

# Netweb Technologies India Limited

## Limited upside; downgrade to ADD.

CMP  
Rs 3,799

Rating  
ADD

Target Price  
Rs 4,005  
Dec 2026  
Upside  
5% (↑)

- Netweb's 2Q performance was largely in-line on Revenues but with beat on OPM.
- We believe that Netweb's growth prospects is further strengthening given healthy deal pipeline (with reported order pipeline excl. L1 of INR 42.04bn with order book plus L1 order pipeline worth INR 8.42bn over and above two strategic order wins in Sept'25 worth of INR 21.840bn related to AI Systems). As per Netweb, its order pipeline remain robust (even after strong Consol. order intake) 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 mentioned hereinabove and its expectations to win such orders ahead despite its sporadic nature and same not part of pipeline disclosed by it), iv) existing catalysts from increasing adoption of Pvt. Cloud, HPC (NSM 2.0 to be launched soon), AI Servers (demand generated by indigenous LLMs) across many industries and v) make in India push and data security norms of GOI, vi) Netweb's expansion plans for export (esp. in Europe/M.East) and vii) its continued focus on R&D.
- We believe that Netweb's above growth potential to some extent is getting priced in considering significant uptick in its share price (+151% in FY26 YTD/+72% since Aug'25-End). Hence, we downgrade Netweb to ADD (from LONG earlier) with Dec'26 TP of Rs.4,005 (Sep'26; Rs.2,510 earlier) set at fwd. PE of 65x EPS of Rs.61.6 (with EPS CAGR of 45% over FY25-FY28E/73% over FY25-FY27E) vs. earlier at 50x EPS of Rs.50.2.

**2Q Sales largely in-line:** Netweb reported Sales growth of 21% yoy in 2Q (EE:+21.7%). Sales from Super Computing (HPC/SPC)/Pvt. Cloud & HCI / AI Systems / Storage / DC Server / Software-Services / Spares / Network-Switches grew +25%/-1%/+78%/+81%/-35%/+121%/-26%/+61% in 2Q on YoY. In 1H AI Sys. formed 25% (FY25:15%) of Sales.

**Beat on OPM:** Netweb reported 27.5%/15.8%/14.7% GM/Adj. EBITDAM/Adj. EBITM (adjusted to incl. Fx losses in Net Other Income vs. reported as part of Other Exps.) in 2Q vs. EE of GM/EBITDAM/EBITM of 26.0%/13.8%/12.6%. For FY26E Netweb reiterated its EBITDAM guidance of 13-14% and PATM guidance of 10.0-10.5% (excl. execution of the two strategic orders worth INR 21.84bn; around 1/3<sup>rd</sup> to be executed in FY26E itself and balance in FY27E). Including execution of these two strategic orders it expects PBTM to be lower by around 150–200 bps.

**Healthy order pipeline:** Despite strong show on sales in 1H, order book stood at INR 4.94bn (INR 2.30bn qoq) with order pipeline (ex. L1) worth INR 42.04bn (INR 41.42bn qoq) and L1 pipeline worth INR 3.48bn (INR 4.64bn qoq) at end of 2QFY26.

**Valuations:** Our 1-yr target PE is now close to Netweb's mean since listing (vs. earlier assigned 30-35% discount to factor solid strengthening of its growth profile on back of its recent strong order wins and its pipeline). In our view, Netweb needs to tighten its working capital and FCF generation on consistent basis (FCF improved in 1H also due to some customer advance for strategic deals it won in Sept'25).

### Financial Summary

| YE Mar<br>Rs mn | Sales  | EBITDA | Recurring<br>PAT | EPS (Rs) | P/E (x) | P/B (x) | EV/<br>EBITDA (x) | ROE (%) | Core<br>ROIC (%) | EBITDA<br>Margin (%) |
|-----------------|--------|--------|------------------|----------|---------|---------|-------------------|---------|------------------|----------------------|
| FY25A           | 11,490 | 1,600  | 1,145            | 20.1     | 189.0   | 40.8    | 133.4             | 24.0    | 38.8             | 13.9                 |
| FY26E           | 23,556 | 3,175  | 2,200            | 38.6     | 98.3    | 29.3    | 67.1              | 34.7    | 50.5             | 13.5                 |
| FY27E           | 37,998 | 4,920  | 3,443            | 60.5     | 62.8    | 20.3    | 43.0              | 38.2    | 55.8             | 12.9                 |
| FY28E           | 33,888 | 4,952  | 3,525            | 61.9     | 61.4    | 15.6    | 42.7              | 28.8    | 39.4             | 14.6                 |

Source: Company, Equirus Securities

### Estimate Revision

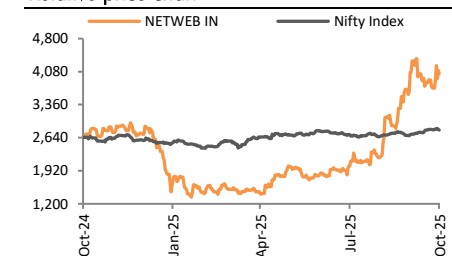
|         | Forecasts |        | % Change |       |
|---------|-----------|--------|----------|-------|
| (Rs mn) | FY26E     | FY27E  | FY26E    | FY27E |
| Sales   | 23,556    | 37,998 | 38.8%    | 58.4% |
| EBITDA  | 3,175     | 4,920  | 33.8%    | 44.0% |
| PAT     | 2,200     | 3,443  | 30.2%    | 41.9% |
| EPS     | 38.6      | 60.5   | 30.3%    | 41.9% |

### Stock Information

|                         |             |
|-------------------------|-------------|
| Market Cap (Rs Mn)      | 2,15,217    |
| 52 Wk H/L (Rs)          | 4,480/1,252 |
| Avg Daily Volume (1 yr) | 11,84,063   |
| Avg Daily Value (Rs Mn) | 3,436.6     |
| Equity Cap (Rs Mn)      | 113         |
| Face Value (Rs)         | 2           |
| Share Outstanding (Mn)  | 56.7        |
| Bloomberg Code          | NETWEB IN   |
| Ind Benchmark           | BSE IT      |

| Ownership (%) | Recent | 3M    | 12M   |
|---------------|--------|-------|-------|
| Promoters     | 71.0   | (0.0) | (0.4) |
| DII           | 3.6    | (0.7) | (2.0) |
| FII           | 10.8   | 1.3   | (1.3) |
| Public        | 14.6   | (0.6) | 3.7   |

### Relative price chart



Source: Bloomberg

### Analysts

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## Exhibit 1: Quarterly performance

| Particulars                | Q2FY26 | Q2FY26E | Q1FY26 | Q2FY25 | % Change |          |         | Comments                                                                                       |
|----------------------------|--------|---------|--------|--------|----------|----------|---------|------------------------------------------------------------------------------------------------|
|                            |        |         |        |        | Q2FY26E  | Q1FY26   | Q2FY25  |                                                                                                |
| Net Sales (Rs Mn)          | 3,037  | 3,054   | 3,012  | 2,511  | -0.6%    | 0.8%     | 21.0%   | Largely in-line with expectations                                                              |
| COGS                       | 2,203  | 2,260   | 2,240  | 1,891  | -2.5%    | -1.7%    | 16.5%   |                                                                                                |
| Other Expenses             | 353    | 371     | 324    | 257    | -5.0%    | 9.0%     | 37.3%   |                                                                                                |
| Total Expenditures         | 2,556  | 2,631   | 2,564  | 2,148  | -2.9%    | -0.3%    | 19.0%   |                                                                                                |
| EBITDA                     | 481    | 423     | 448    | 363    | 13.8%    | 7.4%     | 32.5%   | Above EE led by better margins.                                                                |
| Depreciation               | 34     | 37      | 33     | 26     | -6.1%    | 3.3%     | 30.0%   |                                                                                                |
| EBIT                       | 447    | 386     | 415    | 337    | 15.7%    | 7.8%     | 32.7%   |                                                                                                |
| Other Income               | -26.68 | 10.22   | 1.27   | 8      | -361.1%  | -2200.8% | -438.1% |                                                                                                |
| PBT                        | 420    | 397     | 416    | 345    | 6.0%     | 1.0%     | 22.0%   |                                                                                                |
| Tax                        | 106    | 100     | 111    | 87     | 5.8%     | -4.8%    | 21.1%   |                                                                                                |
| Profit from JV/Asso and MI | -      | -       | -      | -      |          |          |         |                                                                                                |
| Recurring PAT              | 314    | 296     | 305    | 257    | 6.0%     | 3.1%     | 22.2%   | Above EE led by better operating margins partially offset by lower than expected other income. |
| Extraordinaries            | -      | -       | -      | -      |          |          |         |                                                                                                |
| Reported PAT               | 314    | 296     | 305    | 257    | 6.0%     | 3.1%     | 22.2%   |                                                                                                |
| Recurring. EPS (Rs)        | 5.5    | 5.2     | 5.4    | 4.6    | 6.0%     | 3.1%     | 21.6%   |                                                                                                |
| EBITDA Margin              | 15.8%  | 13.8%   | 14.9%  | 14.5%  | 200 bps  | 97 bps   | 138 bps |                                                                                                |
| EBIT Margin                | 14.7%  | 12.6%   | 13.8%  | 13.4%  | 207 bps  | 94 bps   | 130 bps |                                                                                                |
| PBT Margin                 | 13.8%  | 13.0%   | 13.8%  | 13.7%  | 85 bps   | 2 bps    | 11 bps  |                                                                                                |
| PAT Margin                 | 10.3%  | 9.7%    | 10.1%  | 10.2%  | 64 bps   | 23 bps   | 11 bps  |                                                                                                |
| Tax Rate                   | 25.2%  | 25.3%   | 26.7%  | 25.4%  | -4 bps   | -154 bps | -17 bps |                                                                                                |

Source: Company, Equirus Securities

## 2QFY26 Earnings call takeaways

- **Revenue:** During 2QFY26 total revenue up 21% yoy and stood at Rs. 3,037mn. Going forward Netweb expects healthy revenue growth in coming years as well (reiterated its growth outlook of around 35-40% CAGR in next 2-3 excluding revenues from the strategic orders worth Rs. 21,840mn in Sep'25 and any such strategic order wins ahead).
- **Revenue by Service Offering:**
  - Among product/solution offering, High Performance Computing (HPC), Pvt Cloud & HCL, AI Workstation, High Performance Storage (HPS), Data Center Server, Software & Services, Other Spares, Network switches Sales in 2QFY26 grew +25%/-1% /+78%/+81%/-35%/+121%/-26%/+61% YoY, respectively.
  - Netweb reiterated their strategic focus on three major offerings (ie. HPC, Private Cloud and AI) which contributed 89% of their total revenue in 2QFY26/c.85% of its sales in FY25.
  - In 2Q/1H FY26 AI and Workstation systems formed 21.8%/25.4% of sales (vs. 14.7%/11.0% in FY25/FY24). 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.
  - During 2H FY24 Netweb has launched Network Switches, and which has contributed Rs. 17mn in 1QFY26 (vs. Rs.33mn in FY24 and Rs.123mn in FY25).
- **Revenue from Govt customer/non-Govt customer:** Netweb mentioned its 50% business comes from government and 50% from enterprises clients and it may vary sequentially. Revenue from Govt customer/non-Govt customer stood at 42.5%/57.5% in 2Q vs. 59.5%/40.5%.
- **Revenue from Exports:** Netweb started receiving export orders in FY25 (aligns with their growth strategy to enter overseas markets). Netweb expects around 5-6% export contribution ahead (of its revenue excluding the revenue from the strategic orders).
- **Margin Management:**
  - Netweb reported 27.5%/15.8%/14.7% GM/Adj. EBITDAM/Adj. EBITM (adjusted to incl. Fx losses in Net Other Income vs. reported as part of Other Exps.) in 2Q vs. EE of GM/EBITDAM/EBITM of 26.0%/13.8%/12.6%. For FY26E Netweb reiterated its EBITDAM guidance of 13-14% and PATM guidance of 10.0-10.5% (excl. execution of the two strategic orders worth INR 21.84bn; around 1/3rd to be executed in FY26E itself and balance in FY27E). Including execution of these two strategic orders it expects PBTM to be lower by around 150-200 bps.
  - 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.
- **Order Pipeline and Order book (including two strategic orders):**
  - **Order Pipeline:** Reported order pipeline worth INR 42,043mn besides L1 order pipeline worth INR 3,480mn qoq implying total order pipeline worth INR 45,523mn at 2QFY26-end. Reported order book came INR 4,939mn. At end of 2QFY26, order book and L1 order pipeline are worth INR 8,419mn. The order pipeline, L1 pipeline and order intake does not include Sovereign AI related pipeline and/or two mega/large deal 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.
- **Strategic Order win in 2QFY26:**
  - Netweb reported strategic order book worth INR 21,840mn (two such mega/large deal announced worth INR 17,340mn & INR 4,500mn in Sept 2025).
  - It won first strategic order worth INR1,7340 mn (excl. taxes) from one of the largest Indian head quartered providers of technology distribution and integrated supply chain

- solutions to supply servers based on NVIDIA's cutting-edge Blackwell architecture.
- It second strategic order worth INR 4500mn (excl. taxes) from one of the largest Indian head quartered providers of technology distribution and integrated supply chain solutions to deploy AI Infrastructure facility using the latest Tyrone AI GPU accelerated systems.
  - Netweb mentioned no additional Capex will be required for the large strategic orders.
  - Netweb expects to execute roughly one-third of the strategic orders in FY26E, with the remaining portion scheduled for delivery in FY27E.
  - Working Capital Netweb secured short-term working capital needs, primarily LC-based (Letter of Credit). As per Netweb the orders are LC-backed, which guarantees timely payments and eliminates credit risk. Netweb is receiving sufficient advances from customers.
- **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.
  - **Cash Conversion:** Reported DSO came at 117 days vs 124 days, reported Inventory days at 72 days vs. 72 days qoq, reported payables days at 70 days vs. 84 days qoq, net of three elements net working capital days came at 120 days vs. 111 days qoq. DSO calculation does not include customer advances. Reported Cash & equivalents came at Rs. 2,560mn at 2QFY26 end vs. Rs. 617mn qoq and Rs. 1700mn yoy. They reported FCF worth INR972mn in 1HFY26 with OCF/EBITDA at 109% and FCF/PAT at 157% also aided by certain customer advances it received for the two strategic order wins mentioned herein earlier.
  - **Continued Focus on R&D:** Netweb mentioned it has continued focus on R&D (on hardware and software part) with dedicated team in place. It spends around 3% of Sales on R&D and Netweb files patents regularly.

Exhibit 2: Revenue growth by HCS Offering (% change yoy)

| HCS Offering (Rs. in mn)                                    | FY22                | FY23                | FY24                | FY25                | 2QFY26              |              |           |
|-------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------|-----------|
|                                                             | Revenue (Rs. in mn) | Revenue (Rs. in mn) | Revenue (Rs. in mn) | Revenue (Rs. in mn) | Revenue (Rs. in mn) | % to Revenue | % chg yoy |
| High performance computing (Supercomputing / HPC) systems   | 1,030               | 1729                | 2,624               | 4,055               | 1,021               | 34%          | 25%       |
| Private cloud and hyperconverged Infrastructure (HCI)       | 479                 | 1460                | 2,644               | 4,027               | 1,019               | 34%          | -1%       |
| AI systems and enterprise workstations                      | 243                 | 310                 | 799                 | 1,694               | 662                 | 22%          | 78%       |
| High performance storage (HPS/Enterprise Storage) solutions | 217                 | 308                 | 339                 | 275                 | 65                  | 2%           | 81%       |
| Data Centre servers                                         | 241                 | 284                 | 337                 | 373                 | 51                  | 2%           | -35%      |
| Software and services for HCS offerings                     | 69                  | 94                  | 176                 | 455                 | 117                 | 4%           | 121%      |
| Network switches                                            | -                   | -                   | 33                  | 123                 | 17                  | 0.5%         | 61%       |
| Others (spares sales)                                       | 192                 | 225                 | 289                 | 429                 | 86                  | 3%           | -26%      |

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) | Revenue (Rs. in mn) | Revenue (Rs. in mn) | 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**

| Other Operational Matrix             | FY22       | FY23       | FY24       | FY25       | 1HFY26    |
|--------------------------------------|------------|------------|------------|------------|-----------|
| Revenue from repeat customers (in %) | 77.7%      | 90.7%      | 69.0%      | 81.4%      | 74.7%     |
| <b>Customer concentration</b>        |            |            |            |            |           |
| Revenue from Top 5 Customer          | 38.40%     | 47.10%     | 50.30%     | 50.80%     | 56.40%    |
| Revenue from Top 10 Customer         | 49.50%     | 57.80%     | 64.50%     | 65.80%     | 71.30%    |
| <b>New customer acquisition</b>      | <b>174</b> | <b>192</b> | <b>171</b> | <b>147</b> | <b>61</b> |

Source: Company data, Equirus

**Exhibit 5: Order Pipeline and Order book (at the end of quarter)**

| Order Pipeline and Order book (Rs.in mn) | 1QFY24        | 2QFY24        | 3QFY24        | 4QFY24        | 1QFY25        | 2QFY25        | 3QFY25        | 4QFY25        | 1QFY26        | 2QFY26        |
|------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Order pipeline (excluding L1)            | 22,845        | 31,479        | 32,322        | 34,466        | 35,477        | 37,038        | 38,149        | 39,714        | 41,421        | 42,043        |
| L1 Order pipeline                        | 5,392         | 3,496         | 3,024         | 3,142         | 3,225         | 3,316         | 3,481         | 3,628         | 4,640         | 3,480         |
| <b>Total Order Pipeline</b>              | <b>28,237</b> | <b>34,975</b> | <b>35,346</b> | <b>37,608</b> | <b>38,702</b> | <b>40,354</b> | <b>41,630</b> | <b>43,342</b> | <b>46,061</b> | <b>45,523</b> |
| <b>Order book</b>                        | <b>994</b>    | <b>2,174</b>  | <b>3,391</b>  | <b>4,112</b>  | <b>4,197</b>  | <b>3,697</b>  | <b>3,603</b>  | <b>3,252</b>  | <b>2,299</b>  | <b>4,939</b>  |
| 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         |

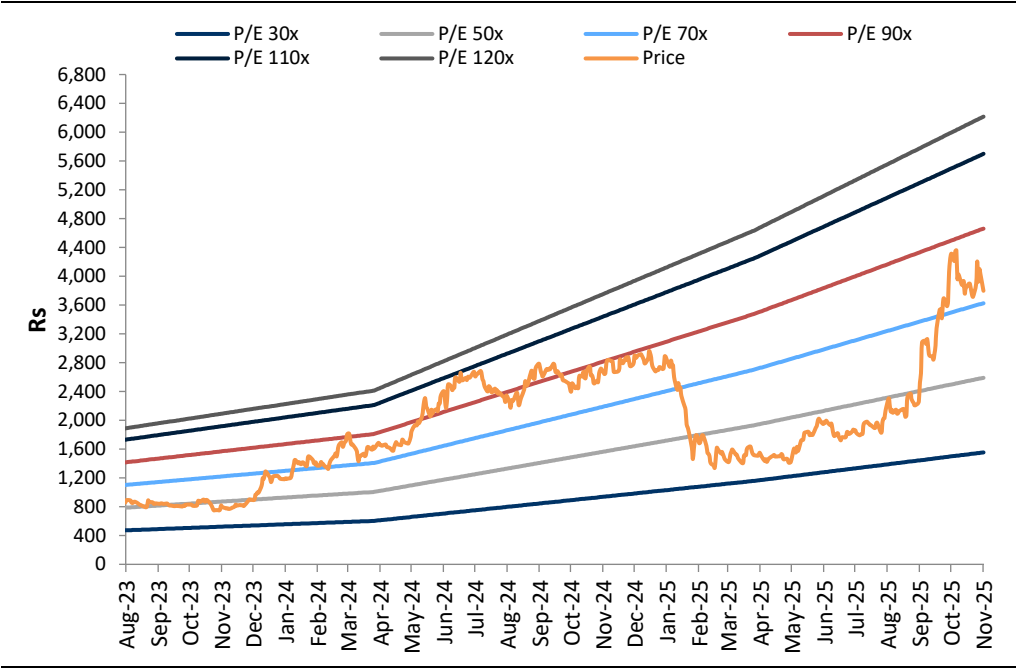
Source: Company data, Equirus

**Exhibit 6: Breakup of Revenue from Govt / Non-Govt Customers (in %)**

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

Source: Company data, Equirus

Exhibit 7: 1-year forward PE chart



Source: Company Data, Equirus, Bloomberg

## Company Snapshot

### How we differ from consensus

| Particular (Rs Mn) |       | Equirus | Consensus | % Diff | Comment |
|--------------------|-------|---------|-----------|--------|---------|
| EPS                | FY26E | 38.7    | 36.8      | 5.1%   |         |
|                    | FY27E | 60.5    | 57.9      | 4.6%   |         |
| Sales              | FY26E | 23,556  | 22,596    | 4.2%   |         |
|                    | FY27E | 37,998  | 34,803    | 9.2%   |         |
| PAT                | FY26E | 2,200   | 2,089     | 5.3%   |         |
|                    | FY27E | 3,443   | 3,283     | 4.9%   |         |

Source: Company data, Equirus

### Key Estimates

|                 | Earlier estimates |        |        | Revised estimates |        |        | Difference |          |        |
|-----------------|-------------------|--------|--------|-------------------|--------|--------|------------|----------|--------|
|                 | FY26E             | FY27E  | FY28E  | FY26E             | FY27E  | FY28E  | FY26E      | FY27E    | FY28E  |
| Revenue (Rs mn) | 16,968            | 23,995 | 32,258 | 23,556            | 37,998 | 33,888 | 38.8%      | 58.4%    | 5.1%   |
| EBITDA (Rs mn)  | 2,374             | 3,416  | 4,608  | 3,175             | 4,920  | 4,952  | 33.8%      | 44.0%    | 7.5%   |
| EBITDA (%)      | 14.0%             | 14.2%  | 14.3%  | 13.5%             | 12.9%  | 14.6%  | -51 bps    | -129 bps | 33 bps |
| EBIT (Rs mn)    | 2,213             | 3,188  | 4,311  | 3,027             | 4,710  | 4,664  | 36.8%      | 47.8%    | 8.2%   |
| EBIT (%)        | 13.0%             | 13.3%  | 13.4%  | 12.9%             | 12.4%  | 13.8%  | -19 bps    | -89 bps  | 40 bps |
| PAT (Rs mn)     | 1,689             | 2,427  | 3,286  | 2,200             | 3,443  | 3,525  | 30.2%      | 41.9%    | 7.3%   |
| EPS* (Rs)       | 29.7              | 42.6   | 57.7   | 38.7              | 60.5   | 61.9   | 30.1%      | 42.1%    | 7.3%   |

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

### Our Key Investment arguments:

- We believe that Netweb's growth prospects is further strengthening given healthy deal pipeline (with reported order pipeline excl. L1 of INR 42.04bn with order book plus L1 order pipeline worth INR 8.42bn over and above two strategic order wins in Sept'25 worth of INR 21.840bn related to AI Systems). As per Netweb, its order pipeline remain robust (even after strong Consol. order intake) 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 mentioned hereinabove and its expectations to win such orders ahead despite its sporadic nature and same not part of pipeline disclosed by it), iv) existing catalysts from increasing adoption of Pvt. Cloud, HPC (NSM 2.0 to be launched soon), AI Servers (demand generated by indigenous LLMs) across many industries and v) make in India push and data security norms of GOI, vi) Netweb's expansion plans for export (esp. in Europe/M.East) and vii) its continued focus on R&D.
- We believe that Netweb's above growth potential to some extent is getting priced in considering significant uptick in its share price (+151% in FY26 YTD/+72% since Aug'25-End). Hence, we downgrade Netweb to ADD (from LONG earlier).

**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) |
| Kaynes Technology India* | 27,218        | 57%              | 47%               | 15.1%    | 64%              | 52%               | 10.8%    | 92%              | 49%               |
| Syrma SGS Technology*    | 37,867        | 55%              | 28%               | 8.6%     | 51%              | 33%               | 4.5%     | 44%              | 40%               |
| Dixon Technologies*      | 3,88,601      | 54%              | 34%               | 3.9%     | 58%              | 39%               | 2.8%     | 79%              | 27%               |
| Netweb                   | 11,490        | 67%              | 43%               | 13.9%    | 67%              | 46%               | 10.0%    | 72%              | 45%               |

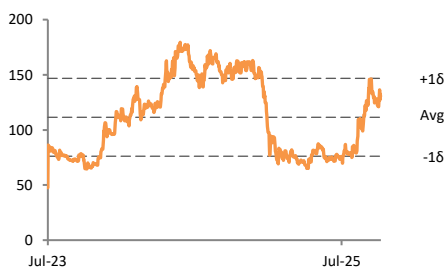
Source: Company data, Bloomberg, Equirus; \*Financials/estimates taken from Bloomberg reported/consensus figures.

## 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 |
| Kaynes Technology India* | 51%              | 57%   | 50%   | 15.1%    | 16.1% | 16.2% | 13.4%    | 14.2% | 13.7% | 10.8%          | 11.2% | 10.9% | 11.0%   | 12.5% | 14.5% | 146.5     | 97.4  | 66.7  | 48.0  |
| Syrma SGS Technology*    | 20%              | 27%   | 30%   | 8.6%     | 8.9%  | 9.2%  | 6.6%     | 7.1%  | 7.6%  | 4.5%           | 5.0%  | 5.4%  | 10.1%   | 12.3% | 15.0% | 83.0      | 60.3  | 42.9  | 32.4  |
| Dixon Technologies*      | 120%             | 45%   | 39%   | 3.9%     | 3.9%  | 4.0%  | 3.2%     | 3.3%  | 3.4%  | 2.8%           | 2.2%  | 2.2%  | 46.6%   | 30.5% | 30.6% | 76.4      | 75.9  | 58.5  | 43.9  |
| Netweb                   | 59%              | 105%  | 61%   | 13.9%    | 13.5% | 12.9% | 12.9%    | 12.9% | 12.4% | 10.0%          | 9.3%  | 9.1%  | 24.0%   | 34.7% | 38.2% | 188.5     | 98.2  | 62.8  | 61.4  |

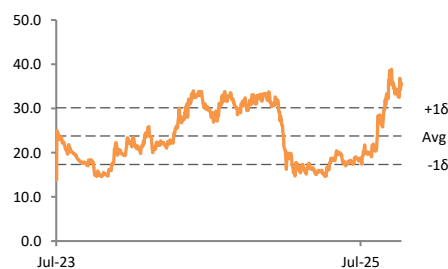
Source: Company data, Bloomberg, Equirus; \* Financials/estimates taken from Bloomberg reported/consensus figures; priced as on 3<sup>rd</sup> November 2025 closing prices.

## Price to earning chart



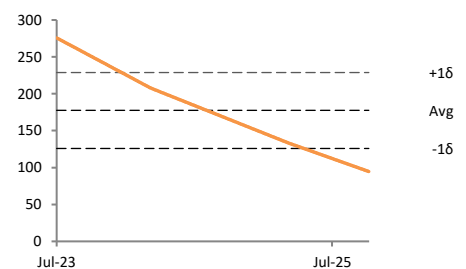
Source: Company, Equirus Research

## 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      | 3QFY26E      | 4QFY26E       |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Revenue</b>                  | <b>1,493</b> | <b>2,511</b> | <b>3,340</b> | <b>4,147</b> | <b>3,012</b> | <b>3,037</b> | <b>4,484</b> | <b>13,023</b> |
| COGS                            | 1,092        | 1,891        | 2,625        | 3,218        | 2,240        | 2,203        | 3,498        | 10,719        |
| Employee Cost                   | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0             |
| Other Expenses                  | 201          | 257          | 276          | 331          | 324          | 353          | 383          | 661           |
| <b>EBITDA</b>                   | <b>200</b>   | <b>363</b>   | <b>439</b>   | <b>598</b>   | <b>448</b>   | <b>481</b>   | <b>603</b>   | <b>1,643</b>  |
| Depreciation                    | 24           | 26           | 31           | 32           | 33           | 34           | 38           | 43            |
| <b>EBIT</b>                     | <b>176</b>   | <b>337</b>   | <b>408</b>   | <b>566</b>   | <b>415</b>   | <b>447</b>   | <b>565</b>   | <b>1,600</b>  |
| Interest Exp.                   | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0             |
| Other Income                    | 31           | 8            | 1            | 13           | 1            | (27)         | (11)         | (36)          |
| <b>Profit before Tax</b>        | <b>207</b>   | <b>345</b>   | <b>409</b>   | <b>579</b>   | <b>416</b>   | <b>420</b>   | <b>554</b>   | <b>1,564</b>  |
| Tax Expenses                    | 52           | 87           | 106          | 149          | 111          | 106          | 140          | 398           |
| <b>Profit After Tax</b>         | <b>154</b>   | <b>257</b>   | <b>303</b>   | <b>430</b>   | <b>305</b>   | <b>314</b>   | <b>415</b>   | <b>1,166</b>  |
| Minority Interest               | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0             |
| Profit/(Loss) from Associates   | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0             |
| <b>Recurring PAT</b>            | <b>154</b>   | <b>257</b>   | <b>303</b>   | <b>430</b>   | <b>305</b>   | <b>314</b>   | <b>415</b>   | <b>1,166</b>  |
| Exceptional Items               | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0             |
| <b>Reported PAT</b>             | <b>154</b>   | <b>257</b>   | <b>303</b>   | <b>430</b>   | <b>305</b>   | <b>314</b>   | <b>415</b>   | <b>1,166</b>  |
| Other comprehensive income.     | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0             |
| <b>PAT after comp. income.</b>  | <b>154</b>   | <b>257</b>   | <b>303</b>   | <b>430</b>   | <b>305</b>   | <b>314</b>   | <b>415</b>   | <b>1,166</b>  |
| <b>FDEPS</b>                    | <b>2.7</b>   | <b>4.5</b>   | <b>5.3</b>   | <b>7.5</b>   | <b>5.4</b>   | <b>5.5</b>   | <b>7.3</b>   | <b>20.5</b>   |
| <b>Cost items as % of sales</b> |              |              |              |              |              |              |              |               |
| RM expenses                     | 73.1         | 75.3         | 78.6         | 77.6         | 74.4         | 72.5         | 78.0         | 82.3          |
| Employee expenses               | 13.5         | 10.2         | 8.3          | 8.0          | 10.7         | 11.6         | 8.5          | 5.1           |
| <b>Margin (%)</b>               |              |              |              |              |              |              |              |               |
| Gross Margin                    | 26.9         | 24.7         | 21.4         | 22.4         | 25.6         | 27.5         | 22.0         | 17.7          |
| EBITDA Margin                   | 13.4         | 14.5         | 13.2         | 14.4         | 14.9         | 15.8         | 13.5         | 12.6          |
| PAT Margin                      | 10.3         | 10.2         | 9.1          | 10.4         | 10.1         | 10.3         | 9.2          | 9.0           |
| <b>YoY Growth (%)</b>           |              |              |              |              |              |              |              |               |
| Sales                           | 149.7        | 73.2         | 31.8         | 55.9         | 101.7        | 21.0         | 34.3         | 214.1         |
| EBITDA                          | 131.8        | 88.8         | 28.3         | 47.9         | 124.0        | 32.5         | 37.3         | 174.9         |
| EBIT                            | 139.4        | 89.1         | 25.9         | 46.3         | 136.1        | 32.7         | 38.4         | 182.7         |
| PAT                             | 203.4        | 69.8         | 16.6         | 45.0         | 97.4         | 22.2         | 36.7         | 171.2         |

## Key Financials (Consolidated)

## Income Statement

| Y/E Mar (Rs mn)                | FY22A        | FY23A        | FY24A        | FY25A         | FY26E         | FY27E         | FY28E         |
|--------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>                 | <b>2,470</b> | <b>4,450</b> | <b>7,241</b> | <b>11,490</b> | <b>23,556</b> | <b>37,998</b> | <b>33,888</b> |
| COGS                           | 1,865        | 3,244        | 5,445        | 8,825         | 18,660        | 30,540        | 26,119        |
| Employee Cost                  | 0            | 0            | 0            | 0             | 0             | 0             | 0             |
| Other Expenses                 | 260          | 506          | 770          | 1,065         | 1,721         | 2,539         | 2,816         |
| <b>EBITDA</b>                  | <b>346</b>   | <b>700</b>   | <b>1,025</b> | <b>1,600</b>  | <b>3,175</b>  | <b>4,920</b>  | <b>4,952</b>  |
| Depreciation                   | 16           | 37           | 63           | 113           | 148           | 209           | 289           |
| <b>EBIT</b>                    | <b>330</b>   | <b>664</b>   | <b>963</b>   | <b>1,487</b>  | <b>3,027</b>  | <b>4,710</b>  | <b>4,664</b>  |
| Interest Exp.                  | (27)         | (26)         | (50)         | (21)          | (61)          | (155)         | (37)          |
| Other Income                   | 0            | (8)          | 107          | 74            | (12)          | 68            | 105           |
| <b>Profit before Tax</b>       | <b>302</b>   | <b>630</b>   | <b>1,020</b> | <b>1,540</b>  | <b>2,954</b>  | <b>4,624</b>  | <b>4,732</b>  |
| Tax Expenses                   | 78           | 160          | 261          | 395           | 754           | 1,181         | 1,207         |
| <b>Profit After Tax</b>        | <b>225</b>   | <b>469</b>   | <b>759</b>   | <b>1,145</b>  | <b>2,200</b>  | <b>3,443</b>  | <b>3,525</b>  |
| Minority Interest              | 0            | 0            | 0            | 0             | 0             | 0             | 0             |
| Profit/(Loss) from Associates  | 0            | 0            | 0            | 0             | 0             | 0             | 0             |
| <b>Recurring PAT</b>           | <b>225</b>   | <b>469</b>   | <b>759</b>   | <b>1,145</b>  | <b>2,200</b>  | <b>3,443</b>  | <b>3,525</b>  |
| Exceptional Items              | 0            | 0            | 0            | 0             | 0             | 0             | 0             |
| <b>Reported PAT</b>            | <b>225</b>   | <b>469</b>   | <b>759</b>   | <b>1,145</b>  | <b>2,200</b>  | <b>3,443</b>  | <b>3,525</b>  |
| Other comprehensive income.    | 0            | 0            | 0            | 0             | 0             | 0             | 0             |
| <b>PAT after comp. income.</b> | <b>225</b>   | <b>469</b>   | <b>759</b>   | <b>1,145</b>  | <b>2,200</b>  | <b>3,443</b>  | <b>3,525</b>  |
| FDEPS                          | 4.4          | 9.2          | 13.3         | 20.1          | 38.6          | 60.5          | 61.9          |
| DPS                            | 0            | 1            | 2            | 3             | 4             | 6             | 6             |
| BVPS                           | 9            | 18           | 74           | 93            | 130           | 187           | 243           |

| YoY Growth (%) | FY22A | FY23A | FY24A | FY25A | FY26E | FY27E | FY28E  |
|----------------|-------|-------|-------|-------|-------|-------|--------|
| Sales          | 73.0  | 80.1  | 62.7  | 58.7  | 105.0 | 61.3  | (10.8) |
| EBITDA         | 140.6 | 102.4 | 46.4  | 56.1  | 98.5  | 54.9  | 0.7    |
| EBIT           | 154.9 | 101.3 | 45.1  | 54.4  | 103.6 | 55.6  | (1.0)  |
| PAT            | 172.8 | 109.0 | 61.7  | 50.8  | 92.2  | 56.5  | 2.4    |

## Key Ratios

| Profitability (%) | FY22A | FY23A | FY24A | FY25A | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|-------|-------|-------|-------|
| Gross Margin      | 24.5  | 27.1  | 24.8  | 23.2  | 20.8  | 19.6  | 22.9  |
| EBITDA Margin     | 14.0  | 15.7  | 14.2  | 13.9  | 13.5  | 12.9  | 14.6  |
| PAT Margin        | 9.1   | 10.5  | 10.5  | 10.0  | 9.3   | 9.1   | 10.4  |
| ROE               | 67.8  | 68.0  | 29.4  | 24.0  | 34.7  | 38.2  | 28.8  |
| ROIC              | 37.5  | 47.2  | 28.5  | 24.0  | 35.0  | 39.0  | 28.7  |
| Core ROIC         | 42.5  | 53.2  | 44.0  | 38.8  | 50.5  | 55.8  | 39.4  |
| 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                | 861.6     | 412.2   | 285.1     | 189.0   | 98.3  | 62.8  | 61.4  |
| P/B                | 436.0     | 206.5   | 51.2      | 40.8    | 29.3  | 20.3  | 15.6  |
| P/FCFF             | (5,743.3) | 2,508.6 | (3,340.6) | (568.6) | 460.1 | 137.4 | 575.4 |
| EV/EBITDA          | 622.8     | 307.6   | 207.8     | 133.4   | 67.1  | 43.0  | 42.7  |
| EV/Sales           | 87.2      | 48.4    | 29.4      | 18.6    | 9.0   | 5.6   | 6.2   |
| 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        | 7,276         | 10,519        | 13,715        |
| <b>Net Worth</b>            | <b>444</b>   | <b>937</b>   | <b>4,228</b> | <b>5,303</b> | <b>7,390</b>  | <b>10,633</b> | <b>13,829</b> |
| Total Debt                  | 336          | 304          | 16           | 13           | 14            | 16            | 17            |
| Other long term liabilities | 10           | 53           | 80           | 67           | 63            | 92            | 138           |
| Minority Interest           | 0            | 0            | 0            | 0            | 0             | 0             | 0             |
| Account Payables            | 533          | 1,034        | 1,266        | 2,979        | 10,035        | 5,237         | 7,269         |
| Other Current Liabilities   | 165          | 333          | 535          | 572          | 3,014         | 1,265         | 1,675         |
| <b>Total Liabilities</b>    | <b>1,486</b> | <b>2,660</b> | <b>6,125</b> | <b>8,934</b> | <b>20,515</b> | <b>17,243</b> | <b>22,928</b> |
| Gross Fixed Assets          | 107          | 222          | 445          | 599          | 767           | 990           | 1,335         |
| Acc. Depreciation           | (11)         | (38)         | (78)         | (154)        | (274)         | (453)         | (708)         |
| Net Fixed Assets            | 96           | 184          | 367          | 445          | 493           | 537           | 627           |
| Capital WIP                 | 5            | 18           | 6            | 56           | 5             | 50            | 25            |
| long term investments       | 0            | 0            | 0            | 0            | 0             | 0             | 0             |
| Others                      | 29           | 74           | 152          | 179          | 311           | 387           | 306           |
| Inventory                   | 383          | 541          | 1,147        | 2,228        | 4,582         | 4,581         | 6,694         |
| Receivables                 | 778          | 1,515        | 1,838        | 3,615        | 12,077        | 6,839         | 9,737         |
| Loans and advances          | 0            | 0            | 0            | 0            | 0             | 0             | 0             |
| Other current assets        | 111          | 189          | 399          | 612          | 909           | 1,305         | 1,891         |
| Cash & Cash Equivalents.    | 84           | 139          | 2,216        | 1,798        | 2,138         | 3,544         | 3,647         |
| <b>Total Assets</b>         | <b>1,486</b> | <b>2,660</b> | <b>6,125</b> | <b>8,934</b> | <b>20,515</b> | <b>17,243</b> | <b>22,928</b> |
| Non-Cash WC                 | 575          | 879          | 1,583        | 2,905        | 4,519         | 6,222         | 9,379         |
| Cash Conv. Cycle            | 85.0         | 72.1         | 79.8         | 92.3         | 70.0          | 59.8          | 101.0         |
| WC Turnover                 | 4.3          | 5.1          | 4.6          | 4.0          | 5.2           | 6.1           | 3.6           |
| Gross Asset Turnover        | 23.0         | 20.0         | 16.3         | 19.2         | 30.7          | 38.4          | 25.4          |
| Net Asset Turnover          | 25.8         | 24.1         | 19.7         | 25.8         | 47.8          | 70.7          | 54.0          |
| 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   | 187   | 66    | 105   |
| Inventory Days   | 57    | 44    | 58    | 71    | 71    | 44    | 72    |
| Payable Days     | 104   | 116   | 85    | 123   | 196   | 63    | 102   |
| Non-cash WC days | 85    | 72    | 80    | 92    | 70    | 60    | 101   |

**Cash Flow**

| Y/E Mar (Rs mn)           | FY22A       | FY23A        | FY24A          | FY25A        | FY26E        | FY27E        | FY28E        |
|---------------------------|-------------|--------------|----------------|--------------|--------------|--------------|--------------|
| Profit Before Tax         | 302         | 630          | 1,020          | 1,540        | 2,954        | 4,624        | 4,732        |
| Depreciation              | 16          | 37           | 63             | 113          | 148          | 209          | 289          |
| Others                    | 0           | 23           | 55             | (16)         | 28           | 20           | 15           |
| Tax paid                  | (75)        | (156)        | (263)          | (402)        | (768)        | (1,202)      | (1,230)      |
| Change in WC              | (217)       | (277)        | (668)          | (1,357)      | (1,765)      | (1,759)      | (3,040)      |
| <b>Operating Cashflow</b> | <b>26</b>   | <b>256</b>   | <b>206</b>     | <b>(122)</b> | <b>597</b>   | <b>1,892</b> | <b>766</b>   |
| Capex                     | (59)        | (179)        | (271)          | (259)        | (127)        | (318)        | (390)        |
| Change in Invest.         | (7)         | (4)          | (1,251)        | 1,222        | (165)        | (156)        | 45           |
| Others                    | 0           | 0            | 9              | 26           | 0            | 0            | 0            |
| <b>Investing Cashflow</b> | <b>(66)</b> | <b>(183)</b> | <b>(1,514)</b> | <b>989</b>   | <b>(292)</b> | <b>(474)</b> | <b>(345)</b> |
| Change in Debt            | 45          | (32)         | (288)          | (4)          | 1            | 2            | 1            |
| Change in Equity          | 0           | 0            | 2,571          | 1            | 0            | 0            | 0            |
| Others                    | (4)         | 9            | (150)          | (61)         | (131)        | (170)        | (274)        |
| <b>Financing Cashflow</b> | <b>40</b>   | <b>(22)</b>  | <b>2,133</b>   | <b>(64)</b>  | <b>(130)</b> | <b>(168)</b> | <b>(273)</b> |
| <b>Net Change in Cash</b> | <b>0</b>    | <b>51</b>    | <b>826</b>     | <b>804</b>   | <b>175</b>   | <b>1,250</b> | <b>148</b>   |

Source: Company, Equirus Research



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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