

05 May 2026

India | Equity Research | Results Update

Netweb Technologies India

Technology

Robust organic execution despite macro headwinds and supply constraints

NETWEB (sole end-to-end HCS play in the Indian listed space) reported robust revenue growth of 87% YoY in Q4FY26, led by traction in HPC/ AI & EW segment from execution of a strategic order worth INR 1,084mn. EBITDA margin was muted at 12.5% (but up 30bps QoQ) on higher volume execution from strategic orders. PAT margin at 9.1% was within the company's guided range of 9-10%. Key notables: 1) continued strong growth in top-3 strategic segments; 2) strong pipeline at INR 44.3bn, up 12% YoY; 3) strong partnerships with suppliers 4) Free cashflow turning positive 5) robust organic growth of 60% YoY in Q4FY26. IndiaAI mission led strategic order worth INR5,588mn was executed in FY26, vs. expected INR 7227mn. Maintain **BUY** with an unchanged one-year forward P/E of 56x and roll over to Mar'27 TP of INR 4,500.

Organic growth on track

Organic revenue grew 60% YoY in Q4FY26; in-line with I-Sec's ahead of the street estimates. Full year organic growth of 41.4% slightly exceeded management's guidance of 30-40%. IndiaAI order book got deferred to FY27. Q4FY26 saw IndiaAI led revenue of INR1,084mn, vs. INR4,504mn in Q3FY26. Company reported revenue growth 87% YoY vs. I-Sec/ consensus estimate of 127% / 102%. Organic growth (ex-strategic orders) was at a strong 60.4% YoY; in-line with I-Sec estimates). EBITDA margin was at 12.5%, down 181 bps YoY, vs. I-sec/ consensus estimate of 11.4%/ 15.2%. Top-3 strategic segments: HPC/ Private cloud & HCI/ AI & EW formed 90% of revenue vs. 94% in Q3FY26 and 84% in Q4FY25. HPC/ HCI/ AI& EW 59%/ 36%/ 351% YoY in Q4FY26. Order pipeline excluding L1 was at INR 44,315mn, up 4%/ 12% QoQ/ YoY. Organic order book/ order inflow was at INR 4,724 / 7,203mn. PAT margin was at 9.1%, in-line with consensus estimate of 9.2%. Free cash flow for the company was at INR1.6bn in FY26, vs. negative FCF in FY24-25.

Guidance intact

Backed by govt's continued focus on building sovereign AI infrastructure, original strategic demand order worth INR21.8bn remains on track with some spill over to Q1FY27. The organic revenue growth target remains intact within 35-40%. Strategic order worth INR5.6bn was implemented in FY26, the rest of strategic order worth ~INR16.2bn will be implemented in FY27. AI led pipeline remains strong for the next 18-24 months. EBITDA margin guidance remains at 13-14%. No significant capex is expected in FY27.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	11,490	21,836	45,286	45,579
EBITDA	1,600	2,849	5,963	6,381
EBITDA Margin (%)	13.9	13.0	13.2	14.0
Net Profit	1,145	2,059	4,297	4,576
EPS (INR)	20.2	36.2	75.5	80.4
EPS % Chg YoY	50.0	79.0	108.7	6.5
P/E (x)	194.4	108.6	52.0	48.9
EV/EBITDA (x)	138.3	78.4	37.1	34.5
RoCE (%)	23.1	26.4	32.6	28.6
RoE (%)	24.0	32.8	46.6	34.3

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Market Data

Market Cap (INR)	224bn
Market Cap (USD)	2,346mn
Bloomberg Code	NETWEB IN Equity
Reuters Code	NETE.BO
52-week Range (INR)	4,480 / 1,494
Free Float (%)	29.0
ADTV-3M (mn) (USD)	82.5

Price Performance (%)	3m	6m	12m
Absolute	21.9	8.2	176.3
Relative to Sensex	29.7	15.6	180.3

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	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	1.2	-0.6
EBITDA	1.8	-0.1
EPS	4.7	-0.1

Previous Reports

06-04-2026: [Q4FY26 ER&D Preview](#)

20-01-2026: [Q3FY26 results review](#)

Other highlights

- **Full year performance:** Revenue grew by 90% in FY26 vs. 59% in FY25, led by traction in AI & EW segment. Full year organic growth was at 41.4%, exceeding management's guidance of 30-40%. EBITDA margin was at 13% vs. 13.9% in FY25, lying within the guided range of 13-14%. HPC/ Private cloud and HCI/ AI and enterprise work stations grew by 31%/28%/ 460% in FY26.
- **Strong growth in top-3 strategic segments:** Top-3 strategic segments of HPC, HCI and AI & EW form 90% of quarterly revenue vs. 94% in Q3FY26 and 84% in Q4FY25. Top-3 strategic segment growth stood at 100.9% YoY vs. 28% in Q4FY25.
- **Cash conversion cycle rangebound:** Cash conversion cycle was flat YoY at 73 days, as revenue mix shifted more towards government clients (Q4FY26 revenue mix = Private: Govt: 45%: 55%) and inventory days came down on large order execution. Going forward, management expects cash conversion cycle to broadly lie within the range of 90-110 days.
- **Strong organic orderbook:** Orderbook at INR 4,724mn was up 45% YoY. L1 at INR 3,278mn 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 set up growth predictability for NETWEB.

Miscellaneous:

- Revenue from repeat clients stood at 75.6% for FY26 (vs. 81.4% in FY25). 131 new clients have been onboarded in FY26 vs. 147 in FY25.
- Company has cash and cash equivalents of INR 3.65bn vs. INR 2.05bn in Q3FY26. NETWEB's borrowings stood at INR 2,716.7mn in Q4FY26 (vs. INR35.5mn in Q3FY26).
- Company maintains its focus on having strong R&D capabilities.
- New customers stood at 131 vs. 89 in Q3FY26 and 147 in Q4FY25. Top 5/10 clients formed 62.2%/ 76.4% in FY26 vs. 50.8%/65.8% in FY25.
- Company has announced a final dividend of INR3/sh.
- Netweb is not targeting hyperscaler plays as India's domestic demand remains the key focus area. But the company remains open to working with hyperscalers.

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

Exhibit 1: Quarterly and annual performance

INR mn	Q4FY26	Q3FY26	QoQ, %	Q4FY25	YoY, %	FY25	FY26	YoY, %
Revenue	7,737	8,049	-3.9%	4,147	86.6%	11,490	21,836	90.0%
EBITDA	966	979	-1.4%	593	63.0%	2,849	6,135	115.3%
EBITDA margin, %	12.5%	12.2%	31	14.3%	-181	24.8%	28.1%	330
EBIT	927	943	-1.7%	561	65.4%	1,487	2,707	82.1%
EBIT margin, %	12.0%	11.7%	27	13.5%	-154	12.9%	12.4%	-54
PAT	706	733	-3.7%	426	65.7%	1,145	2,059	79.9%
PAT margin, %	9.1%	9.1%	2	10.3%	-115	10.0%	9.4%	-53
EPS	12.5	12.9	-3.7%	7.5	65.7%	20	36	79.0%

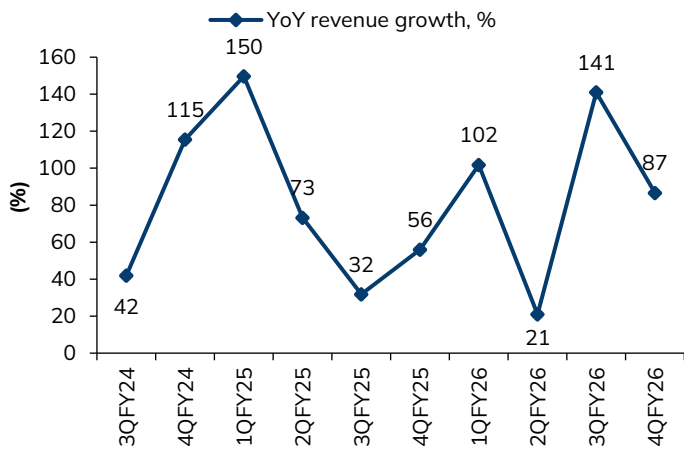
Source: I-Sec research, Company data

Exhibit 2: Change in estimates

in INR mn	New estimates		Old estimates		Change, %	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Change in estimates						
Sales	45,286	45,579	44,729	45,839	1.2%	-0.6%
EBITDA	5,963	6,381	5,859	6,387	1.8%	-0.1%
EBITDA margin, %	13.2	14.0	13.1	13.9		
EPS	75	80	72	80	4.7%	-0.1%

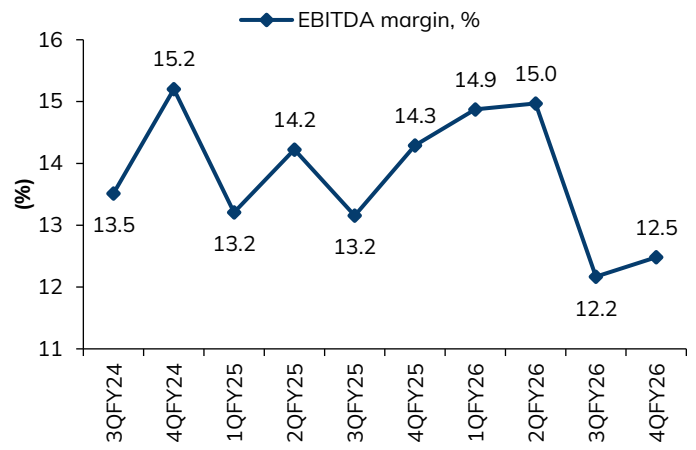
Source: I-Sec research, Company data

Exhibit 3: YoY revenue growth higher than Q4FY25 print



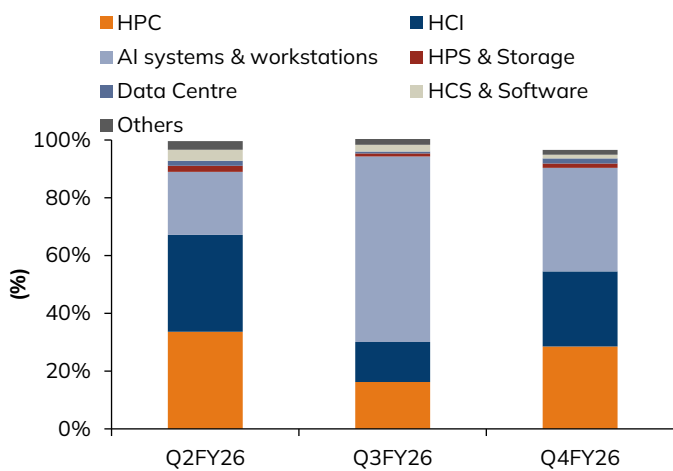
Source: I-Sec research, Company data

Exhibit 4: EBITDA margin at 12.5%, down 180bps YoY on a large strategic order execution worth INR 1,084mn



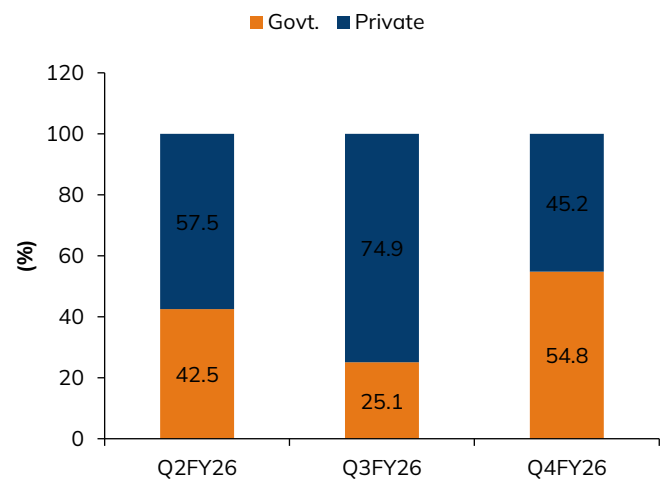
Source: I-Sec research, Company data

Exhibit 5: Change in revenue mix – share of AI and EW goes from 64% in Q3FY26 to 36% in Q4FY26



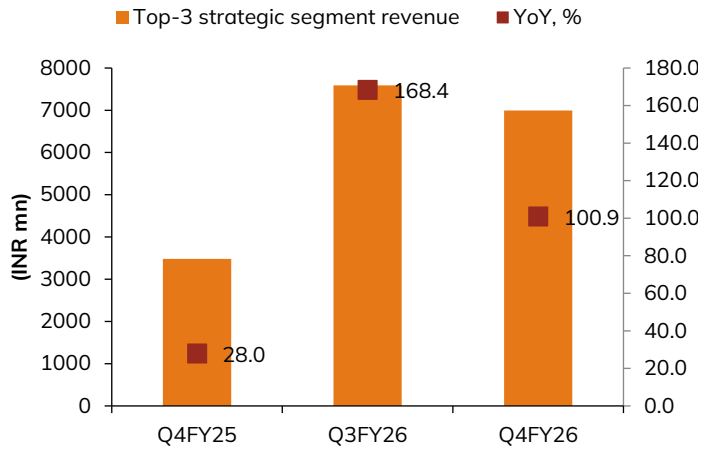
Source: I-Sec research, Company data

Exhibit 6: Change in revenue mix- share of govt. increases



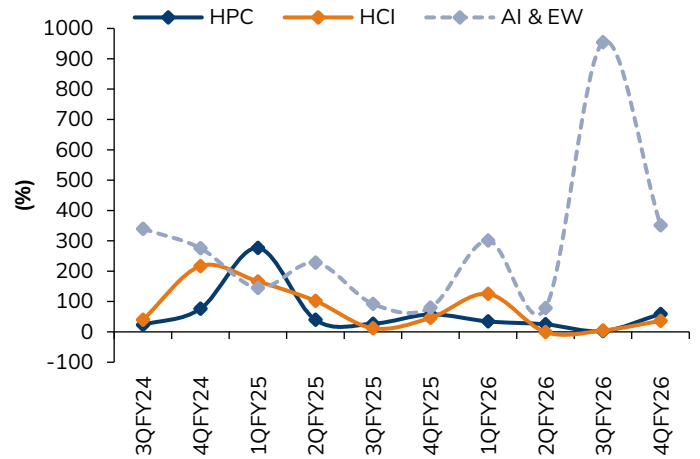
Source: I-Sec research, Company data | * excludes deals under IndiaAI mission

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



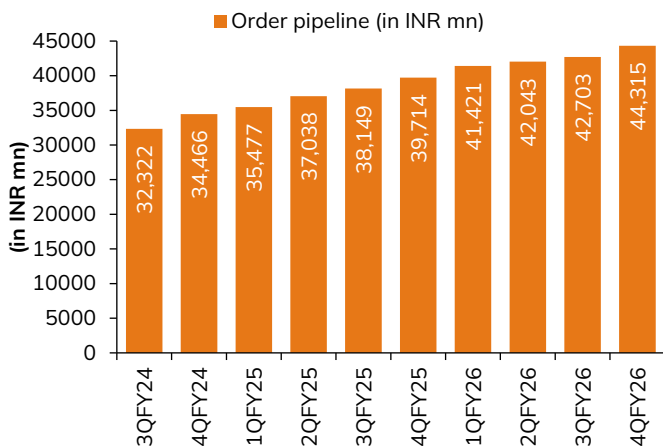
Source: Bloomberg, I-Sec research

Exhibit 8: AI & EW segment's 351% YoY uptick drives growth; HPC, HCI's YoY growth improves



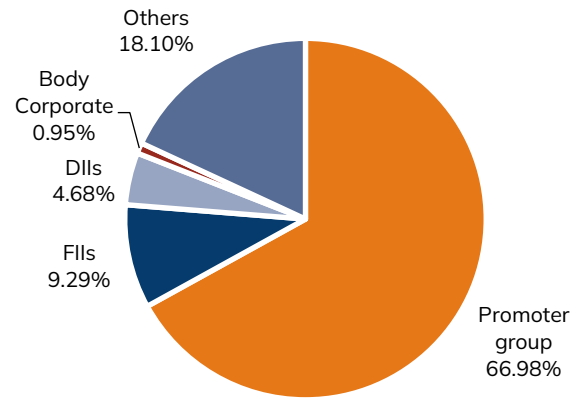
Source: Bloomberg, I-Sec research

Exhibit 9: Order pipeline strong



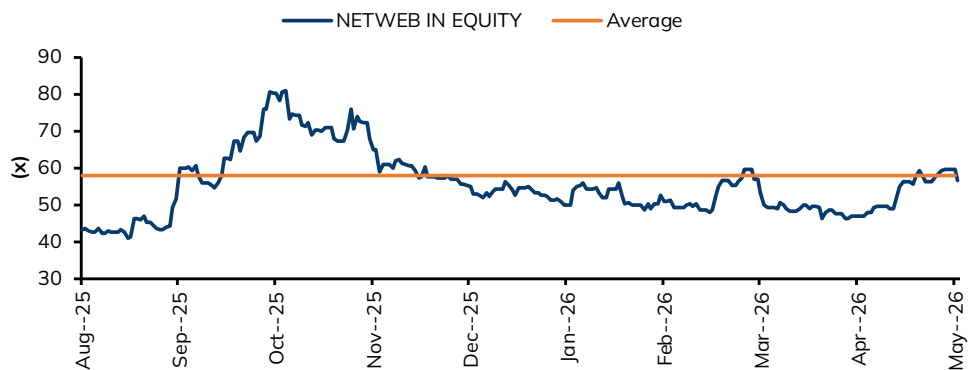
Source: I-Sec research, Company data

Exhibit 10: Promoter holding at 67%



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

%	Sep'25	Dec'25	Mar'26
Promoters	71.0	71.0	67.0
Institutional investors	14.4	12.9	9.4
MFs and others	3.3	3.0	4.1
FIs/Banks	0.0	0.3	0.3
Insurance	0.0	0.0	0.3
FIIIs	11.1	9.6	4.7
Others	14.6	16.2	23.7

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	FY26A	FY27E	FY28E
Net Sales (INR. mn)	11,490	21,836	45,286	45,579
Operating Expense	9,890	18,986	39,323	39,198
EBITDA	1,600	2,849	5,963	6,381
EBITDA Margin (%)	13.9	13.0	13.2	14.0
Depreciation & Amortization	113	142	227	280
EBIT	1,487	2,707	5,736	6,101
Interest expenditure	41	130	151	151
Other Non-operating Income	94	188	190	200
Recurring PBT	1,540	2,766	5,776	6,150
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	395	707	1,479	1,575
PAT	1,145	2,059	4,297	4,576
Less: Minority Interest	-	-	-	-
Net Income (Reported)	1,145	2,059	4,297	4,576
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	1,145	2,059	4,297	4,576

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	8,254	21,899	29,905	25,274
of which cash & cash eqv.	1,701	3,655	8,021	3,965
Total Current Liabilities & Provisions	3,534	12,470	16,389	12,493
Net Current Assets	4,720	9,429	13,516	12,781
Investments	-	-	-	-
Net Fixed Assets	475	553	2,758	2,778
ROU Assets	-	-	-	-
Capital Work-in-Progress	56	15	15	15
Goodwill	-	-	-	-
Other assets	119	59	59	59
Deferred Tax Assets	-	-	-	-
Total Assets	5,400	10,080	16,377	15,662
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	114	114
Reserves & Surplus*	5,190	7,119	11,115	15,371
Total Net Worth	5,303	7,233	11,229	15,485
Total Liabilities	5,400	10,080	16,377	15,662

Source Company data, I-Sec research

Exhibit 16: Quarterly trend

(INR mn, year ending March)

	Jun-25	Sep-25	Dec-25	Mar-26
Net Sales	3,012	3,037	8,049	7,737
% growth (YoY)	102%	21%	141%	86%
EBITDA	448	455	979	966
Margin %	14.9%	15.0%	12.2%	12.5%
Other Income	11	9	66	102
Extraordinaries	-	-	-	-
Adjusted Net Profit	305	314	733	706

Source Company data, I-Sec research

Exhibit 17: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
CFO before WC changes	1,659	1,678	5,963	6,381
CFO after WC changes	262	1,026	4,005	3,059
Tax Paid	(394)	689	(1,479)	(1,575)
Cashflow from Operations	(132)	1,715	2,526	1,484
Capital Commitments	(229)	(105)	(200)	(300)
Free Cashflow	(361)	1,610	2,326	1,184
Other investing cashflow	1,345	(2,059)	190	200
Cashflow from Investing Activities	1,116	(2,164)	(10)	(100)
Dividend and Buyback	-	-	-	-
Inc (Dec) in Borrowings	(24)	(33)	2,283	(4,990)
Others	-	-	-	-
Cash flow from Financing Activities	(180)	2,404	1,849	(5,441)
Chg. in Cash & Bank balance	804	1,954	4,366	(4,057)
Closing cash & balance	1,701	3,655	8,021	3,965

Source Company data, I-Sec research

Exhibit 18: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	20.2	36.2	75.5	80.4
Diluted EPS	20.2	36.2	75.5	80.4
Cash EPS	22.2	38.7	79.5	85.3
Dividend per share (DPS)	2.5	2.5	5.3	5.6
Book Value per share (BV)	93.6	127.0	197.2	272.0
Dividend Payout (%)	12.4	6.9	7.0	7.0
Growth (%)				
Net Sales	58.7	90.0	107.4	0.6
EBITDA	56.1	78.1	109.3	7.0
EPS	50.0	79.0	108.7	6.5
Valuation Ratios (x)				
P/E	194.4	108.6	52.0	48.9
P/CEPS	176.9	101.6	49.4	46.1
P/BV	42.0	30.9	19.9	14.4
EV / EBITDA	138.3	78.4	37.1	34.5
P/S	19.4	10.3	5.0	4.9
Dividend Yield (%)	0.1	0.1	0.1	0.1
Operating Ratios				
EBITDA Margins (%)	13.9	13.0	13.2	14.0
EBIT Margins (%)	12.9	12.4	12.7	13.4
Effective Tax Rate (%)	25.7	25.6	25.6	25.6
Net Profit Margins (%)	10.0	9.4	9.5	10.0
Inventory Turnover Days	53.6	85.9	70.2	67.5
Fixed Asset Turnover (x)	23.9	39.7	27.1	16.4
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)	(13.3)	(14.2)
Profitability Ratios				
RoCE (%)	23.1	26.4	32.6	28.6
RoC (%)	31.7	31.7	51.4	39.0
RoNW (%)	24.0	32.8	46.6	34.3

Source Company data, I-Sec research

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