

Netweb Technologies India Limited

Good execution continues; maintain ADD.

CMP Rs 3,403	Target Price Rs 3,810
Rating ADD	Mar 2027 Upside 12% (↑)

- Earlier-than-expected execution of strategic deal led beat on 3Q Sales but with margin miss.
- We believe that Netweb's growth prospects remains healthy given robust deal pipeline (with reported order pipeline excl. L1 of INR42.70bn and order book plus L1 order pipeline worth INR8.57bn over and above first strategic order win worth of INR17.34bn related to AI Systems unexecuted till 3QFY26-end). Netweb's order pipeline remain robust considering i) its unique tie up with NVIDIA (established a roadmap to design & develop AI GPU systems based on the advanced NVIDIA Blackwell platform), Intel & AMD (it launched Intel Emerald Rapids & AMD Turin based 'Make in India' high-end computing servers), ii) its launch of Skylus.ai – a AI native appliance with built-in GPU abstraction, iii) its ongoing benefit from GOI's announced India AI mission with a budget of over INR 103bn (with GOI's plan to double to INR 200bn) to create a 'Sovereign AI' computing infrastructure as a service (Netweb already won two such strategic orders in Sept'25 and its expectations to win such orders ahead despite its sporadic nature), iv) existing catalysts from increasing adoption of Pvt. Cloud, HPC (launch of NSM 2.0 in Dec 2025), AI Servers (demand generated by indigenous LLMs) across many industries and v) make in India push/data security norms of GOI, vi) Netweb's expansion plans for export (esp. in Europe/M.East) and vii) its R&D focus.
- Considering above, we maintain ADD rating with Mar'27 TP of Rs.3,810 (Dec'26; Rs.4,005 earlier) set at fwd. PE of 62x EPS of Rs.61.4 (with EPS CAGR of 45% over FY25-FY28E/69% over FY25-FY27E) vs. earlier at 65x EPS of Rs.61.6.

Early execution of strategic order led to strong beat on Sales: Netweb reported Sales growth of 141% yoy (incl. early execution of second strategic order worth INR4504mn in 3Q vs. expected execution plan in 4QFY26E indicated by Netweb earlier) vs. EE: 34% YoY growth excl. execution of any strategic orders. Excluding this strategic order Sales, base business up 6% yoy which seems tepid. But, in our view execution of mega strategic order is also organic which takes major bandwidth of operations and the management.

Strategic mega deal execution led to margin miss: Netweb reported 17.0%/12.3%/11.8% GM/Adj. EBITDAM/Adj. EBITM (adjusted to incl. Fx losses in Net Other Income vs. reported as part of Other Exps.) in 3Q vs. EE of GM/EBITDAM/EBITM of 22.0%/13.5%/12.6% (which excluded second strategic order Sales mentioned hereinabove which has lower margins than base business; as per Netweb's 2QFY26/3QFY26 earnings call commentary earlier won two strategic orders to adversely impact PBTM by around 150–200 bps). For FY26E Netweb reiterated around 1/3rd of the two strategic orders TCV worth INR 21.84bn to be executed in FY26E and balance in FY27E). Despite increasing prices of memory/other chips, Netweb remains optimistic to maintain its target EBITDAM range of 13-14% in its base business (excl. strategic deals) - we are watchful about the same ahead.

Healthy order book and pipeline (both excl. strategic orders won/its pipeline): Despite strong show on sales in 9MFY26, order book stood at INR5.26bn (INR4.94bn qoq) with order pipeline (ex. L1) worth INR42.7bn (INR42.04bn qoq) and L1 pipeline worth INR3.32bn (INR3.48bn qoq) at end of 3QFY26.

Valuations: Our 1-yr target PE is now at 5-10% discount to Netweb's mean since listing to factor increasing raw material prices and considerable INR/US\$ depreciation in recent past and any higher-than-expected impact of the same on margins. In our view, Netweb needs to tighten its working capital and FCF generation on consistent basis.

Financial Summary

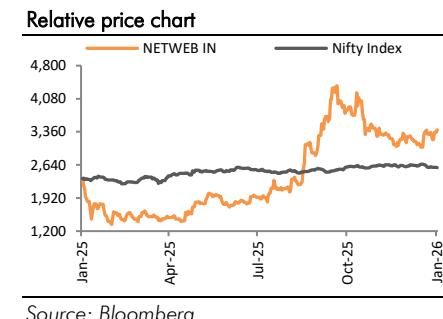
YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	11,490	1,600	1,145	20.1	169.3	36.5	119.4	24.0	38.8	13.9
FY26E	22,113	2,996	2,124	37.3	91.2	26.5	63.7	33.7	47.7	13.5
FY27E	36,172	4,618	3,292	57.8	58.9	18.6	41.0	37.1	53.1	12.8
FY28E	33,563	4,856	3,497	61.4	55.4	14.2	39.0	29.1	39.6	14.5

Source: Company, Equirus Securities

Estimate Revision		Forecasts		% Change	
(Rs mn)		FY26E	FY27E	FY26E	FY27E
Sales		22,113	36,172	-6.1%	-4.8%
EBITDA		2,996	4,618	-5.6%	-6.1%
PAT		2,124	3,292	-3.4%	-4.4%
EPS		37.3	57.8	-3.4%	-4.4%

Stock Information		
Market Cap (Rs Mn)		1,92,799
52 Wk H/L (Rs)		4,480/1,252
Avg Daily Volume (1yr)		14,33,248
Avg Daily Value (Rs Mn)		4,308.6
Equity Cap (Rs Mn)		113.3
Face Value (Rs)		2
Share Outstanding (Mn)		56.7
Bloomberg Code		NETWEB IN
Ind Benchmark		BSE IT

Ownership (%)	Recent	3M	12M
Promoters	75.5	(0.0	0.0
DII	6.2	0.5	0.0
FII	11.6	(0.6)	0.0
Public	6.8	0.1	0.0



Source: Bloomberg

Analysts

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Exhibit 1: Quarterly performance

Particulars	Q3FY26	Q3FY26E	Q2FY26	Q3FY25	% Change			Comments
					Q3FY26E	Q2FY26	Q3FY25	
Net Sales (Rs Mn)	8,049	4,484	3,037	3,340	79.5%	165.0%	141.0%	Higher than expectations largely due to early execution of a strategic mega order.
COGS	6,681	3,498	2,203	2,625	91.0%	203.2%	154.5%	
Other Expenses	380	383	353	276	-0.7%	7.9%	38.0%	
Total Expenditures	7,061	3,881	2,556	2,901	82.0%	176.3%	143.4%	
EBITDA	988	603	481	439	63.7%	105.3%	124.8%	Above EE.
Depreciation	36	38	34	31	-4.9%	5.5%	16.8%	
EBIT	952	565	447	408	68.4%	112.9%	133.1%	Above EE.
Other Income	28.94	-11.0	-26.68	1	-363.1%	-208.5%	3265.1%	
PBT	981	554	420	409	76.9%	133.3%	139.6%	
Tax	248	140	106	106	77.2%	133.7%	133.5%	
Profit from JV/Asso and MI	-	-	-	-				
Recurring PAT	733	415	314	303	76.8%	133.2%	141.8%	Above EE.
Extraordinaries	-	-	-	-				
Reported PAT	733	415	314	303	76.8%	133.2%	141.8%	
Recurring. EPS (Rs)	12.9	7.3	5.5	5.4	76.8%	133.2%	140.5%	
EBITDA Margin	12.3%	13.5%	15.8%	13.2%	-118 bps	-357 bps	-88 bps	
EBIT Margin	11.8%	12.6%	14.7%	12.2%	-78 bps	-289 bps	-40 bps	
PBT Margin	12.2%	12.4%	13.8%	12.3%	-18 bps	-165 bps	-7 bps	
PAT Margin	9.1%	9.2%	10.3%	9.1%	-14 bps	-124 bps	3 bps	
Tax Rate	25.2%	25.2%	25.2%	25.9%	4 bps	4 bps	-66 bps	

Source: Company, Equirus Securities

3QFY26 Earnings call takeaways

- **Revenue:** During 3QFY26 total revenue up 141% yoy and stood at Rs. 8,049mn.
 - 3Q revenue includes Rs. 4504mn from the execution of strategic order received from one of the largest Indian headquartered providers of technology distribution and integrated supply chain solutions to deploy AI Infrastructure facility using the latest Tyrone AI GPU accelerated systems.
 - Going forward, Netweb expects healthy revenue growth and has reiterated its growth outlook of 30-40% CAGR over next 2-3 in base business excluding revenues from the two strategic orders totalling worth Rs. 21,840mn won in Sep'25 as well as any such mega/large strategic order wins ahead.
- **Revenue by Service Offering:**
 - Among product/solution offering, High Performance Computing (HPC), Pvt Cloud & HCI, AI Systems (incl. second strategic order execution worth INR4504mn in 3QFY26), High Performance Storage (HPS), Data Centre Server, Software & Services, Other Spares Sales in 3QFY26 grew +2.6%/+4.7% /+955%/-27.5%/-59.1%/+59.7%/+8% YoY, respectively.
 - Netweb reiterated their strategic focus on three major offerings (ie. HPC, Private Cloud and AI) which contributed 94% of their total revenue in 3QFY26/c.85% of its sales in FY25.
 - In 3Q/9MFY26 AI Systems (incl. second strategic order execution worth INR4504mn in 3QFY26) formed 64%/48% of sales (vs. 14.7% /11.0% in FY25/FY24). Higher contribution on account of strategic order execution. Netweb's management highlighted that the global surge in AI adoption is also reflected in their own business, with strong growth in the AI domain driven by the latest system architectures and their in-house software platform, Skylus.ai. Further, Netweb believe, it is uniquely positioned to harness the opportunities of increasing demand of AI and expects AI Systems and Enterprise Workstations' sales contribution to increase ahead as well led by India's flourishing AI research ecosystem, supported by government initiatives and industry partnerships.
- **Demand environment:** On demand side Netweb continue to expect growth across its focussed segments due to (i) increase in demand for high-end computing system in various industries (ii) rising demand of cyber security solutions (iii) growing demand for AI across various industries, business verticals with rising investments in Generative AI infra by Govt & large enterprises to cater to demand for LLM oriented solutions (iv) rising adoption of private cloud by enterprises across sectors (v) various Govt initiative relating high end compute infrastructure building and promotion (including GOI's approval of over Rs.103bn for the India AI Mission) (vi) Huge demand of high-end compute for booming in-bound data centre across India (vii) Large strategic order wins.
- **Margin Management:**
 - Netweb reported 17.0%/12.3%/11.8% GM/Adj. EBITDAM/Adj. EBITM (adjusted to incl. Fx losses in Net Other Income vs. reported as part of Other Exps.) in 3Q vs. EE of GM/EBITDAM/EBITM of 22.0%/13.5%/12.6% (which excluded second strategic order Sales mentioned hereinabove which has lower margins than base business; as per Netweb's 2QFY26/3QFY26 earnings call commentary earlier won two strategic orders to adversely impact PBTM by around 150–200 bps). For FY26E Netweb reiterated around 1/3rd of the two strategic orders TCV worth INR 21.84bn to be executed in FY26E and balance in FY27E). Despite increasing prices of memory chips, Netweb remains optimistic to maintain its target EBITDAM range of 13-14% in its base business (excl. strategic deals).
 - Netweb reiterated that its integrated full-stack approach (designing, manufacturing, and providing software and hardware) allows it to command better margins in the market, unlike its competitors who are either hardware or software companies that bundle their products together.
 - **Global Supply Chain impact:** The global supply chain is currently experiencing tight availability and industry-wide price increase, particularly for flash memory and storage driven by the rapid acceleration of AI adoption worldwide. Netweb has been managing this situation by:

- Utilizing proactive supply chain planning and leveraging long-standing partnerships with key technology providers to secure necessary components.
- maintaining deep, long-standing relationships with few major technology providers (such as NVIDIA, Intel, and AMD), because Netweb focuses on niche, high-end solutions rather than "box pushing," they receive priority access to critical components like storage and memory.
- Aligning pricing for new orders with prevailing market dynamics at the time of order placement.

- **Order Pipeline and Order book (both excl. strategic orders won/its pipeline):**
 - **Order Pipeline:** Reported order pipeline worth INR 42,703mn besides L1 order pipeline worth INR 3,316mn implying total order pipeline worth INR 46,019mn at 3QFY26-end. Reported order book came INR 5,258mn. At end of 3QFY26, order book and L1 order pipeline are worth INR 8,574mn.
 - The order pipeline, L1 pipeline and order intake does not include Sovereign AI/AI related pipeline and/or wins of strategic orders announced in Sept 2025.
 - As per Netweb their strong business pipeline and order book, coupled with ongoing capability enhancements and product expansion, position them for sustained growth while maintaining technological leadership.
- **Update on Strategic Order execution:**
 - Netweb reported strategic order book worth INR 21,840mn (two such mega/large deal announced worth INR 17,336mn & INR 4,504mn in Sept 2025).
 - During 3QFY26 Netweb fully executed second strategic order worth Rs. 4504mn.
 - Netweb expects to execute roughly one-third of the strategic orders TCV worth 21,840mn in FY26E, with the remaining portion scheduled for delivery in FY27E.
 - Netweb reiterated no materially higher capex will be required for the execution of the large strategic orders.
- **Revenue from Govt customer/non-Govt customer:** Netweb mentioned its 50% business comes from government and 50% from enterprises clients however it may vary sequentially. Revenue from Govt customer/non-Govt customer stood at 25.1%/74.9% in 3Q (vs. 42.5%/57.5% qoq).
- **Cash Conversion:** Reported DSO came at 114 days vs 117 days qoq, reported Inventory days at 60 days vs. 72 days qoq, reported payables days at 105 days vs. 70 days qoq, net of three elements net working capital days came at 69 days vs. 120 days qoq.
- **Borrowings, cash and working capital details:** Reported borrowing (excl. Lease Liabilities) worth Rs.35.5mn at 3QFY26-end vs. Rs.74.8m qoq. Reported Cash & equivalents came at Rs. 2,050mn at 3QFY26-end vs. Rs. 2,560mn qoq.
- **Focus on R&D and Technical Expertise:** Netweb emphasized that it invests considerably in R&D. Further, it currently employs over 100 people in its R&D division, covering both software and hardware domains and looks for talent actively.
- **Labor code Impact:** As per Netweb, based on assessment, the implementation of the new Labour Codes has not resulted in any material incremental impact on the Company's financial position, results of operations or employee benefit obligations for the period ended December 31, 2025. Accordingly, no statutory impact or exceptional item has been recognised in the statement of profit and loss for the period ended December 31, 2025. The Company continues to monitor the finalisation of Central/State Rules and any clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.
- **Acquisition Strategy:** Netweb's acquisition strategy is closely aligned with accelerating its R&D efforts, with a focus on targets that can augment product development and save engineering time, rather than acquisitions driven primarily by revenue considerations.
- **Capex Plan:** Netweb highlighted, it does not need a significant new capex to support its near-term growth as its current manufacturing facility is sufficient to support current revenue scale. It remains equipped to ramp up capabilities when the business requirement arises.

Exhibit 2: Revenue growth by HCS Offering (% change yoy) – including strategic order

HCS Offering (Rs. in mn)	FY22	FY23	FY24	FY25	3QFY26		
	Revenue (Rs. in mn)	% to Revenue	% chg yoy				
High performance computing (Supercomputing / HPC) systems	1,030	1729	2,624	4,055	1,307	16%	3%
Private cloud and hyperconverged Infrastructure (HCI)	479	1460	2,644	4,027	1,114	14%	5%
AI systems and enterprise workstations	243	310	799	1,694	5,168	64%	955%
High performance storage (HPS/Enterprise Storage) solutions	217	308	339	275	87	1%	-28%
Data Centre servers	241	284	337	373	52	1%	-59%
Software and services for HCS offerings	69	94	176	455	190	2%	60%
Network switches	-	-	33	123	14	0.2%	-62%
Others (spares sales)	192	225	289	429	117	1%	8%

Source: Company data, Equirus

Exhibit 3: Revenue growth by Application Industry (% chg yoy)

Application Industry (Rs. in mn)	FY22	FY23	FY24	FY25
	Revenue (Rs. in mn)			
Higher Education and Research	1409	2,060	2,637	3,273
Information Technology and Information Technology Enabled Services	526	1,094	2,880	3,343
Other Enterprises	272	985	1,392	3,102
Space and Defence	263	272	331	1,713

Source: Company data, Equirus

Exhibit 4: Other Operational Matrix – including strategic order

Other Operational Matrix	FY22	FY23	FY24	FY25	9MFY26
Revenue from repeat customers (in %)	77.7%	90.7%	69.0%	81.4%	80.5%
Customer concentration					
Revenue from Top 5 Customer	38.40%	47.10%	50.30%	50.80%	64.80%
Revenue from Top 10 Customer	49.50%	57.80%	64.50%	65.80%	79.30%
New customer acquisition	174	192	171	147	89

Source: Company data, Equirus

Exhibit 5: Order Pipeline and Order book (at the end of quarter) – excluding strategic orders wins/their pipeline

Order Pipeline and Order Book (Rs.in mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Order pipeline (excluding L1)	22,845	31,479	32,322	34,466	35,477	37,038	38,149	39,714	41,421	42,043	42,703
L1 Order pipeline	5,392	3,496	3,024	3,142	3,225	3,316	3,481	3,628	4,640	3,480	3,316
Total Order Pipeline	28,237	34,975	35,346	37,608	38,702	40,354	41,630	43,342	46,061	45,523	46,019
Order book	994	2,174	3,391	4,112	4,197	3,697	3,603	3,252	2,299	4,939	5,258
Order book + L1 Order pipeline	6,386	5,670	6,415	7,254	7,422	7,013	7,084	6,880	6,939	8,419	8,574

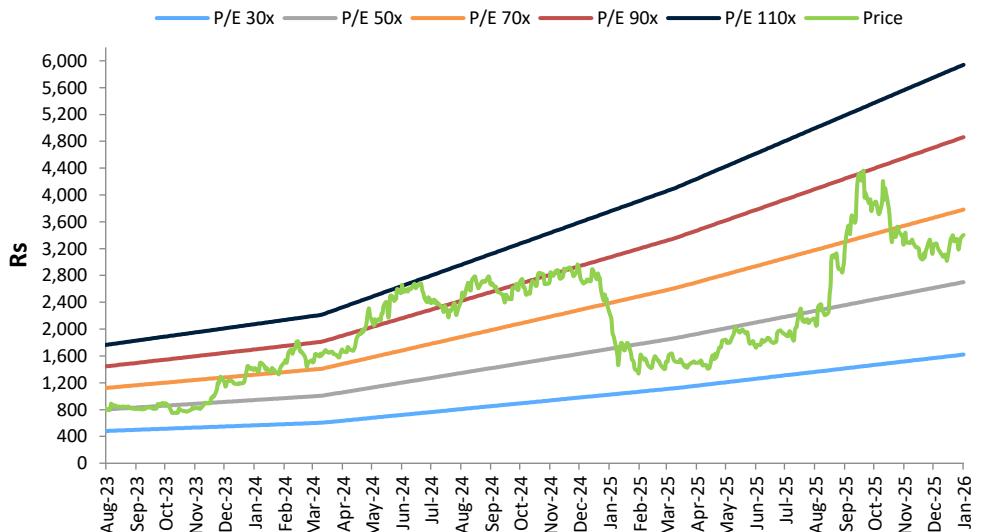
Source: Company data, Equirus

Exhibit 6: Breakup of Revenue from Govt / Non-Govt Customers (in %) – including strategic order

Breakup of Govt and non-govt. customers revenue (in% terms)	FY22	FY23	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Government Customers	61.8%	53.2%	47.3%	59.2%	37.5%	59.9%	52.1%	59.5%	42.50%	25.1%
Non-Government Customers	38.2%	46.8%	52.7%	40.8%	62.5%	40.1%	47.9%	40.5%	57.50%	74.9%

Source: Company data, Equirus

Exhibit 7: 1-year forward PE chart



Source: Company Data, Equisus, Bloomberg

Company Snapshot

How we differ from consensus

Particular (Rs Mn)	Equirus	Consensus	% Diff	Comment
EPS	FY26E	37.3	38.0	-1.6%
	FY27E	57.9	66.0	-12.2%
Sales	FY26E	22,113	24,221	-8.7%
	FY27E	36,172	42,185	-14.3%
PAT	FY26E	2,124	2,268	-6.3%
	FY27E	3,292	3,875	-15.0%

Source: Company data, Equirus

Key Estimates

	Earlier estimates			Revised estimates			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue (Rs mn)	23,556	37,998	33,888	22,113	36,172	33,563	-6.1%	-4.8%	-1.0%
EBITDA (Rs mn)	3,175	4,920	4,952	2,996	4,618	4,856	-5.6%	-6.1%	-1.9%
EBITDA (%)	13.5%	12.9%	14.6%	13.5%	12.8%	14.5%	7 bps	-18 bps	-15 bps
EBIT (Rs mn)	3,027	4,710	4,664	2,854	4,437	4,634	-5.7%	-5.8%	-0.6%
EBIT (%)	12.9%	12.4%	13.8%	12.9%	12.3%	13.8%	5 bps	-13 bps	5 bps
PAT (Rs mn)	2,200	3,443	3,525	2,124	3,292	3,497	-3.4%	-4.4%	-0.8%
EPS* (Rs)	38.7	60.5	61.9	37.3	57.9	61.4	-3.4%	-4.4%	-0.8%

Source: Company data, Equirus; *Weighted average diluted EPS

Our Key Investment arguments:

- We believe that Netweb's growth prospects remains healthy given robust deal pipeline (with reported order pipeline excl. L1 of INR42.70bn with order book plus L1 order pipeline worth INR8.57bn over and above first strategic order win worth of INR17.34bn related to AI Systems unexecuted till 3QFY26-end). Netweb's order pipeline remain robust considering i) its unique tie up with NVIDIA (established a roadmap to design & develop AI GPU systems based on the advanced NVIDIA Blackwell platform), Intel & AMD (it launched Intel Emerald Rapids & AMD Turin based 'Make in India' high-end computing servers), ii) its launch of Skylus.ai - a AI native appliance with built-in GPU abstraction, iii) its ongoing benefit from GOI's announced India AI mission with a budget of over INR 103bn (with GOI's plan to double to INR 200bn) to create a 'Sovereign AI' computing infrastructure as a service (Netweb already won two such strategic orders in Sept'25 and its expectations to win such orders ahead despite its sporadic nature), iv) existing catalysts from increasing adoption of Pvt. Cloud, HPC (launch of NSM 2.0 in Dec 2025), AI Servers (demand generated by indigenous LLMs) across many industries and v) make in India push/data security norms of GOI, vi) Netweb's expansion plans for export (esp. in Europe/M.East) and vii) its R&D focus.
- Considering above, we maintain ADD rating.

Risk to Our View:

- High client concentration and high exposure to Government clients.
- Any material adverse change in relationship/partnership with leading global tech vendors.
- Any intense competition and any execution related issues in large orders.
- Any higher currency depreciation and its impact on raw material prices.
- Any failure in launching new products / solutions and/or failure to meet quality standard.
- Any higher-than-expected attrition in the leadership/R&D team.
- Any major adverse macro / geo-political risks.
- Any breach of the non-compete agreement executed by Netweb with entity of the relative of the promoter. Any adverse actions initiated against the member of the promoter group in relation to the business operations carried out under identical brands (trademarks) in respective markets.
- Any lower-than-expected PLI income and/or higher than expected time for PLI claim approval.
- Any major technology led disruption and its adverse impact on Netweb's products and/or solution offerings

Notes to accounts/Financial statement:

- Netweb changed its accounting policy for valuation of Raw Materials, Finished Goods and Work in Progress from First In First Out (FIFO) to moving weighted average cost method eff. 1QFY26 and restated its prior period numbers (however the impact is not material as per Netweb). Please note that we have not changed the prior period numbers.

Peer Comparison analysis (Table-I)

Company	Revenue			EBITDA			PAT		
	Rs. mn - FY25	CAGR (FY22-FY25)	CAGR (FY25-FY28E)	% - FY25	CAGR (FY22-FY25)	CAGR (FY25-FY28E)	% - FY25	CAGR (FY22-FY25)	CAGR (FY25-FY28E)
Kayne Technology India*	27,218	57%	47%	15.1%	64%	51%	10.8%	92%	45%
Syrma SGS Technology*	37,867	55%	30%	8.6%	51%	37%	4.5%	44%	45%
Dixon Technologies*	3,88,601	54%	33%	3.9%	58%	37%	2.8%	79%	25%
Netweb	11,490	67%	43%	13.9%	67%	45%	10.0%	72%	45%

Source: Company data, Bloomberg, Equirus; *Financials/estimates taken from Bloomberg reported/consensus figures.

Peer Comparison analysis (Table-II)

Company	Sales Growth (%)			EBITDA %			EBIT (%)			PAT Margin (%)			RoE (%)			P/E Ratio			
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY28E
Kayne Technology India*	51%	52%	51%	15.1%	16.1%	15.9%	13.4%	14.2%	13.1%	10.8%	11.4%	10.5%	11.0%	12.0%	12.9%	79.4	51.9	36.7	26.9
Syrma SGS Technology*	20%	27%	32%	8.6%	9.4%	9.7%	6.6%	7.6%	8.2%	4.5%	5.4%	6.0%	10.1%	11.3%	13.0%	72.0	50.0	34.7	26.5
Dixon Technologies*	120%	41%	40%	3.9%	3.9%	3.9%	3.2%	3.2%	3.3%	2.8%	2.2%	2.0%	46.6%	29.4%	29.4%	54.4	55.3	44.2	32.9
Netweb	59%	92%	64%	13.9%	13.5%	12.8%	12.9%	12.9%	12.3%	10.0%	9.6%	9.1%	24.0%	33.7%	37.1%	168.9	91.1	58.8	55.4

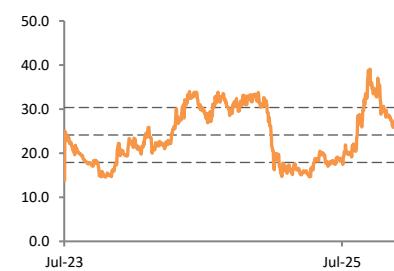
Source: Company data, Bloomberg, Equirus; * Financials/estimates taken from Bloomberg reported/consensus figures; priced as on 19th January 2026 closing prices.

Price to earning chart



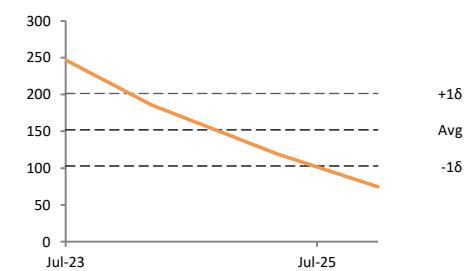
Source: Company, Equirus Research

Price to book chart



Source: Company, Equirus Research

EV-EBITDA chart



Source: Company, Equirus Research

Quarterly performance

Y/E Mar (Rs mn)	1QFY25A	2QFY25A	3QFY25A	4QFY25A	1QFY26A	2QFY26A	3QFY26A	4QFY26E
Revenue	1,493	2,511	3,340	4,147	3,012	3,037	8,049	8,014
COGS	1,092	1,891	2,625	3,218	2,240	2,203	6,681	6,502
Employee Cost	0	0	0	0	0	0	0	0
Other Expenses	201	257	276	331	324	353	380	434
EBITDA	200	363	439	598	448	481	988	1,079
Depreciation	24	26	31	32	33	34	36	39
EBIT	176	337	408	566	415	447	952	1,040
Interest Exp.	0	0	0	0	0	0	0	0
Other Income	31	8	1	13	1	(27)	29	(4)
Profit before Tax	207	345	409	579	416	420	981	1,036
Tax Expenses	52	87	106	149	111	106	248	264
Profit After Tax	154	257	303	430	305	314	733	772
Minority Interest	0	0	0	0	0	0	0	0
Profit/(Loss) from Associates	0	0	0	0	0	0	0	0
Recurring PAT	154	257	303	430	305	314	733	772
Exceptional Items	0	0	0	0	0	0	0	0
Reported PAT	154	257	303	430	305	314	733	772
Other comprehensive income.	0	0	0	0	0	0	0	0
PAT after comp. income.	154	257	303	430	305	314	733	772
FDEPS	2.7	4.5	5.3	7.5	5.4	5.5	12.9	13.6
Cost items as % of sales								
RM expenses	73.1	75.3	78.6	77.6	74.4	72.5	83.0	81.1
Employee expenses	13.5	10.2	8.3	8.0	10.7	11.6	4.7	5.4
Margin (%)								
Gross Margin	26.9	24.7	21.4	22.4	25.6	27.5	17.0	18.9
EBITDA Margin	13.4	14.5	13.2	14.4	14.9	15.8	12.3	13.5
PAT Margin	10.3	10.2	9.1	10.4	10.1	10.3	9.1	9.6
YoY Growth (%)								
Sales	149.7	73.2	31.8	55.9	101.7	21.0	141.0	93.3
EBITDA	131.8	88.8	28.3	47.9	124.0	32.5	124.8	80.5
EBIT	139.4	89.1	25.9	46.3	136.1	32.7	133.1	83.8
PAT	203.4	69.8	16.6	45.0	97.4	22.2	141.8	79.5

Key Financials (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	2,470	4,450	7,241	11,490	22,113	36,172	33,563
COGS	1,865	3,244	5,445	8,825	17,626	29,493	25,989
Employee Cost	0	0	0	0	0	0	0
Other Expenses	260	506	770	1,065	1,490	2,061	2,719
EBITDA	346	700	1,025	1,600	2,996	4,618	4,856
Depreciation	16	37	63	113	143	181	222
EBIT	330	664	963	1,487	2,854	4,437	4,634
Interest Exp.	(27)	(26)	(50)	(21)	(61)	(92)	(76)
Other Income	0	(8)	107	74	60	76	135
Profit before Tax	302	630	1,020	1,540	2,853	4,421	4,694
Tax Expenses	78	160	261	395	729	1,129	1,197
Profit After Tax	225	469	759	1,145	2,124	3,292	3,497
Minority Interest	0	0	0	0	0	0	0
Profit/(Loss) from Associates	0	0	0	0	0	0	0
Recurring PAT	225	469	759	1,145	2,124	3,292	3,497
Exceptional Items	0	0	0	0	0	0	0
Reported PAT	225	469	759	1,145	2,124	3,292	3,497
Other comprehensive income.	0	0	0	0	0	0	0
PAT after comp. income.	225	469	759	1,145	2,124	3,292	3,497
FDEPS	4.4	9.2	13.3	20.1	37.3	57.8	61.4
DPS	0	1	2	3	4	6	6
BVPS	9	18	74	93	128	183	239

YoY Growth (%)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	73.0	80.1	62.7	58.7	92.4	63.6	(7.2)
EBITDA	140.6	102.4	46.4	56.1	87.3	54.1	5.2
EBIT	154.9	101.3	45.1	54.4	91.9	55.5	4.5
PAT	172.8	109.0	61.7	50.8	85.6	55.0	6.2

Key Ratios

Profitability (%)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Gross Margin	24.5	27.1	24.8	23.2	20.3	18.5	22.6
EBITDA Margin	14.0	15.7	14.2	13.9	13.5	12.8	14.5
PAT Margin	9.1	10.5	10.5	10.0	9.6	9.1	10.4
ROE	67.8	68.0	29.4	24.0	33.7	37.1	29.1
ROIC	37.5	47.2	28.5	24.0	33.9	37.3	29.1
Core ROIC	42.5	53.2	44.0	38.8	47.7	53.1	39.6
Dividend Payout	0.0	5.4	14.9	12.3	10.0	10.0	10.0

CAGR (%)	1 year	2 years	3 years	5 years	7 years	10 years
Revenue	58.7	60.7	66.9	49.1	52.6	NA
EBITDA	56.1	51.2	66.6	81.8	75.0	NA
PAT	50.8	56.2	72.1	96.5	104.4	NA

Valuation (x)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	771.8	369.2	255.4	169.3	91.2	58.9	55.4
P/B	390.6	185.0	45.9	36.5	26.5	18.6	14.2
P/FCFF	(5,145.0)	2,247.3	(2,992.7)	(509.4)	461.6	129.4	518.4
EV/EBITDA	558.0	275.6	185.9	119.4	63.7	41.0	39.0
EV/Sales	78.1	43.4	26.3	16.6	8.6	5.2	5.6
Dividend Yield (%)	0.0	0.0	0.1	0.1	0.1	0.2	0.2

Balance Sheet

Y/E Mar (Rs mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Equity Capital	57	102	113	113	114	114	114
Reserves	387	835	4,115	5,190	7,200	10,306	13,497
Net Worth	444	937	4,228	5,303	7,314	10,420	13,611
Total Debt	336	304	16	13	72	58	48
Other long term liabilities	10	53	80	67	64	93	140
Minority Interest	0	0	0	0	0	0	0
Account Payables	533	1,034	1,266	2,979	10,107	4,907	7,369
Other Current Liabilities	165	333	535	572	2,221	1,038	1,248
Total Liabilities	1,486	2,660	6,125	8,934	19,777	16,516	22,416
Gross Fixed Assets	107	222	445	599	782	1,005	1,350
Acc. Depreciation	(11)	(38)	(78)	(154)	(270)	(422)	(613)
Net Fixed Assets	96	184	367	445	512	583	737
Capital WIP	5	18	6	56	5	50	25
long term investments	0	0	0	0	0	0	0
Others	29	74	152	179	178	241	293
Inventory	383	541	1,147	2,228	4,098	4,311	6,759
Receivables	778	1,515	1,838	3,615	11,803	6,382	9,572
Loans and advances	0	0	0	0	0	0	0
Other current assets	111	189	399	612	1,035	1,482	1,458
Cash & Cash Equivalents.	84	139	2,216	1,798	2,146	3,467	3,572
Total Assets	1,486	2,660	6,125	8,934	19,777	16,516	22,416
Non-Cash WC	575	879	1,583	2,905	4,608	6,230	9,172
Cash Conv. Cycle	85.0	72.1	79.8	92.3	76.1	62.9	99.7
WC Turnover	4.3	5.1	4.6	4.0	4.8	5.8	3.7
Gross Asset Turnover	23.0	20.0	16.3	19.2	28.3	36.0	24.9
Net Asset Turnover	25.8	24.1	19.7	25.8	43.2	62.0	45.5
Net D/E	0.6	0.2	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)
Days (x)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Receivable Days	115	124	93	115	195	64	104
Inventory Days	57	44	58	71	68	44	74
Payable Days	104	116	85	123	209	61	103
Non-cash WC days	85	72	80	92	76	63	100
Cash Flow							
Y/E Mar (Rs mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Profit Before Tax	302	630	1,020	1,540	2,853	4,421	4,694
Depreciation	16	37	63	113	143	181	222
Others	0	23	55	(16)	27	26	24
Tax paid	(75)	(156)	(263)	(402)	(742)	(1,149)	(1,220)
Change in WC	(217)	(277)	(668)	(1,357)	(1,719)	(1,663)	(2,955)
Operating Cashflow	26	256	206	(122)	562	1,816	764
Capex	(59)	(179)	(271)	(259)	(142)	(318)	(390)
Change in Invest.	(7)	(4)	(1,251)	1,222	(150)	(152)	29
Others	0	0	9	26	0	0	0
Investing Cashflow	(66)	(183)	(1,514)	989	(292)	(470)	(361)
Change in Debt	45	(32)	(288)	(4)	59	(14)	(10)
Change in Equity	0	0	2,571	1	0	0	0
Others	(4)	9	(150)	(61)	(131)	(162)	(259)
Financing Cashflow	40	(22)	2,133	(64)	(72)	(176)	(269)
Net Change in Cash	0	51	826	804	198	1,170	134

Source: Company, Equirus Research

**Rating & Coverage Definitions:****Absolute Rating**

- LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies
- ADD: ATR >= 5% but less than Ke over investment horizon
- REDUCE: ATR >= negative 10% but <5% over investment horizon
- SHORT: ATR < negative 10% over investment horizon

Relative Rating

- OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon
- BENCHMARK: likely to perform in line with the benchmark
- UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon

Investment Horizon

Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter

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