Netweb Technologies India Ltd.

Investment Thesis

- **AI-led structural growth with industry-leading positioning:** Netweb continues to benefit from India's accelerating AI infrastructure build-out, with AI Systems contributing 62% of Q1FY27 revenue and growing 484% YoY. The company is well-positioned to capitalize on increasing investments under the IndiaAI Mission, sovereign AI initiatives, hyperscaler deployments and enterprise AI adoption, reinforcing its leadership in India's AI infrastructure ecosystem.
- **Record order pipeline and rising deal sizes provide strong revenue visibility:** The company ended Q1FY27 with a ₹2,507 Cr order book, ₹848 Cr of L1 orders, and a ₹10,410 Cr qualified pipeline, compared with ₹4,142 Cr in Q1FY26, representing a ~151% YoY increase in pipeline. Management expects ~60% conversion over the next 18–24 months, while the increasing average ticket size, led by large AI infrastructure deployments and sovereign AI projects, enhances long-term revenue visibility and growth potential.
- **Robust AI demand and expanding technology opportunity:** Management expects AI infrastructure demand to remain strong for the next 1.5–2 years, supported by sovereign AI initiatives, hyperscaler capex and enterprise AI adoption. Alongside its core AI infrastructure business, continued investments in Physical AI, Quantum Computing and sovereign AI solutions position the company to capture emerging technology opportunities over the long term.
- **Execution advantage through proactive inventory management:** Despite industry-wide GPU and memory shortages, Netweb strategically increased inventory to secure component availability, enabling uninterrupted project execution and timely deliveries during the supply-constrained environment. This supply-chain discipline, combined with direct technology partnerships and value-added offerings, has enabled the company to sustain 13–14% EBITDA margins while delivering 172% YoY revenue growth.
- **Capital-efficient growth supported by improving return ratios:** Existing manufacturing facilities can support ₹3,000+ Cr annual revenue, limiting the need for significant capex. Any future fund raise would primarily support working capital rather than capacity expansion. Reflecting improving operating efficiency, annualised ROCE improved to ~37% from ~31%, while annualised ROE increased to ~28% from ~22%, underscoring the company's ability to generate higher returns despite rapid scaling.

Outlook:.

Netweb remains well-positioned to deliver sustained AI-led growth, supported by a ₹2,507 Cr order book, ₹848 Cr of L1 orders and a ₹10,410 Cr qualified pipeline (+151% YoY), with ~60% expected to convert over the next 18–24 months. Backed by strong AI demand, stable 13–14% EBITDA margin guidance, improving capital efficiency (ROCE ~37% and ROE ~28%) and a capital-light business model, the company is well placed to capitalize on India's expanding AI infrastructure opportunity while delivering profitable long-term growth. The company is well positioned to sustain industry leading growth, with FY26-FY28E revenue/EBITDA/PAT CAGR of 66%/66%/69% respectively.

We keep our rating to ACCUMULATE Netweb Technologies India Ltd with a P/E multiple of 51x on FY28E EPS to arrive at a TP of 5,307 with an upside of 19%

CMP: ₹ 4,450

Reco: ACCUMULATE

Target Price: ₹ 5,307

Stock Info	
BSE	543945
NSE	NETWEB
Sector	IT Enabled Services
Face Value (₹)	2
Equity Capital (₹ Cr)	11.4
Mkt Cap (₹ Cr)	25,320
Avg volume (1 year)	22,07,041
Dividend yield (%)	0.07
52w H/L (₹)	5,244 / 1,961

Source: Company filings, PESB research

Shareholding Pattern (June 2026)	
Promoter	66.98%
FII	9.27%
DII	5.91%
Public	17.84%

Source: Company filings, PESB research

Previous report(link):

Netweb soft Q4FY26

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Concall Highlights

- **Management reiterated strong growth visibility**, backed by a robust order pipeline. The company ended Q1FY27 with an order book of ₹2,507 crore, ₹848 crore of L1 orders, and a ₹10,410 crore qualified pipeline, while maintaining its guidance of ~60% pipeline conversion over the next 18–24 months. Management indicated that the current executable order book (~₹3,355 crore including L1 orders) provides strong confidence in sustaining robust revenue growth over FY27 and beyond.

- **AI demand continues to accelerate**, with Netweb strengthening its market leadership. AI contributed 62% of Q1FY27 revenue, while 40–45% of the current order book is AI-related. Management highlighted that Netweb is currently shipping the highest number of large GPU-based AI systems in India and continues to gain market share through its end-to-end capabilities spanning hardware design, indigenous software stack, manufacturing and deployment, rather than competing as a commodity server vendor. Additionally, AI infrastructure demand is expected to remain strong for at least the next 1.5–2 years, supported by IndiaAI Mission, sovereign AI projects, hyperscaler investments and enterprise AI adoption.

- **Execution remains healthy despite larger project sizes and industry-wide supply constraints**. The execution cycle has increased to 16–20 weeks (vs. 8–12 weeks earlier) due to significantly larger AI infrastructure deployments. However, management believes this does not impact the overall growth trajectory, given the healthy order pipeline. To mitigate ongoing GPU, memory and component shortages, inventory days were intentionally increased to 110 days, enabling timely execution while maintaining strong customer delivery schedules.

- **Margin guidance remains intact** despite component inflation. Management reiterated its 13–14% EBITDA margin guidance, stating that long-term procurement contracts, advance inventory planning, direct technology partnerships and disciplined pricing have insulated profitability from rising GPU and memory prices. The company clarified that it is not taking advantage of component inflation to overprice customers, but rather leveraging its predictable order pipeline and supply-chain planning to preserve margins sustainably.

- **Future capital deployment will be focused on supporting growth rather than expanding manufacturing capacity**. Management stated that existing facilities are already capable of supporting ₹3,000+ crore annual revenue, eliminating the need for any significant manufacturing capex. While the company has obtained an enabling resolution to raise up to ₹1,200 crore, any future fund raise would be primarily to support working capital requirements arising from rapid growth, with management explicitly ruling out acquisitions or major capacity expansion.

- **Strategic AI orders are now considered part of the core business**, while investments continue in next-generation technologies. Approximately ₹430 crore of the earlier disclosed ₹1,600 crore strategic AI orders was executed during Q1FY27. Going forward, management will no longer report strategic AI orders separately, as these have become the "new normal" within its business pipeline. Simultaneously, Netweb continues to invest through its 125-member R&D team in emerging areas such as Physical AI, Quantum Computing, sovereign AI software, advanced cooling technologies and AI infrastructure, although no revenue contribution timeline was provided for these initiatives.

Management Guidance & Outlook

Management reiterated a strong growth outlook, backed by a ₹2,507 crore order book, ₹848 crore of L1 orders and a ₹10,410 crore pipeline, with ~60% expected to convert over 18–24 months. It expects AI demand to remain strong for the next 1.5–2 years, maintained its 13–14% EBITDA margin guidance, and indicated that any future fund raise would be primarily for working capital, not capacity expansion.

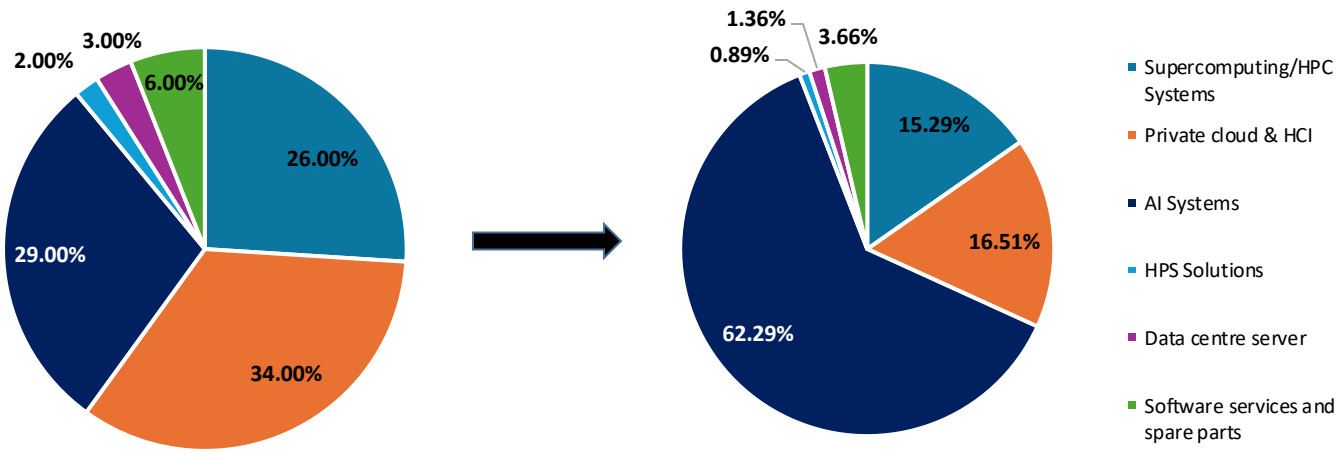
Netweb Technologies India Ltd.

Q1FY27 Financials (Consolidated)

Particulars (₹ Cr)	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Revenue from Operations	820	301	172%	774	6%
Costs	646	224	188%	616	5%
Employee Exp	25	16	54%	21	15%
Other Exp	28	16	74%	40	-29%
EBITDA	**120**	**45**	**169%**	**97**	**25%**
EBITDA Margin	***15%***	***15%***	***-18bps***	***12%***	***222bps***
Depreciation & Amortization	3	3	0%	4	-13%
EBIT	**117**	**41**	**182%**	**93**	**26%**
EBIT Margin	***14%***	***14%***	***52bps***	***12%***	***231bps***
Finance Cost	12	1	1078%	8	41%
Other Income	8	1	667%	10	-17%
Exceptional Items	0	0	-	0	-
EBT	**114**	**42**	**174%**	**95**	**20%**
Tax Expense	29	11	159%	24	19%
PAT	**85**	**30**	**180%**	**71**	**21%**
PAT Margin	***10%***	***10%***	***29bps***	***9%***	***128bps***

Source: Company filings, PESB research

➢ Quarterly shift in the revenue mix- (YoY)



Source: Company filings, PESB research

Netweb Technologies India Ltd.

Consolidated Financials

Income Statement (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	445	724	1149	2184	3778	6042
Revenue growth (%)		*63%*	*59%*	*90%*	*73%*	*60%*
COGS	324	545	883	1715	2968	4747
Employee cost	29	50	62	80	139	222
Other cost	21	27	44	103	178	285
EBITDA	**70**	**103**	**160**	**285**	**493**	**788**
EBITDA Margin	*16%*	*14%*	*14%*	*13%*	*13%*	*13%*
Depreciation and Amortization	4	6	11	14	16	30
EBIT	**66**	**96**	**149**	**271**	**477**	**759**
EBIT Margin	*15%*	*13%*	*13%*	*12%*	*13%*	*13%*
Finance cost	4	6	4	13	15	18
Other Income	1	12	9	19	33	52
EBT	**63**	**102**	**154**	**277**	**494**	**793**
EBT Margin	*14%*	*14%*	*13%*	*13%*	*13%*	*13%*
Total Tax expense	16	26	39	71	126	203
PAT	**47**	**76**	**114**	**206**	**368**	**590**
PAT Margin	*11%*	*10%*	*10%*	*9%*	*10%*	*10%*

	FY24-26	FY26-FY28E
Revenue CAGR	**74%**	**66%**
EBITDA CAGR	**67%**	**66%**
PAT CAGR	**65%**	**69%**

Source: Company filings, PESB Research

Balance Sheet (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Assets						
Non Current Assets						
PPE Net Block	17	35	42	46	90	149
Capital WIP	2	1	6	1	1	1
Intangible and RoU Net Block	6	9	9	12	8	11
Trade Receivables	0	0	0	0	0	0
Other Non Current Assets	3	8	12	6	6	6
Current Assets						
Inventories	54	115	223	805	816	1,432
Cash and Bank Balance	165	405	541	1,259	1,852	2,430
Other Current Assets	19	40	61	126	126	126
Total Assets	**266**	**612**	**893**	**2,255**	**2,899**	**4,156**
Equity						
Equity Share Capital	10	11	11	11	11	11
Other equity	83	411	519	712	1,080	1,670
Total Equity	**94**	**423**	**530**	**723**	**1,091**	**1,681**
Liabilities						
Non Current Liabilities						
Borrowings	9	1	1	1	0	0
Other Non Current Assets	6	9	8	13	13	13
Current Liabilities						
Borrowings	22	2	2	274	324	381
Trade Payables	103	127	298	761	989	1,598
Other Current Liabilities	32	50	53	483	483	483
Total Equity and Liabilities	**266**	**612**	**893**	**2,255**	**2,899**	**4,156**

Source: Company filings, PESB Research

Netweb Technologies India Ltd.

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net cash from Operating Activities	27	18	-13	171	138	-3
Net cash from Investing Activities	-14	-145	112	-216	-57	-91
Net cash from Financing Activities	-8	209	-18	240	33	39

Source: Company filings, PESB Research

Ratios	FY23	FY24	FY25	FY26	FY27E	FY28E
Margin Analysis						
Gross Margins (%)	27%	25%	23%	21%	21%	21%
EBITDA Margin (%)	16%	14%	14%	13%	13%	13%
PAT Margin (%)	11%	10%	10%	9%	10%	10%
Profitability						
ROA (%)	18%	12%	13%	9%	13%	14%
ROCE (%)	61%	22%	28%	37%	43%	45%
ROE (%)	50%	18%	22%	28%	34%	35%
Liquidity and Solvency						
Current ratio (x)	1.5	3.1	2.3	1.4	1.6	1.6
Quick ratio (x)	1.2	2.5	1.7	0.9	1.1	1.0
Total Debt/ Equity (x)	0.3	0.0	0.0	0.4	0.3	0.2
Valuation Ratios						
P/E (x)	537.6	332.4	220.4	122.6	68.6	42.8

Source: Company filings, PESB Research

Disclosures and Disclaimers:

Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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