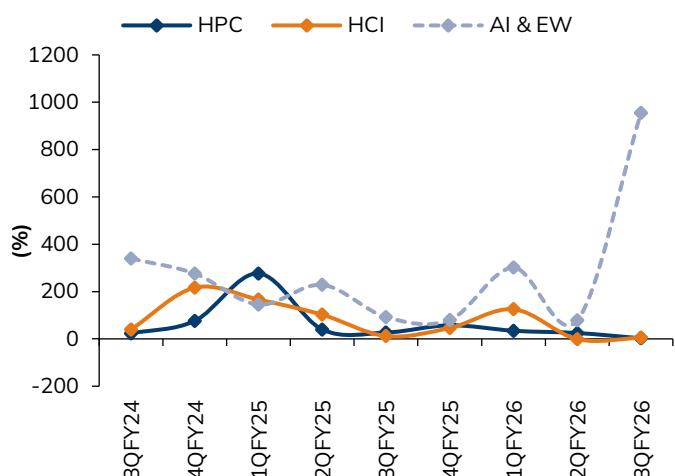
Source: I-Sec research, Company data | * excludes deals under IndiaAI mission

Exhibit 7: Top-3 strategic segments' revenue and growth



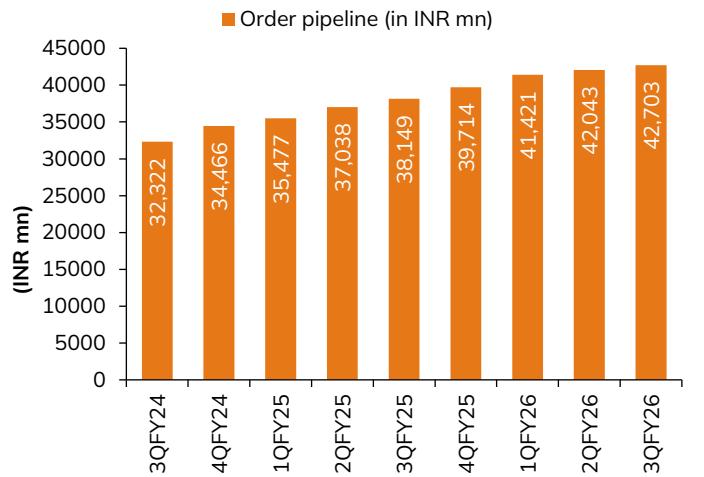
Source: Bloomberg, I-Sec research

Exhibit 8: AI & EW segment's 955% YoY uptick drives growth; HPC, HCI's YoY growth subdued



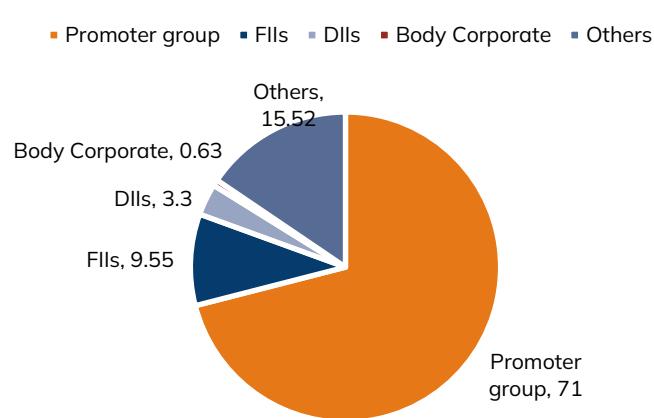
Source: Bloomberg, I-Sec research

Exhibit 9: Order pipeline strong



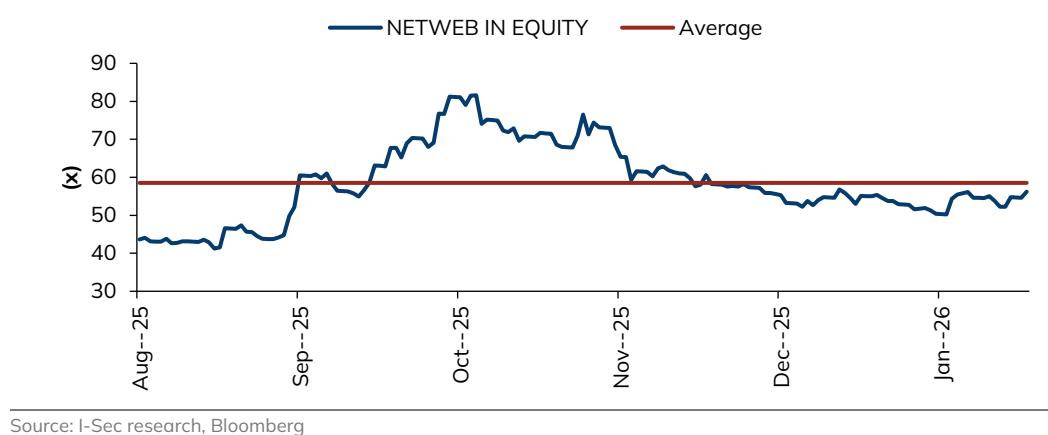
Source: I-Sec research, Company data

Exhibit 10: Promoter holding at 71%



Source: I-Sec research, Company data

Exhibit 11: NETWEB is trading at 56x one-year forward PE

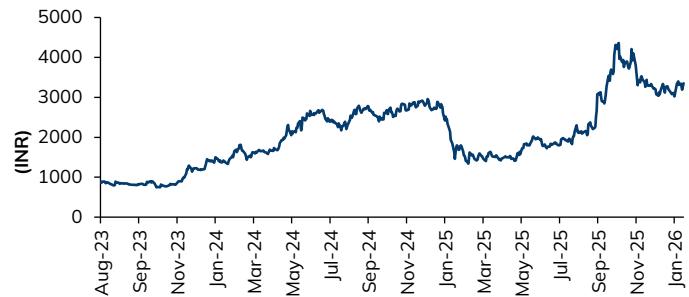


Source: I-Sec research, Bloomberg

Exhibit 12: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	71.0	71.0	71.0
Institutional investors	13.8	14.4	12.9
MFs and others	4.0	3.3	3.0
FIs/Banks	0.0	0.0	0.3
Insurance	0.0	0.0	0.0
FII	9.8	11.1	9.6
Others	15.2	14.6	16.2

Source: Bloomberg, I-Sec research

Exhibit 13: Price chart


Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales (USD mn)	-	-	-	-
Net Sales (INR. mn)	11,490	23,498	44,729	45,839
Operating Expense	9,890	20,454	38,870	39,453
EBITDA	1,600	3,044	5,859	6,387
EBITDA Margin (%)	13.9	13.0	13.1	13.9
Depreciation & Amortization	113	149	180	225
EBIT	1,487	2,895	5,679	6,161
Interest expenditure	41	151	300	151
Other Non-operating Income	94	103	104	110
Recurring PBT	1,540	2,848	5,483	6,120
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	395	726	1,398	1,561
PAT	1,145	2,122	4,085	4,560
Less: Minority Interest	-	-	-	-
Net Income (Reported)	1,145	2,122	4,085	4,560
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	1,145	2,122	4,085	4,560

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	8,254	17,265	26,665	25,995
of which cash & cash eqv.	1,795	6,838	7,296	6,012
Total Current Liabilities & Provisions	3,534	5,758	11,569	11,935
Net Current Assets	4,720	11,507	15,096	14,059
Investments	-	-	-	-
Net Fixed Assets	475	532	552	626
ROU Assets	-	-	-	-
Capital Work-in-Progress	56	56	56	56
Goodwill	-	-	-	-
Other assets	119	139	139	139
Deferred Tax Assets	-	-	-	-
Total Assets	5,400	12,264	15,872	14,911
Liabilities				
Borrowings	13	5,000	5,000	10
Deferred Tax Liability	-	-	-	-
provisions	34	41	49	59
other Liabilities	50	55	60	66
Minority Interest	-	-	-	-
Equity Share Capital	113	113	113	113
Reserves & Surplus*	5,190	7,056	10,650	14,663
Total Net Worth	5,303	7,169	10,763	14,776
Total Liabilities	5,400	12,264	15,872	14,911

Source Company data, I-Sec research

Exhibit 16: Quarterly trend

(INR mn, year ending March)

	Mar-25	Jun-25	Sep-25	Dec-25
Net Sales	4,147	3,012	3,037	8,049
% growth (YoY)	56%	102%	21%	141%
EBITDA	593	448	455	979
Margin %	14.3%	14.9%	15.0%	12.2%
Other Income	25	11	9	66
Extraordinaries	-	-	-	-
Adjusted Net Profit	426	305	314	733

Source Company data, I-Sec research

Exhibit 17: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
CFO before WC changes	1,659	3,043	5,859	6,387
CFO after WC changes	262	1,298	2,728	6,140
Tax Paid	(394)	(726)	(1,398)	(1,561)
Cashflow from Operations	(132)	572	1,330	4,579
Capital Commitments	(229)	(150)	(200)	(300)
Free Cashflow	(361)	422	1,130	4,279
Other investing cashflow	1,345	124	104	110
Cashflow from Investing Activities	1,116	(26)	(96)	(190)
Dividend and Buyback	-	-	-	-
Inc (Dec) in Borrowings	(24)	4,987	-	(4,990)
Others	-	-	-	-
Cash flow from Financing Activities	(180)	4,594	(777)	(5,672)
Chg. in Cash & Bank balance	804	5,140	458	(1,283)
Closing cash & balance	1,701	6,841	7,296	6,012

Source Company data, I-Sec research

Exhibit 18: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	20.2	37.5	72.1	80.5
Diluted EPS	20.2	37.5	72.1	80.5
Cash EPS	22.2	40.1	75.3	84.5
Dividend per share (DPS)	2.5	4.5	8.7	9.7
Book Value per share (BV)	93.6	126.5	190.0	260.8
Dividend Payout (%)	12.4	12.0	12.0	12.0
Growth (%)				
Net Sales	58.7	104.5	90.3	2.5
EBITDA	56.1	90.3	92.5	9.0
EPS	50.0	85.4	92.5	11.6
Valuation Ratios (x)				
P/E	168.4	90.9	47.2	42.3
P/CEPS	153.2	84.9	45.2	40.3
P/BV	36.4	26.9	17.9	13.0
EV / EBITDA	119.7	62.9	32.6	29.3
P/S	16.8	8.2	4.3	4.2
Dividend Yield (%)	0.1	0.1	0.3	0.3
Operating Ratios				
EBITDA Margins (%)	13.9	13.0	13.1	13.9
EBIT Margins (%)	12.9	12.3	12.7	13.4
Effective Tax Rate (%)	25.7	25.5	25.5	25.5
Net Profit Margins (%)	10.0	9.0	9.1	9.9
Inventory Turnover Days				
Fixed Asset Turnover (x)	23.9	42.0	74.8	71.1
Receivables Days	87	74	70	92
Payables Days	67	58	56	74
Working Capital Days	72	59	51	63
Net Debt / EBITDA (x)	(15.9)	(12.5)	(12.8)	(26.7)
Profitability Ratios				
RoCE (%)	23.1	24.7	30.3	30.1
RoIC (%)	31.7	40.8	50.1	52.4
RoNW (%)	24.0	34.0	45.6	35.7

Source Company data, I-Sec research

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