BUY

CMP: **INR 3,201** Target Price: **INR 4,110** ▲ 28%

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15 December 2025

India | Equity Research | Initiating Coverage

Netweb Technologies India

Technology

A unique and comprehensive play in HCS

Netweb is India's leading high-end computing solutions (HCS) provider. Its offerings span: 1) HPC; 2) private cloud and HCI; 3) AI systems; 4) data centres; 5) HPS; and 6) software and services for HCS. HPC, private cloud and AI systems are its high-growth segments with 77% FY22–25 CAGR. It is present in both hardware and software segments and offers hardware design, manufacturing and software capabilities, with a sole-mover advantage. Sectoral tailwinds include: 1) high domestic computing and data centre demand; and 2) government support from IndiaAI and National Supercomputing Mission. Netweb's USP lies in: 1) it being India's only full-stack hardware provider, fortified by its design offerings, implementation and software stack; 2) its marquee clients with strong support from government programmes; and 3) its strong partnerships with OEMs like NVIDIA, AMD and Intel, aiding robust offerings.

We model FY25–28E revenue/PAT CAGRs of 59%/58% and ascribe a 56x target multiple (in line with Dixon Technologies' lifetime average P/E) on Dec'27E-ending EPS of INR 73. Our TP stands at INR 4,110. We bake in an INR 21.8bn fillip from the IndiaAI Mission order and factor in FY26–28E ex-strategic orders' revenue CAGR of ~38%. We initiate coverage with a **BUY** rating. **Key risk**: Business' non-annuity nature.

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Superlative growth in top three segments

Netweb's portfolio consists of eight segments, of which: 1) HPC (High Performance Computing); 2) HCI (Hyper-Converged Infrastructure); 3) AI systems and workstations are the three key high-growth segments that the company is focusing on in the short–medium term. The FY22-25 CAGR of the combined revenue of these 3 segments was 77%, up from 45% during FY20-23. Together, these three segments formed 89% of its Q2FY26 revenue, up from 71% in Q1FY23. Other segments, such as colocation data centres, are not the company's focus, as maintaining differentiated offerings based on R&D is key for Netweb.

OEM partnerships with chip makers

Netweb has partnerships with NVIDIA, AMD and Intel. Netweb is NVIDIA's only OEM partner in India. Being NVIDIA's OEM partner, Netweb gets early access to its latest chips and architectures. Its strategic collaborations with technology partners – Intel, AMD, and NVIDIA – allow continuous updates. This enhances Netweb's product and service offerings, as it gets early product pipeline access of latest chips – 12–24 months ahead; accordingly, designs servers and AI systems.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	11,490	23,498	44,729	45,839
EBITDA	1,600	3,091	5,859	6,387
EBITDA Margin (%)	13.9	13.2	13.1	13.9
Net Profit	1,145	2,115	4,042	4,515
EPS (INR)	20.2	37.3	71.4	79.7
EPS % Chg YoY	50.0	84.7	91.2	11.7
P/E (x)	158.4	85.8	44.9	40.2
EV/EBITDA (x)	112.1	58.0	30.5	27.4
RoCE (%)	23.1	25.1	30.3	30.2
RoE (%)	24.0	33.9	45.2	35.5

Market Data

Market Cap (INR)	181bn
Market Cap (USD)	2,005mn
Bloomberg Code	NETWEB IN
Reuters Code	NETE.BO
52-week Range (INR)	4,480 /1,252
Free Float (%)	29.0
ADTV-3M (mn) (USD)	109.6

Price Performance (%)	3m	6m	12m
Absolute	10.2	77.2	12.9
Relative to Sensex	6.1	72.8	8.1

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

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

Source: SES ESG, I-sec research

Push from Government of India

Netweb derives 43% revenue share from the Government of India (GoI), as GoI plans to position India as an emerging leader in AI hardware, in line with the country's position as a software leader, given its promise of high employment generation. GoI has launched several high-budget programmes like IndiaAI Mission and National Supercomputing Mission – outlays of INR 103bn and INR 45bn, respectively, that are potential direct tailwinds for Netweb. Alongside, favourable policies like DPDP Act and PLI Scheme for IT hardware players, have made the business environment more conducive for a player like Netweb.

Steady performance; outperforming its guidance

Netweb has delivered steady revenue growth and margin performance over FY23–25, with ~60%+ revenue CAGR; thus, outperforming its guidance of 35–40% (ex-strategic orders growth). Netweb has maintained its EBITDA margin in the range of 13–14% over the last four years and has been able to sustain its PAT margin at 9–10%. It aims to grow at 35–40% in the medium term, with a PAT margin of 9–10%. We factor in a, ex-strategic orders, FY26–28E revenue CAGR of ~38% and estimate Netweb to meet its PAT margin guidance of 9–10%.

Addressing the 3Ds to command pricing power

Netweb caters to end-to-end enterprise customer needs with full-stack offerings across – design, development and deployment (3Ds); thus, enabling its pricing power. The company emphasises on its superior design capabilities in – 1) data centre; 2) Surface Mount Technology (SMT); 3) super computers; 4) AI and enterprise workstations optimized for machine learning; and 5) private cloud solutions.

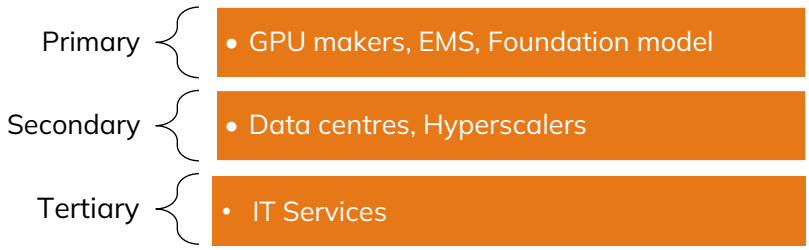
Key beneficiary of AI-led value creation in Indian listed space

Since the launch of ChatGPT in Nov'22, AI economy has benefitted mostly the top of the AI value chain i.e. 1) chip makers; 2) foundational model makers (OpenAI, Anthropic, Cohere, MistralAI- mostly unlisted); and 3) co-location data centre providers, with downstream benefit for hyperscalers.

AI-led benefit for IT services has been minimal over the three-year period, as IT services have underperformed the players at the top of the value chain (**Exhibits 2–7**). Though some benefit may materialise for IT services, it could be combined with AI's deflationary impact leading to a muted fillip. We estimate AI-led fillip to reach IT services in the next 3-5 years.

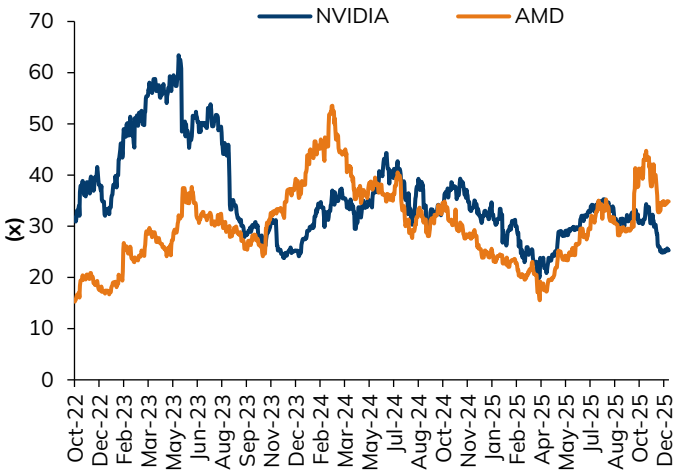
Netweb provides an entry into the AI-led economy in the Indian listed space, underpinned by its: 1) indigenous IP and unique offerings as a consequence of its strong R&D focus and first-mover advantage in the Indian super computer space; 2) strong OEM partnerships with GPU makers; 3) full-stack offerings with design, development and deployment, leading to higher pricing power / margins vs. EMS plays; and 4) being the primary beneficiary of government's AI and NSM programs, with significant outlays along with policy support (i.e. DPDP, PLI).

Exhibit 1: AI-led value creation



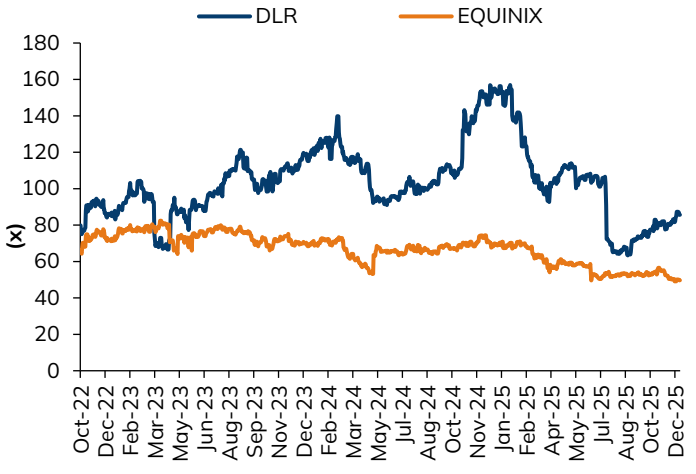
Source: I-Sec Research

Exhibit 2: GPU makers – primary drivers of AI-led value creation*



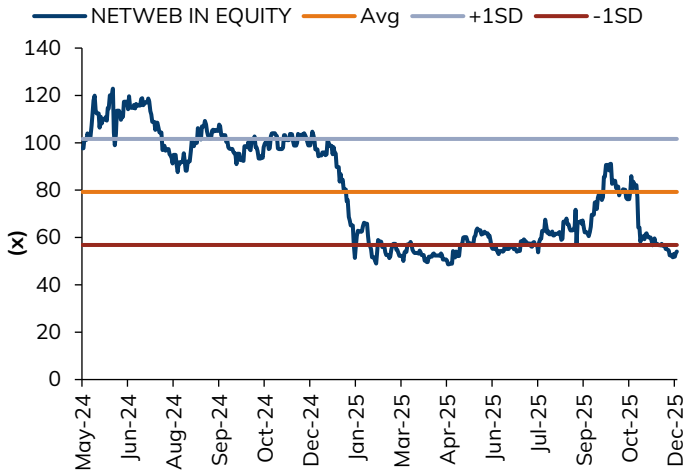
Source: I-Sec research, Bloomberg
* 1-Year Forward P/E

Exhibit 3: Data centres – secondary beneficiaries of AI led value creation*



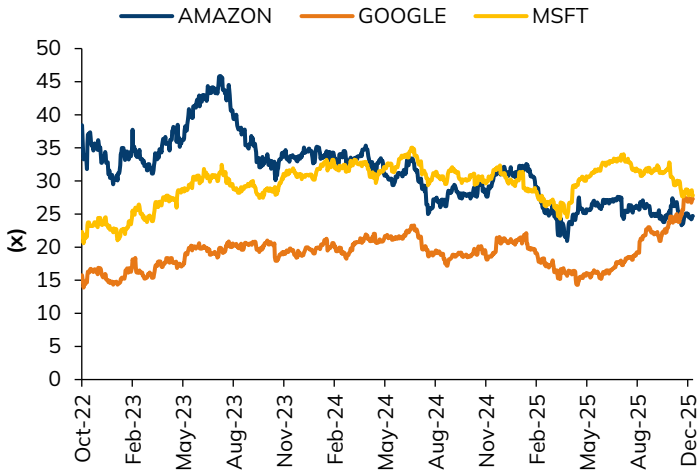
Source: I-Sec research, Bloomberg
* 1-Year Forward P/E

Exhibit 4: Netweb – prime beneficiary of AI-led value creation in the Indian listed space*



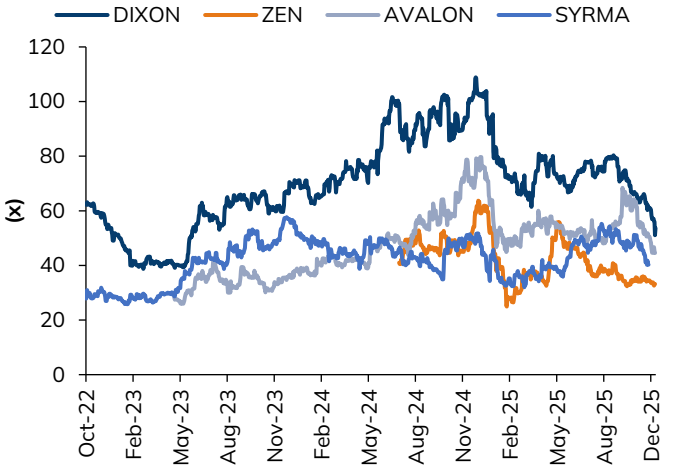
Source: I-Sec research, Bloomberg
* 1-Year Forward P/E

Exhibit 5: Hyperscalers – secondary beneficiaries of AI-led value creation*



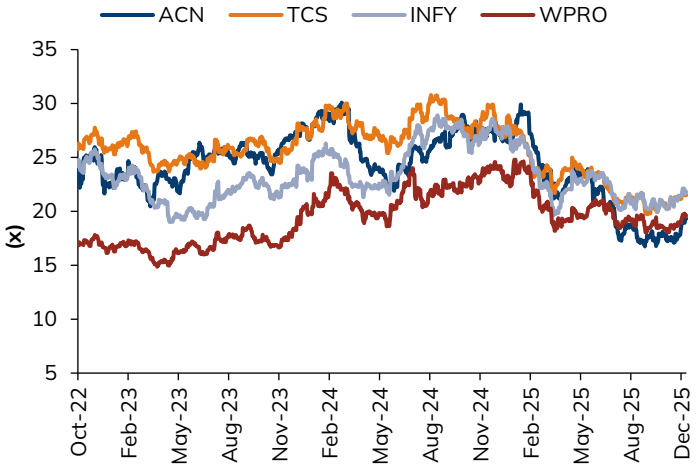
Source: I-Sec research, Bloomberg
* 1-Year Forward P/E

Exhibit 6: EMS – one of the key beneficiaries of AI-led value creation (especially DIXON), partially led by scarcity premium*



Source: I-Sec research, Bloomberg
* 1-Year Forward P/E

Exhibit 7: IT services – tertiary beneficiaries of AI-led value creation (no fillip post 3 years of AI surge)*



Source: I-Sec research, Bloomberg
* 1-Year Forward P/E

Executive summary

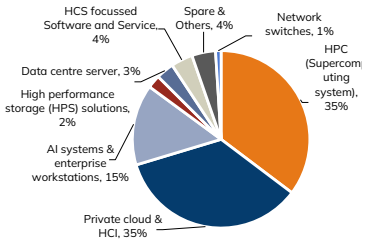
Introduction

Netweb is a high-end computing solutions provider with offerings across: 1) high performance computing (HPC); 2) AI; and 3) hyper-converged infrastructure (HCI) and private cloud. These are its three key segments. Netweb does design, manufacturing and deployment of servers, super computers and HCI for its marquee client base across government/private enterprises, which forms 43%/57% of its Q2FY26 revenue. Its marquee client base spans sectors such as higher-education institutes, space research, defence and IT services.

Business model

Netweb designs bespoke end-to-end solutions for government and private clients sourced through pro-active sales methods. The solutions are priced at 27-28% of gross margin across all segments. Offering full stack solutions (hardware+ software) gives Netweb the pricing power to have mid-teens EBITDA margin vs. single-digit margin commanded by other EMS plays. Margins are slightly better for AI & EW and export projects.

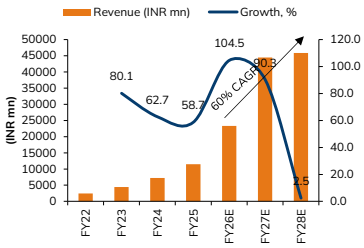
Segment share FY25



Sectoral tailwinds

- Government's Make in India push along with policies like DPDP Act (which encourages data localisation) and PLI Scheme for IT hardware.
- Huge government outlay for programmes like: National Supercomputing Mission, IndiaAI Mission.
- Robust demand across key segments of HPC, AI-enterprise workstation and private cloud - HCI.

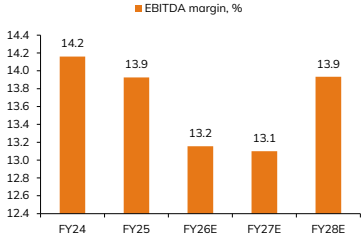
Revenue growth estimates



Company's USP

- Full stack of product and solution suite with comprehensive capabilities in designing, developing, integrating and implementing HCS solutions.
- Deep expertise in designing, architecting and manufacturing (e.g. SMT).
- OEM partnership with NVIDIA helps Netweb beat the curve in designing, architecting and manufacturing AI systems, as Netweb gets access to NVIDIA's latest product pipeline 12-24 months in advance.
- Marquee and diversified client base spanning across higher education and research, IT and ITES, space and defence, etc.

EBITDA margin estimates



Estimates and valuation

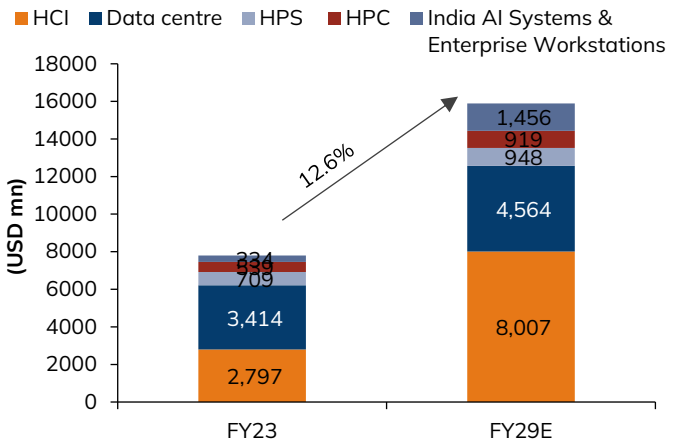
- We expect FY25-28E revenue and EPS CAGR of ~59%.
- We value the company at a one-year forward PE of 56x, in line with the lifetime average multiple of Dixon Technologies, on Q3FY27E one-year forward EPS of INR 73 to arrive at a Dec'26E TP of INR 4,110.

Key risks

- Non-annuity nature of the business.
- Margin dilution from mega deal execution.

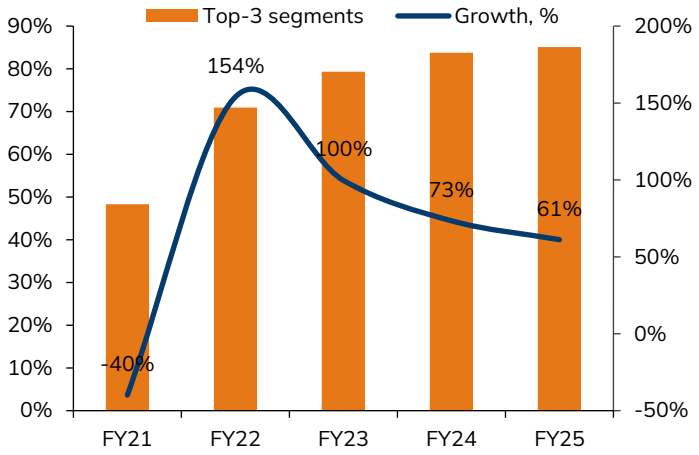
Focus charts

Exhibit 8: Indian TAM of 5 key segments is expected to grow at 12.6% CAGR



Source: I-Sec research, Frost and Sullivan, Company RHP | Actual TAM for Data Centre may be higher post DPDP act implemented by govt. in Nov'25

Exhibit 9: Top 3 segments' growth has been >50% YoY on a rising base

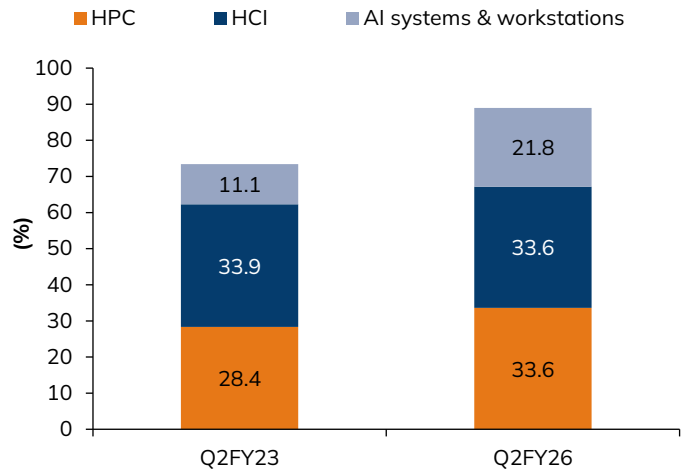


Source: I-Sec research, Company data

Exhibit 10: Marquee clientele

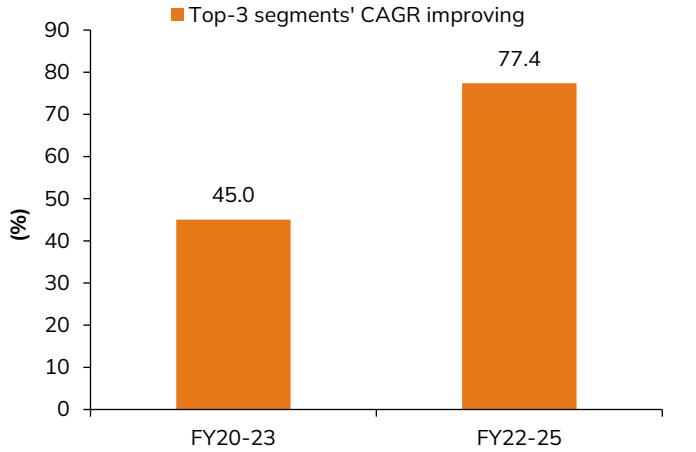
Source: I-Sec research, Company data

Exhibit 11: Share of top-3 strategic segments has grown steadily in last two years



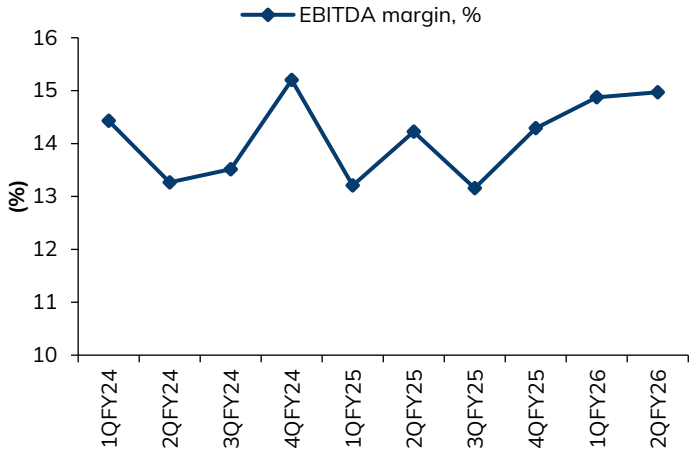
Source: I-Sec research, Company data

Exhibit 12: Top-3 segments' CAGR has improved over the years



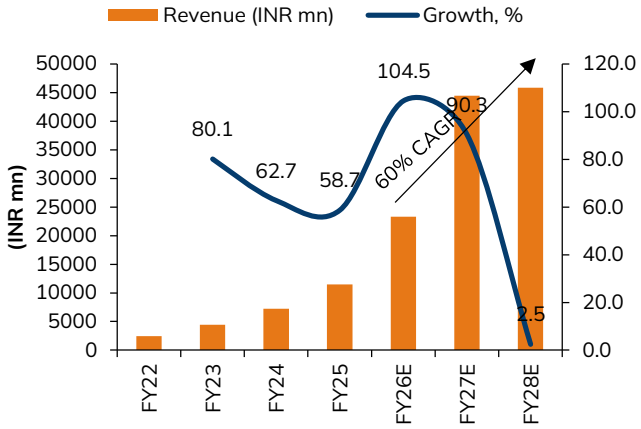
Source: I-Sec research, Company data | includes: HPC, Private Cloud & HCI and AI systems & enterprise workstations

Exhibit 13: Rangebound EBITDA margin performance



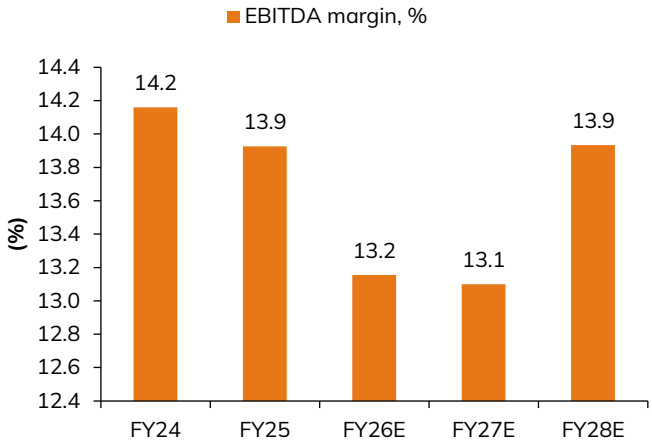
Source: I-Sec research, Company data

Exhibit 14: Expect FY25-28E revenue CAGR of ~60%



Source: I-Sec research, Company data

Exhibit 15: Slightly muted EBITDA margin expected in FY27E due to IndiaAI INR 17bn mega deal execution



Source: I-Sec research, Company data

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Sectoral tailwinds for Netweb

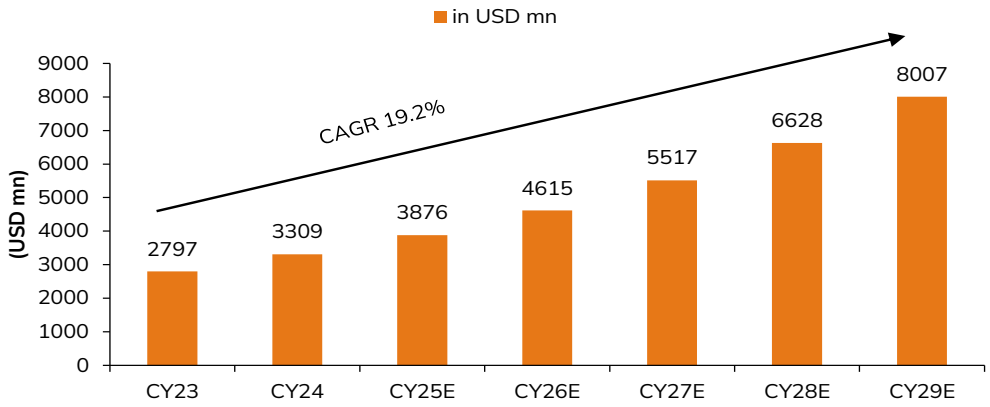
Growing private cloud and HCI; high-end computing solutions to see growth surge

Private cloud

Given GoI's push towards data localisation, there is movement from public to private cloud. The demand is fuelled by data security and shift to cloud infrastructure. This is creating a new opportunity for Netweb.

Private cloud gives enterprises: 1) Full control over software and hardware choices, 2) freedom of customisation, 3) greater visibility into security and access control as all workloads run behind customers' own firewall and 4) full compliance with regulatory standards. Globally, private cloud is expected to see a 19.2% CAGR; wider adoption is expected in India as well.

Exhibit 16: Private cloud and HCI to see 19.2% CAGR globally

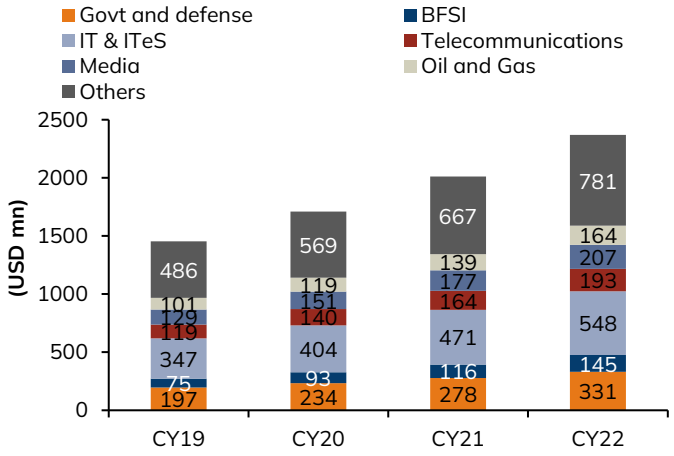


Source: I-Sec research, Frost & Sullivan

HCI

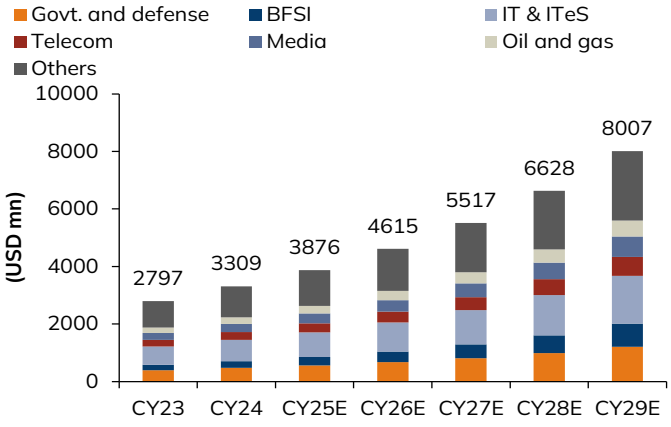
HCI is a software-defined IT framework that combines storage, computes and networking into a single, unified system. HCI demand surge will likely come from the streamlining of IT infrastructure in India. Enterprises would move away from managing outdated, scattered systems, towards more strategic efforts. HCI's demand drivers include 5G, government, defence, BFSI, telecommunication, media and oil & gas. Netweb has received the approval to participate in PLI schemes under Telecom and Networking PLI scheme. Private cloud and HCI CAGR is expected to be higher at 19.2% in upcoming years vs. the 17.7% CAGR achieved earlier.

Exhibit 17: Private cloud and HCI – CY19–22's 17.7% CAGR driven mostly by BFSI, government and defence



Source: I-Sec research, RHP

Exhibit 18: Private cloud and HCI – BFSI and government spending to continue driving CY23–29E CAGR of 19.2%



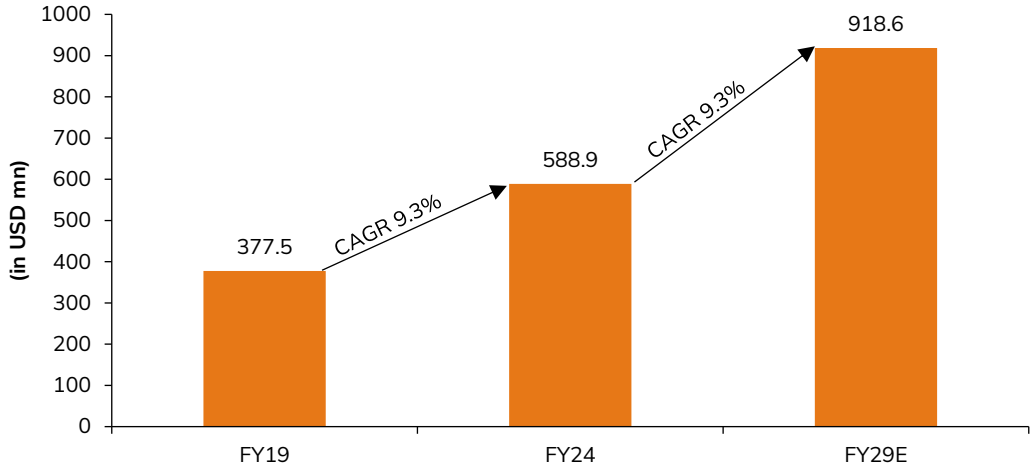
Source: I-Sec research, RHP

HPC

The global demand in HPC is led by use cases in: 1) Healthcare and life sciences (e.g. cancer research, human genome sequencing, molecular modelling), 2) automated stock trading, 3) weather forecasting, 4) executing AI simulations, 5) data analyses from radar, IoT and GPS systems, 6) aerospace simulations, 7) discovering potential new sources of energy.

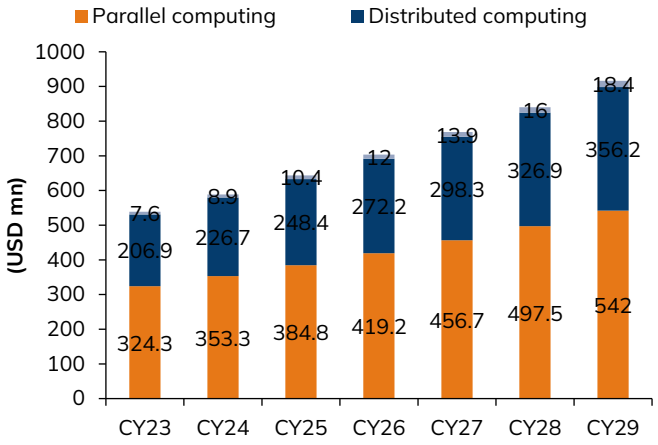
India's HPC market is set to grow at a rapid pace of 9.3% FY24–29 CAGR. Earlier, the demand for HPC was research-led, mostly by educational institutes. That has changed with more use cases coming from areas like manufacturing, aerospace, video animations, gaming, automobile, healthcare, oil and gas segments.

Exhibit 19: India's HPC market is expected to grow at 9.3% CAGR



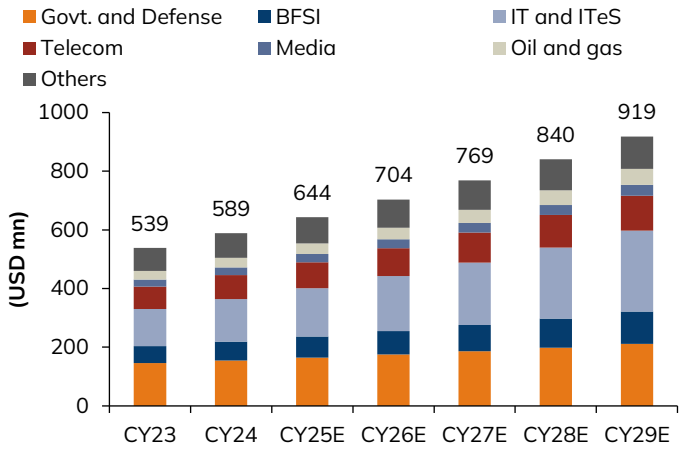
Source: I-Sec research, Frost & Sullivan analysis

Exhibit 20: Indian HPC market by computation size: Exascale computing is expected to see the highest CY23-29 CAGR of 9.3%



Source: I-Sec research, Company RHP

Exhibit 21: Indian HPC market by application: IT, ITeS and BFSI to see maximum CY23-29 CAGR of 13.8%/11.3%

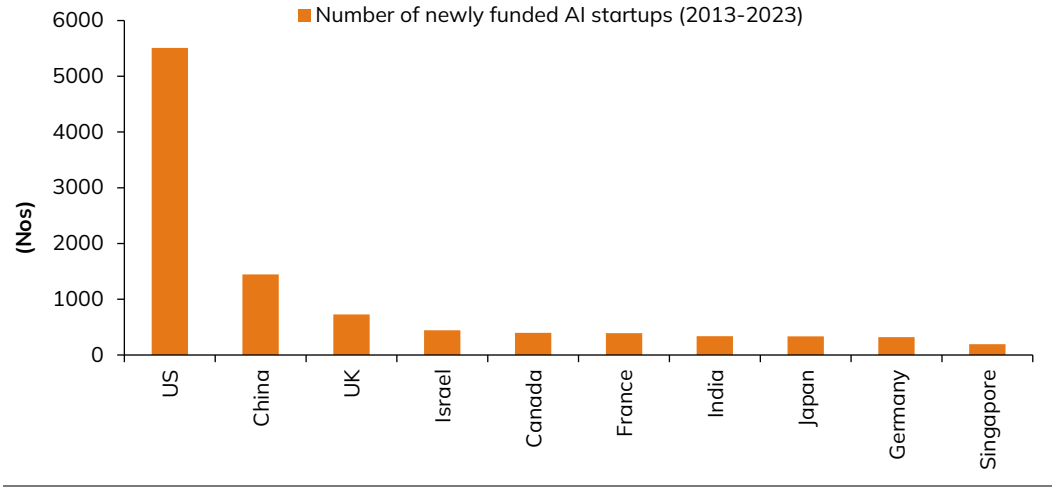


Source: I-Sec research, Company RHP

'Make in India' push for home-grown infrastructure

India's AI ecosystem is growing rapidly but still lags behind other developed countries. There is strong adoption of SLMs and domain-specific LLMs. India's AI market is expected to grow at 25% CAGR till 2027.

Exhibit 22: Indian AI startup ecosystem is lagging w.r.t. several developed nations; has a long runway ahead



Source: I-Sec research, venturecapitalist.com

IndiaAI Mission: Support from GoI; planned outlay of INR 103bn for next 5 years

IndiaAI is a business unit under Digital India Cooperation, within Ministry of Electronics and Information Technology (MeitY). With cybersecurity risks at the highest, IndiaAI mission was launched on Mar'24, in a step towards strengthening India's indigenous AI ecosystem with an outlay of INR 103bn to empower AI startups and expand infrastructure access through public private partnership and localise country's data. The IndiaAI business comes as Indian government pushes towards building sovereign digital and compute capital.

The wheels are already turning for IndiaAI Mission with strides across the seven pillars.

Exhibit 23: Pillars of IndiaAI mission with status update

	Description	Objective	Update
Pillar 1	IndiaAI compute capacity	Deploying 10,000 GPUs through public private partnership for a scalable AI computing infrastructure. These GPUs will help train LLMs with capacity of > 100bn parameters.	The plan has been commenced with expansion of purview to 38,000 GPUs, out of which 17,000 installations are already done.
Pillar 2	IndiaAI Innovation Centre	Focusing on developing and deploying indigenous large multimodal models (LMMs) and domain-specific foundational models. These models will cater to the unique needs of India's diverse industries and sectors.	The call for proposals under IndiaAI Innovation was launched on 30th Jan'25. A total of 506 proposals have been received across 3 phases. As part of the first phase of approvals, four startups have been selected to initiate the development of indigenous foundational models.
Pillar 3	AI Kosh IndiaAI Datasets Platform:	The India AI Datasets Platform (AI Kosh) aims to revolutionise access to high quality, non-personal data, empowering researchers, Indian startups and developers to accelerate AI-driven innovation. The platform will act as a unified hub for seamless data discoverability, integration and access, supporting the creation of robust and	AI Kosh has over 3,000 data sets across 20 sectors and 40 organisations. It has more than 240 models to support new AI solutions, some of which are uploaded by IITs.

Description		Objective	Update
		scalable AI solutions. By standardising metadata, enabling API-based access, and supporting AI-ready data formats, the platform will ensure interoperability and ease of use. It is designed to foster experimentation, reproducibility, and collaboration across the AI research and development ecosystem. AI Kosh is a ready to use data set for an AI project.	
Pillar 4	IndiaAI startup financing	The goal is to democratise access to capital for AI entrepreneurs through various financing support mechanisms relevant to the lifecycle stages of AI startups (early seed stage to scale-up stage). This initiative will help foster partnerships between government bodies, venture capitalists, and industry to boost funding availability. Access to opportunities for Indian startups to provide for global needs via strategic interventions and partnerships.	Govt. funded 8 rounds of startup in the first round. The second round received a strong response with over 500 applications.
Pillar 5	IndiaAI application development initiative	This initiative promotes AI applications in critical sectors across state and central government departments and other institutes. It focuses on developing, scaling, and promoting the adoption of impactful AI solutions.	30 AI solutions addressing critical challenges have been shortlisted under IndiaAI Innovation Challenge, from over 900 submissions, for the next stage.
Pillar 6	IndiaAI future skills	This pillar aims to reduce entry barriers into AI programs by increased AI courses at undergraduate, master's and PHD levels. Under this initiative, AI Labs will be established in tier-II and III cities to offer foundational courses. The plan is to set up 570 AI and data labs in tier-III and II cities.	The IndiaAI FutureSkills pillar is in active implementation, having awarded over 200 fellowships to students and initiated the establishment of dozens of new data and AI labs.
Pillar 7	Safe and trusted AI	Through this the govt. ensures responsible AI development through implementing responsible AI projects, developing indigenous tools and frameworks, and establishing guidelines for ethical, transparent, and trustworthy AI technologies.	

Source: I-Sec research, IndiaAI website

Other tailwinds for AI

- On top of IndiaAI mission, AI is being layered on top of India's DPI (Digital Public Infrastructure) which includes: UPI, Digilocker, Aadhar, BHIM; which will facilitate financial inclusion, smart governance and personalised citizen services.
- Government of India's-PLI scheme for IT hardware and network switches will also act as a tailwind, which Netweb received in 2021. Netweb is one of the select 14 names eligible for government's PLI scheme for IT hardware.

Exhibit 24: India's sovereign AI spending is low in comparison to others; indicates further scope for increase in outlay

in USD bn	Sovereign AI infrastructure development outlay	GDP	Sovereign AI investment as % of GDP
India	1.25	4,000	0.03%
Canada	2.4	2,240	0.11%
China	47.5	18,500	0.26%
Saudi Arabia	100	1,240	8.06%
France	117	3,160	3.70%

Source: I-Sec research, Stanford Artificial Intelligence Index Report 2025

National Super Computing Mission (NSM): Planned outlay of INR 45bn

HPC plays an important role in the scientific and economic competitiveness of a nation. Indian supercomputers do not feature in the top-10 supercomputer list across the world, indicating a long road ahead for catch up.

Exhibit 25: India has a long way to go in supercomputer compute speed, as Netweb's Kabru supercomputer has been able to achieve speed of 959 gigaflops and AIRAWAT has a peak speed of 0.013 exaflops

Supercomputer name	Country	Processing Speed (in exaflops)
El Capitan	US	1.742
Frontier	US	1.353
Aurora	US	1.012
Jupiter Booster	US	0.793
Eagle	US	0.561
HPC6	EU	0.478
Supercomputer Fugaku	Japan	0.442
Alps	Switzerland	0.434
LUMI	EU	0.379
Leonardo	EU	0.241

Source: I-Sec research

National Super Computing Mission is being jointly led by Meity (Ministry of Electronics and IT), DST (Department of Science and Technology), C-DAC (Centre of Development of Advanced Computing), IISc Bengaluru, to meet the increasing computational needs of researchers, academia, startups and MSMEs in order to boost country's computing power. Of the planned outlay of INR 45bn, 16.67% has been used and the remaining allocation will be done in the next couple of years. The National Supercomputing Mission is setting up a grid of supercomputing infrastructure in academic and research institutions across the country.

Exhibit 26: Details of supercomputers commissioned under NSM

Compute power	Number of system's commissioned
Lower range (≥ 50TF, < 500TF)	13
Mid-range (above 500 TF, but < 1 Petaflops)	8
Large scale (> 1 Petaflops includes GPU)	7

Source: I-Sec research, dst.gov.in

Some notable achievements under NSM are:

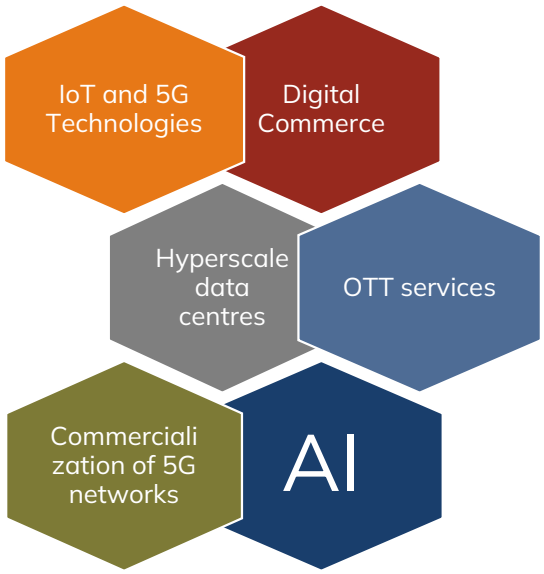
- A total capacity of 24.83PF HPC machines built locally and commissioned across the country, which could bring India in the list of top-10 supercomputing powers globally.
- Development of Rudra server board 1.0, Trinetra HPC interconnects, HPC system software stack 1.1 and various benchmarks (cloud, HPC) applications.
- 17,500 people have been trained so far in high-performance computing.
- More than 5,930 expert users from 100+ institutes are using the facilities routinely.
- 73,25,604 high performance computational queries have been executed till recently.
- As on 12 Aug'25, 37 supercomputers with a total computing power of 40 Petaflops have been installed under the NSM. These systems are set up in leading institutions like IISc, IITs, C-DAC, R&D Labs and also in several academic institutions and research organisations in tier-II and tier-III cities across the country.

Data centre demand surge

The increased compute and private cloud demand will be the key driver of data centre demand surge. Global demand is expected to grow at FY23-29 CAGR of 9.7% and Indian demand is expected to grow at 5% (per RHP). However, this will likely be higher going forward, post DPDP Act implementation in Nov'25. Large hyperscalers could be leading the demand for data centres in India.

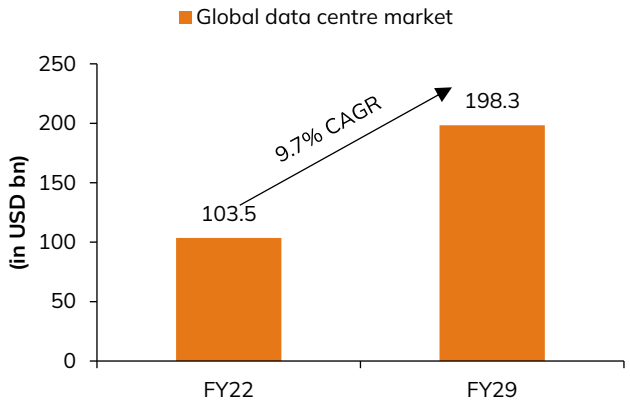
Data centre servers have witnessed uses cases and adoption in BFSI, government and defence, IT and ITES, telecommunications, media, and oil & gas sectors as these sectors deal with a huge amount of data. India currently has 1.2–1.4GW of data centre capacity.

Exhibit 27: Demand drivers for data centres



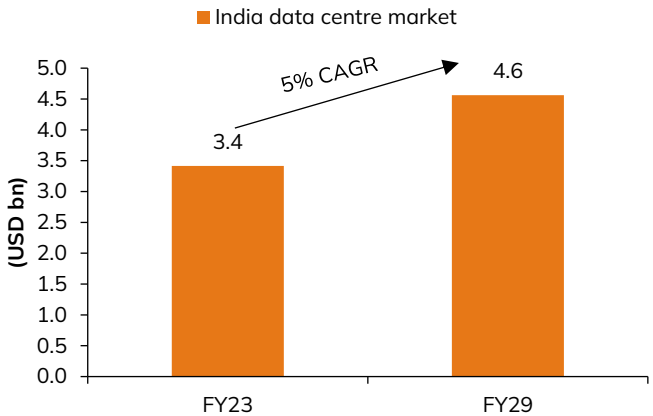
Source: I-Sec research

Exhibit 28: Global data centre market is expected to grow at 9.7% CAGR in FY22-29



Source: RHP, I-Sec research

Exhibit 29: Indian data centre market is expected to grow at 5% CAGR in FY23-29



Source: RHP, I-Sec research | the FY29 estimate may be higher post DPDP implementation in Nov'25

Globally, due to significant investments in data centres, gaming, cloud computing, autonomous vehicles, and AI and VR technologies, Europe is one of the market's fastest expanding regions.

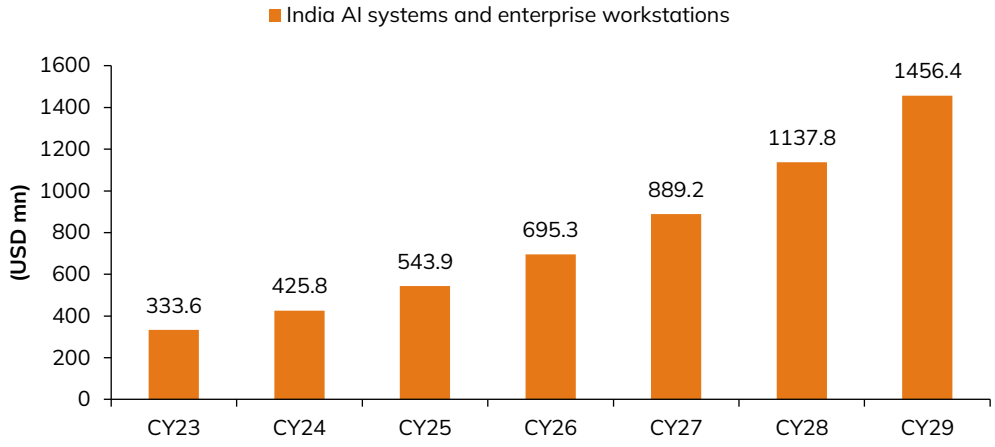
TCS is foraying into the data centre business and could be establishing multiple AI and sovereign data centres for providing infrastructure and technology-enabled services through a wholly-owned subsidiary in India, with a capacity of 1.2GW. This indicates the quantum of data centre opportunity. It aims to reach full capacity in 5–7 years with ~150MW expanded each year. Financing will be via a mix of debt and equity. Data centre services would be provided on a colocation basis. Potential customers include: Government of India and states, hyperscalers, deep tech, Indian enterprises who want access to private cloud, and for training LLMs. The subsidiary could have a separate management with adjacencies to TCS.

AI and enterprise workstation

Enterprise workstation is a computer system specifically designed for AI-related tasks with specialised hardware, which includes: 1) TPU (Tensor Processing Unit) or FPGA (Field Programmable Gate Array); 2) RAM; 3) storage; 4) power supply unit; 5) motherboard and 6) built-in cooling system.

There is increased adoption of AI workstation in media and intelligence, defence and intelligence. The demand in AI and enterprise workstation will be driven by: 1) growing demand of GPUs in high end gaming consoles, video games; 2) BFSI industry's usage (algorithmic trading, customer analytics, risk modelling); 3) sharp increase in 3D animation; and 4) fillip in Indian market from 'Make in India'. AI and EW estimated FY23–29 CAGR for India is higher at 27.8% vs. 4.5% estimated globally (per RHP).

Exhibit 30: India AI systems and enterprise workstations revenue is expected to grow at FY23–29 CAGR of 27.8%



Source: I-Sec research, Company data

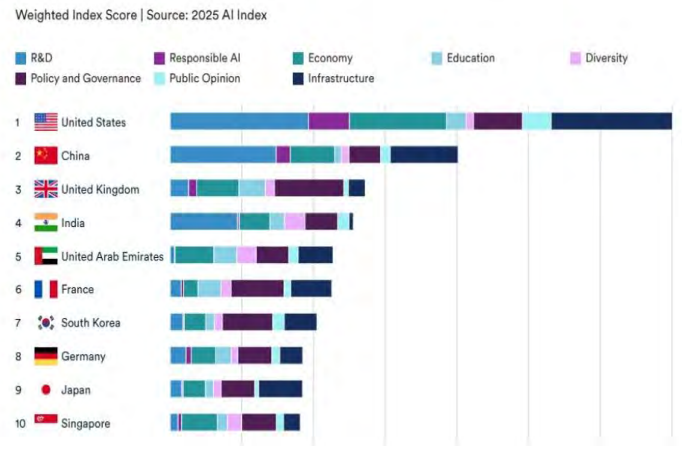
India's robust talent

India currently accounts for world's largest talent pool with 16% of global AI talent, roughly >600,000 professionals, next only to the US. As per NASSCOM, India's AI Talent Pool is expected to grow to 1.25mn by 2027.

As per Indiaai.gov.in, India ranks high in terms of AI talent –

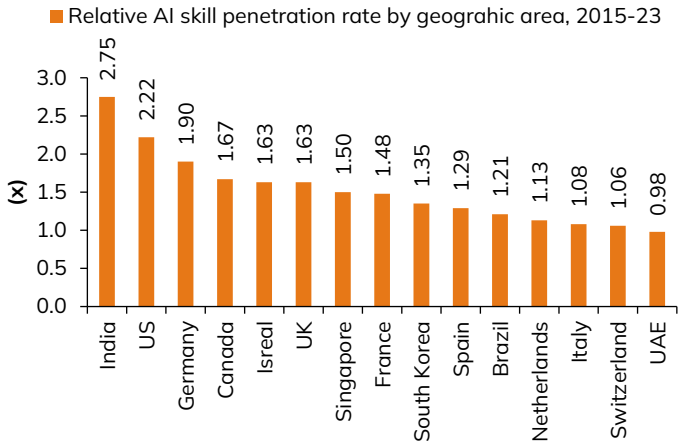
- AI skill penetration rate: For India, it is 2.8, the highest globally, demonstrating that its AI workforce is 2.8 times more skilled in AI-related competencies than the global average.
- AI skill penetration for women: India leads again with a penetration rate of 1.7, followed by US (1.2) and Israel (0.9). This achievement signifies India's ongoing efforts to bridge gender disparity in AI skill development.

Exhibit 31: India ranks high on Global AI vibrancy ranking



Source: I-Sec research, AI Index- Stanford University

Exhibit 32: India has the highest AI skill penetration rate worldwide



Source: I-Sec research, Indiaai.gov.in

Digital Personal Data Protection Act

Digital Personal Data Protection Act, 2023 (DPDP) promotes data privacy giving power in the hands of end users (Data Principal) to give consent for usage of their data, every step of the way for legitimate use and increased localisation of data, which acts as a tailwind for Netweb's private cloud business.

The following phrases from the DPDP act promote data localisation to be undertaken by the data fiduciary.

"A Data Fiduciary shall protect personal data in its possession or under its control, including in respect of any processing undertaken by it or on its behalf by a Data Processor, by taking reasonable security safeguards to prevent personal data breach."

"The Central Government may, by notification, restrict the transfer of personal data by a Data Fiduciary for processing to such country or territory outside India as may be so notified."

"Nothing contained in this section shall restrict the applicability of any law for the time being in force in India that provides for a higher degree of protection for or restriction on transfer of personal data by a Data Fiduciary outside India in relation to any personal data or Data Fiduciary or class thereof."

DPDP would aid Netweb by enabling it to create a stronger domestic market for HPC and data security, which are among Netweb's key offerings. As companies face strict compliance requirements and the risk of penalties, they will have a greater need for localised IT infrastructure, advanced data protection services and robust security services. This will likely lead to demand for specialised security offerings and consulting, a market Netweb is well positioned to capture.

Exhibit 33: Netweb's key segments' combined FY29 estimated TAM is USD 15.9bn in India and USD 948bn globally, growing at 12.6% FY23–29 CAGR

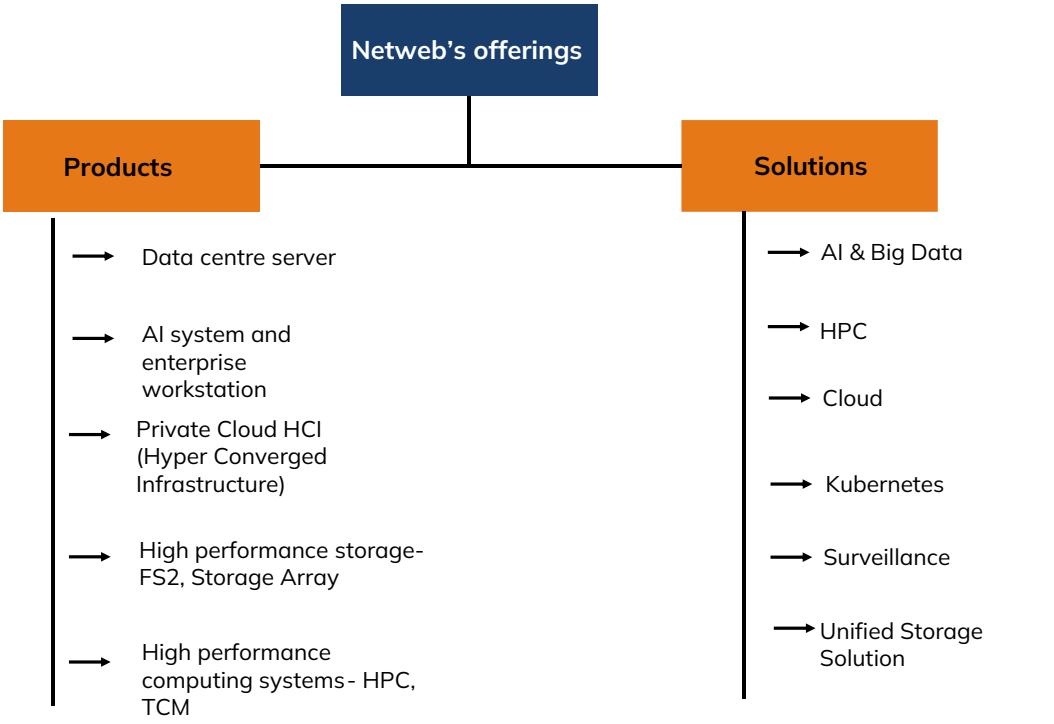
USD mn	India		Global		India business FY23-29 CAGR	Global business FY23-29 CAGR
	FY23	FY29	FY23	FY29		
HCI	2,797	8,007	2,28,000	5,93,000	19.2%	17.3%
HPC	539	919	45,000	58,200	9.3%	4.4%
AI Systems & Enterprise Workstations	334	1,456	6,300	8,200	27.8%	4.5%
Data centre	3,414	4,564	1,13,600	1,98,300	5.0%	9.7%
HPS	709	948	65,000	78,800	5.0%	3.3%
Total TAM of key segments	**7,793**	**15,894**	**4,66,200**	**9,48,611**	12.6%	12.6%

Source: I-Sec research, Company RHP
Note: The Indian data centre TAM is estimated to be higher after Indian govt passed the DPDP act in Aug'23. Per JLL, the Indian data centre market is expected to reach USD30bn by CY30 as India produces 20% of global data.

Company offerings

Netweb sells all the products under the umbrella brand name Tyrone started in 2005, with various sub brand names catering to each of its segments. Company has installed 600+ HPC systems, 60+ private cloud and HCI and 7,000+ accelerator/ GPU-based systems as on Q2FY26.

Exhibit 34: Company offerings



Source: I-Sec research, company

Exhibit 35: Netweb's product solution portfolio

Source: I-Sec research, company

Exhibit 36: Netweb's offerings

	Offering description	Key products/ services	Peers
AI & EW	AI systems - advance and powerful AI systems based on latest Gen GPU architectures design and manufactured in India under OEM partnership with Nvidia & AMD.	Tyrone Janus workstation Solutions	No Indian player; Netweb has partnered with NVIDIA
Private Cloud and HCI	Private cloud and HCI offer hyper-converged capabilities i.e., combining compute, storage and network within a single pre-configured hardware box.	HCI cloud (Skylus), KUBYTS platform Skylus Cloud for HCI	VMware, Nutanix, RedHat, Suse
HPC	Bespoke and purpose-built specialised hardware designs and architecture. Cater to run complex algorithms and applications at scale.	Tyrone Camarero DIT400 Series, SDI100 series	IBM, ATOS, Lenovo, HPE
Data centre	Designed to reduce the complexity of managing critical and heavy workloads.	Data Center Server – Camarero series	HPE, IBM, Dell, Lenovo
HPS	Centralised repository for business-critical information that provides data sharing, data protection across multiple computer systems.	Tyrone verta, parallelstor, velox	HPE, NetApp, Dell, HITACHI
Software and Services for HC Offering	Cloud Managed Services – these offer partial or complete management and control of a client's cloud platform, including migration, maintenance and optimisation.		IT services plays, hyperscalers (Google, AWS, Microsoft)

Source: I-Sec research, Company data

Deep expertise in high-performance computing and private cloud (important part of the mix):

Netweb's high performance computing and private cloud are its oldest and high performing business segments (sans the recent strong pickup in AI business). Company has been designing and manufacturing supercomputers for the last 20 years.

Netweb sells its offerings (hardware and software bundle) under the brand name of Tyrone.

For its group of offerings, the company has offerings under various brand names such as: 1) Skylus, 2) TCM, 3) Tyrone Verta, 4) Kubyts, 5) ParallelStor, 6) Camerro and 7) Collectivo.

1) **Skylus.ai – easy way to set up GPU-based AI lab infrastructure:** It is a unified composable GPU orchestration platform, launched in Feb'25 (a-plug-and-play platform for GPU-based infrastructure). Skylus.ai is an appliance for GPU resource management across multiple vendor environments. It includes **Kubyts**- (which is a workbench offering pre-built, pre-tested, ready-to-deploy container images, for simplifying application deployment) and **ParallelStor** (for ensuring low latency and high throughput large scale AI applications).

   The product already has a strong order book. It is a term license-based product, which serves three stages of the AI process – 1) development; 2) training; and 3) inference. Netweb provides customised Skylus solutions for enterprises.

   Skylus.ai supports industries such as finance, pharmaceuticals, education, automotive design or any organisation looking to leverage the power of AI.

2) **TCM (Tyrone cluster management) suite:** Netweb's supercomputing systems are tailored with specialised hardware design and architecture. With TCM suite, Netweb has deployed a wide range of supercomputing systems from 10 node systems to 400 nodes, scalable up to 1000 nodes.

Exhibit 37: Case study – deployment of unique data centre with hybrid architecture and HPC cluster at IIT Jammu

Problem statement: Designing a Data Center with the lowest hardware footprint yet highest performance. Integrating cloud & Big Data facilities with existing networks. To build a single platform that could facilitate CPU and GPU intensive workloads.
Deployment: The challenges were to integrate diverse user requirements, campus networking, and IT services on board in a single infrastructure for optimized usage and performance. Netweb designed the entire compute infrastructure resulting in a high-performance data center with a low PUE (Power Usage Effectiveness) level. The final design was a complete Data Centre with HPC Cluster, Big Data Cluster, a Private Cloud for IIT Jammu and a high throughput parallel file system. The HPC system consists of 80 compute nodes, each with a 20-core Intel processor. Each core runs at 2.50 GHz and has 32 GB of memory. The system provides about 450 TFLOPs of computing power. **Results:** Netweb deployed Data Centre 'Agastya' with the following specifications: 1) Computing power of 450TF, 2) 256TF of peak performance from CPUs and 56TF from GPUs, 3) 48TB of total memory and 4) Data Center PUE of 1.4.
Client Feedback: "The overall efficiency of the cluster was highly optimized by Netweb HPC experts which led to higher performance. Even the sustained storage throughput/performance surpassed the criteria we had set."

Source: I-Sec, Company data

3) **Kubyts:** Kubyts is a catalogue of GPU and CPU accelerated container applications and images for deep learning software, HPC visualisation tools and HPC applications. It is a repository of 100+ containers and 50+ applications for DL, ML and HPC workloads. It allows one to easily build, ship and run applications using container technology and speeds up deployment of HPC and AI development across different platforms and hardware. With Kubyts platform, applications can be deployed in seconds.

4) **ParallelStor:** ParallelStor is designed to support file and object access for demanding workloads, ensuring high throughput and low latency. It also provides high bandwidth (e.g., EDR-100GB/s, HDR-200GB/s) for massive data requirements. Parallelstor gets seamlessly integrated with Netweb's skylus.ai platform for efficient data management for large scale AI applications.

5) **Tyrone Camero AI platform:** This platform is specifically designed to address the growing demands of next generation computing. The platform supports 1) next generation AI foundational training, 2) exascale computing, 3) memory intensive workload, 4) development and deployment of large multimodal models and 5) scalable AI solutions.

6) **Verta:** The Verta series are flexible and versatile storage platforms used mostly for surveillance purposes.

Exhibit 38: Case study – deployment of Tyrone Verta Surveillance Storage solution for a leading oil producer in Kuwait

Problem statement: Customer needed storage solution for surveillance application in its new oil field with remote monitoring, fast retrieval and secure ingestion of data from large number of cameras.

Deployment: The Tyrone Verta D4ZC-36S was used as the recording server along with Milestone XProtect Corporate Video Management Software (VMS) solution to ensure security and maximum data efficiency.

Results: The implemented Tyrone Verta storage system provided:

- Functioning in failover mode to provide high availability and redundancy.
- Verta D4ZC-36S - a highly scalable solution offering storage capacity starting from a few TBs to PetaBytes.
- The high-performance SSD cache helps clients get more data on-the-fly as the data is temporarily stored in the cache.

Source: Company data

7) **Collectivo**: Collectivo is one of the leading parallel file systems custom designed to handle immense workloads in a performance-critical environment such as storage and archival requirements. In addition, its hardware and software can also be configured accordingly. With an ability to scale up or down at will, it is suitable for high throughput workloads experienced in archival and surveillance applications. These applications demand strict fault tolerance and mandatory system integrity, which Collectivo delivers.

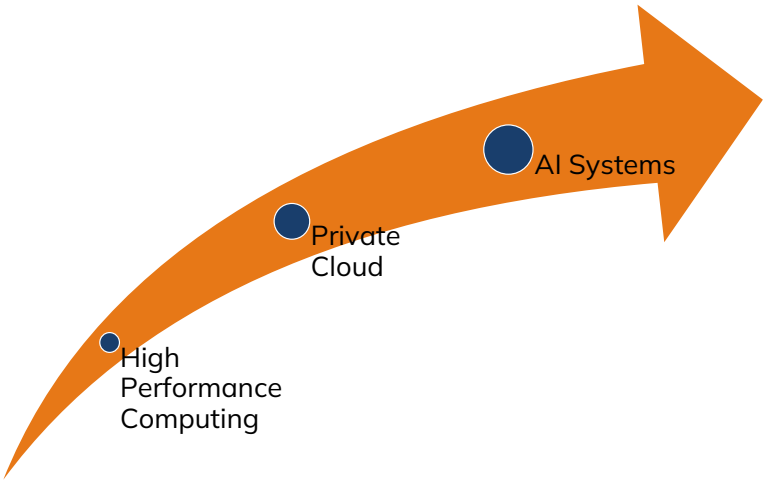
Netweb is also foraying into new product lines like network switches, surveillance and 5G ORAN.

- Netweb's key HPC offerings include supercomputers with GPU optimisation, HPC clusters, HPC on-cloud, SMP solutions and other management tools.
- The major supercomputers deployed by Netweb are: AIRAWAT, PARAM AMBAR, PARAM YUVA II, KABRU and AGASTYA.

Growth drivers

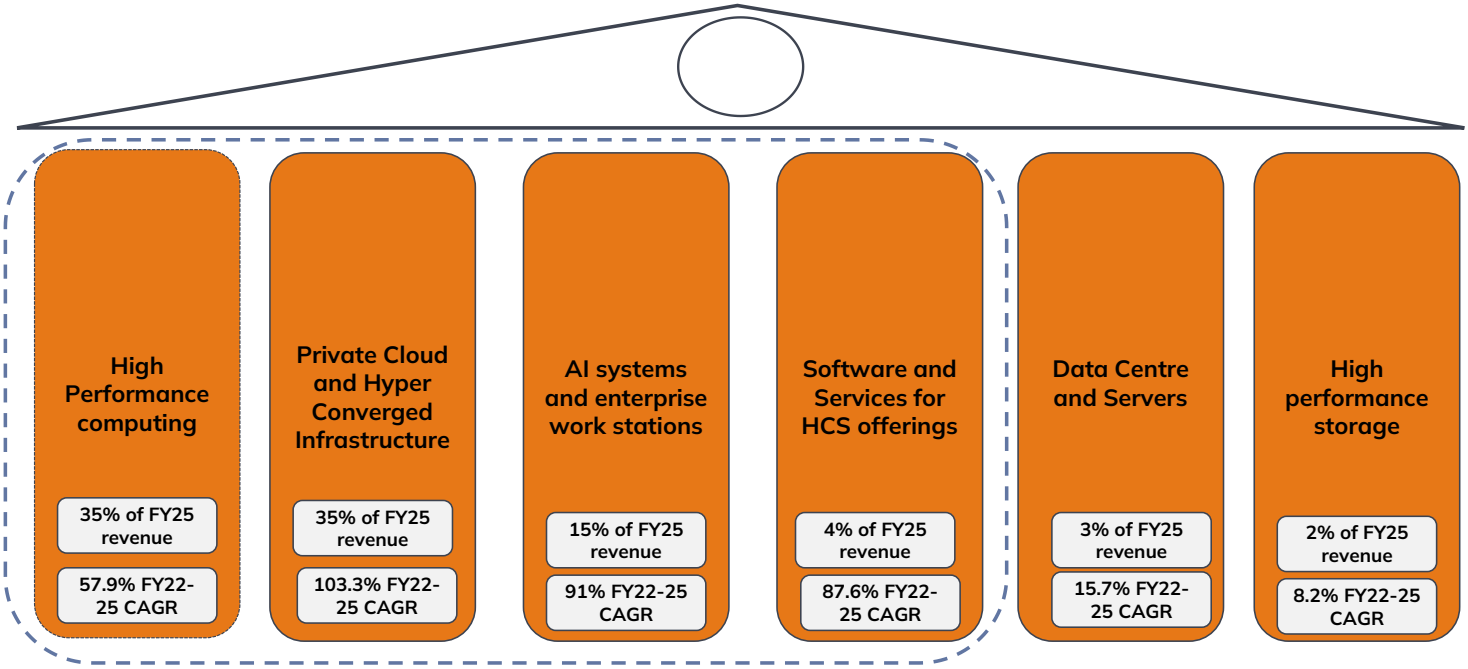
Currently, AI segment is the fastest growth mover. In FY25, AI was expected to form 20% of the revenue by the end of FY26, prior to the IndiaAI mission large order.

Exhibit 39: Key growth drivers – 3 segments – HPC, private cloud and AI systems



Source: I-Sec research, Company data

Exhibit 40: 6 key segments with 4 having exceptionally high FY22–25 CAGR; private cloud and AI-led growth



Source: Company data, I-Sec Research

Company USP

A combination of product and solution suite; end-to-end deployment gives it the pricing power

Netweb has a unique value proposition of being an end-to-end solutions provider. It is different from sole EMS (electronic manufacturing services) players as it provides software stack along with PCB manufacturing. It is different from IT services as well given the hardware and HPC component of the business.

Netweb's margins are consistent, given it is an end-to-end solutions providing, designing, hardware manufacturing and software implementation and servicing play, which gives it the pricing power that peers are missing. Netweb offers hardware and software bundled as a solution. Software part of the business commands higher margins vs. hardware.

Prime beneficiary of AI wave in the Indian technology space

Since the launch of ChatGPT in Nov'22, it has been ~3 years and IT services plays have largely underperformed, while hardware counterparts such as NVIDIA, AMD have shown tremendous growth. In such a scenario, Netweb is emerging as a sole key beneficiary of trickle-down value from hardware plays in the Indian market.

Netweb is also one of the few hardware beneficiaries of the PLI scheme for promoting telecom and networking products manufacturing in India. It qualified for PLI scheme of the government of India for IT hardware in 2021. A total of 14 Indian companies qualified for PLI scheme among hardware plays.

OEM partnership with NVIDIA

- NVIDIA works in partnership with technology companies and this network is called NPN (NVIDIA Partner Network). These partnership types are: 1) Cloud partner, 2) data centre provider, 3) distributor, 4) education services, 5) global systems integrator, 6) independent software vendor, 7) OEM, 8) service delivery partner, 9) solution advisor, 10) solution provider, 11) storage partner and 12) system partner. NVIDIA and Netweb entered into an OEM partnership in 2010. NVIDIA sees India as an emerging market.
- **Netweb's partnership with NVIDIA is an OEM relationship,** wherein it designs and develops AI platforms using NVIDIA products and AI solutions. It has already worked on designing AI ecosystem with NVIDIA Blackwell GB200 platforms architecture. NVIDIA has endorsed Netweb's AI GPU architecture. Netweb had also introduced its ARM architecture-based GPU systems along with NVIDIA. For IndiaAI mission, 10,000 NVIDIA GPUs need to be imported.
- Netweb manufactures over 200 server variations under the brand name Tyrone. Netweb Tyrone offerings are based on NVIDIA's latest chip sets. It expanded the range of NVIDIA MGX platform-based servers in Q3FY25.
- Netweb's AI GPU systems were spotlighted by NVIDIA CEO Jensen Huang at the 2024 NVIDIA AI Summit, affirming it's pivotal role in advancing India's indigenous AI capabilities. NVIDIA presented Enterprise Partner of the year award to Netweb in 2025.
- As an OEM partner, Netweb gets early access to NVIDIA's latest GPUs and reference architecture (12-24 months in advance). Netweb is well versed with the know-how of integrating NVIDIA's latest chips and architecture in its servers, supercomputers and AI offerings.

Partnerships with AMD, Intel, Samsung, Seagate

- These partnerships support the co-development of products and services.
- Company uses: 1) AMD Genoa processors and 2) Intel Emerald Rapids to power its servers. It also has partnerships with Samsung and Seagate.
- It works with 4th gen AMD EPYC- Turin processors to meet demanding needs of high-performance computing environments and diverse workloads at data centre AI systems.

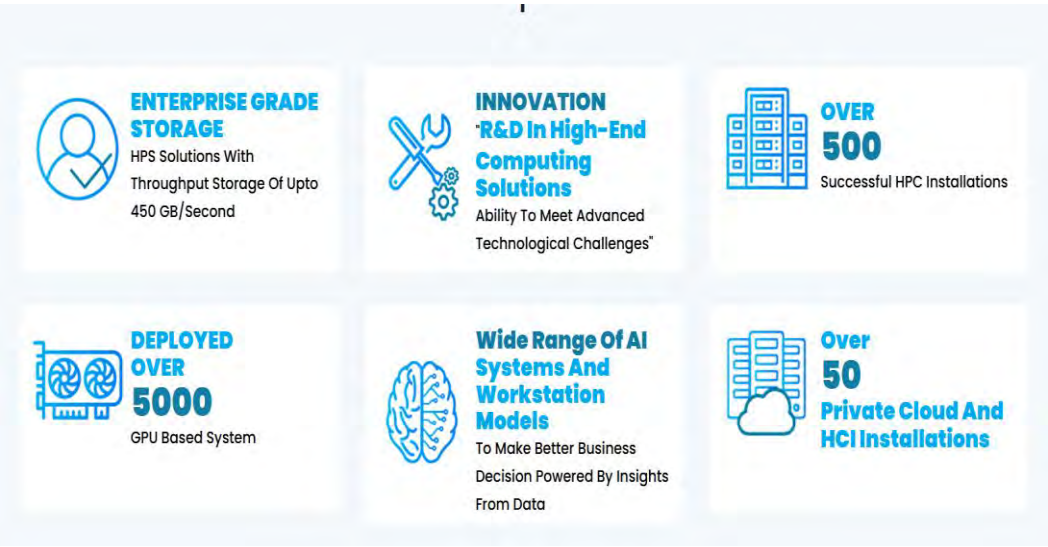
Design capabilities – Netweb's forte

Netweb offers integrated design and manufacturing capabilities. Between manufacturing and designing, Netweb considers designing as its true forte which is relatively irreplaceable. It has deep capabilities in kernel-level designs and hardware product designs of offerings such as: 1) End to end design and production of Make in India server, 2) PCB assembly with SMT (surface mount technology) and 3) motherboards (consisting of 16-24 layers) 4) supercomputers.

Strong track record

Post the IPO, company has been able to hire and retain good talent and is not facing any talent crunch. Through ESOPs, Netweb has been able to retain talent. The average top management tenure in the company is ~15–20 years.

Exhibit 41: Successful installation track record



Source: Company

Marquee clientele

Company has several government departments, BFSI, educational institutes, defence, IT-ITeS as its marquee clients. It intends to add more of such marquee logos to its client list. Netweb has 308 repeat clients as on FY25 and a total client base of >2000.

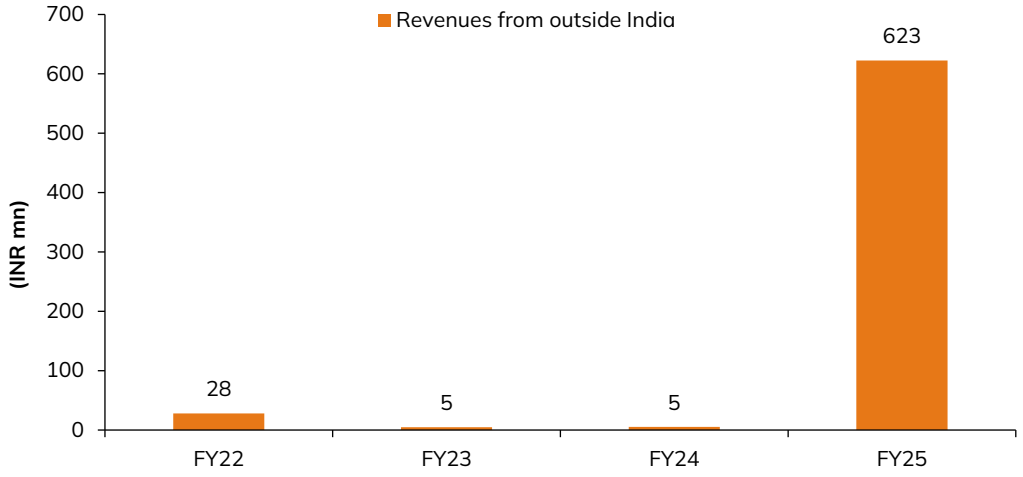
Exhibit 42: Diverse customer base across government institutions and private enterprises

Source: Company data

- **New avenues are opening up for supercomputing:** Earlier, supercomputer demand was mostly limited to educational and research institutes. Now, demand has started coming in from segments such as oil and gas, consumer durables, automobile, manufacturing (for use cases: digital twins, driverless cars). Company expects HPC to be 35–40% of its revenue in the near-to-medium term. It has been active with clients in BFSI, space, defence, government institutes in the HPC space. However, 70-75% of the supercomputing segment is dependent on government. NSM 2.0 could be a major tailwind for supercomputing sub segment.

- **Export business growing multi-fold:** Domestic demand has been strong, driving the ~60%+ YoY growth each year for the last four years. Currently, exports form 5-6% of the total revenue. Company sees this share going up to 10% in the next 2–3 years. However, as of now, the company expects to keep exports rangebound given the high domestic demand. Europe, Singapore and the Middle East are the first focus areas of company's export business.

Exhibit 43: Export revenues grew multi-fold in FY25



Source: I-Sec research, Company data

- **Proactive approach to sales:** Company doesn't wait for RFPs. It rather works proactively to reach the customer base through seminars, end user reach-out programmes, participation in product education symposiums, tracking tenders on government portals. Company is also focused on building long-term relations with private enterprises. Netweb's sales function works zone wise with zonal leaders. Company is mostly keeping large enterprises in its radar. It makes custom AI solutions for enterprises.
- **Better pricing power:** Being an end-to-end solution provider, from design to manufacturing to software and deployment, gives Netweb higher pricing power over its peers.
- **Faridabad plant established in May'24:** The new plant encompasses the entire spectrum, from designing Printed Circuit Boards (PCBs) to surface mounting on PCBs and finally the production of complete systems. The facility includes PCB design, manufacturing and SMT for high-end computing, server, storage, switches. The plant has capacity to make 7,500 servers in a year.
- The Faridabad facility enables the company to manufacture 'Make in India' high-end computing systems based on new generation chips from its technology partners Intel, NVIDIA and AMD. Netweb also has collaborations with academic and research institutions. Capex of INR 322.86mn was capitalised for construction of the building for SMT line in FY24. The manufacturing facility has received a 'ZED Bronze' certification from the Ministry of Micro, Small and Medium Enterprises.
- Company has presence across 18 different offices in India.

Netweb's moat is held by –

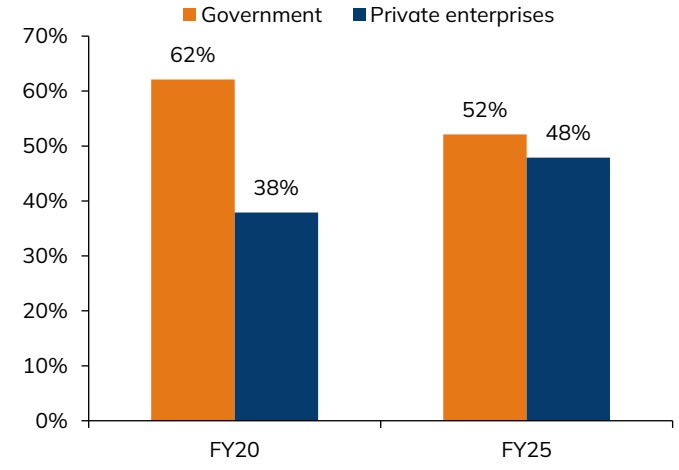
- Good track record of customer service with marquee client portfolio.
- Consistent outperformance on revenue growth and EBITDA margin guidance of 35-40%/ 14-15%. The company has also been able to maintain the PAT margin at ~10% levels.
- First mover advantage on several fronts i.e. manufacturing, designing and installing country's first supercomputers.

Operating metrics

Exhibit 44: Indian footprint- Company has manufacturing plant in Faridabad and offices across 18 locations in the country

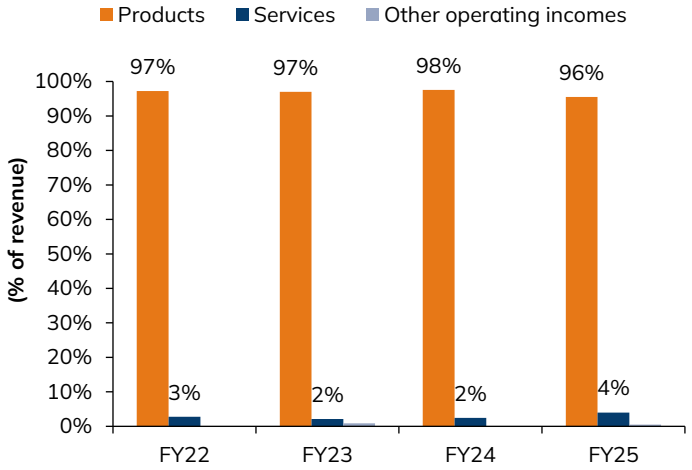
Source: Company data

Exhibit 45: Netweb has strategically increased its private enterprises share from 38% in FY20 to 48% in FY25



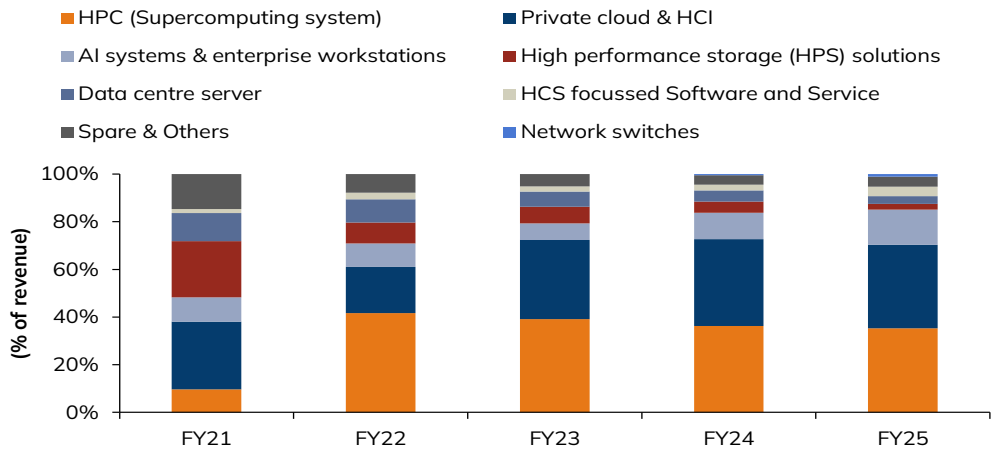
Source: I-Sec research, Company data

Exhibit 46: Product heavy business mix; services side is also growing steadily



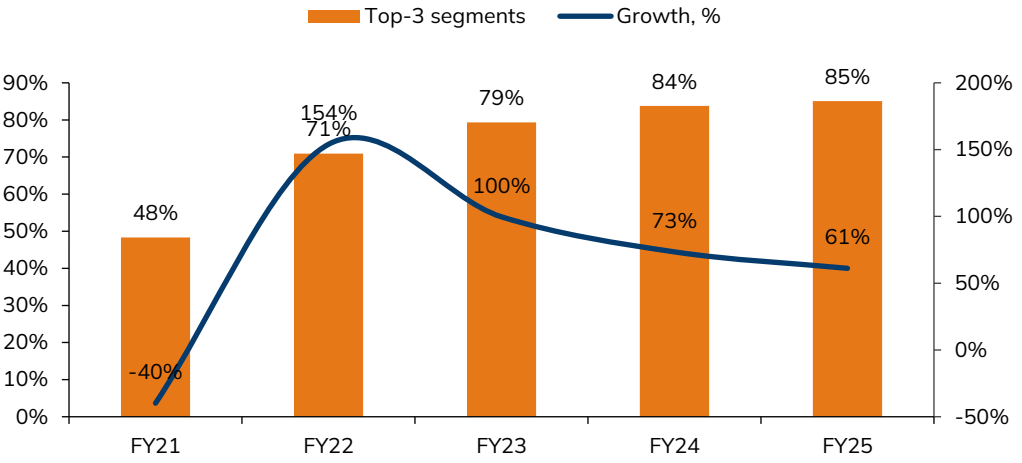
Source: I-Sec research, Company data

Exhibit 47: Segment-wise breakup



Source: Company data, I-Sec research

Exhibit 48: Growing share of revenue from top 3 segments- HPC, private cloud and AI systems



Source: I-Sec research, Company data

Exhibit 49: Segment wise revenue mix: HPC, private cloud & HCI, AI systems and enterprise workstations to remain key focus segments with AI systems estimated to take the lead

Segment wise revenue mix	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
HPC (Supercomputing system)	42%	39%	36%	35%	23%	17%	23%
Private cloud & HCI	19%	33%	37%	35%	24%	18%	23%
AI systems & enterprise workstations	10%	7%	11%	15%	44%	59%	46%
High performance storage (HPS) solutions	9%	7%	5%	2%	1%	1%	1%
Data centre server	10%	6%	5%	3%	2%	1%	1%
HCS focussed Software and Service	3%	2%	2%	4%	2%	1%	1%
Spare & Others	8%	5%	4%	4%	3%	2%	2%
Network switches	42%	39%	36%	35%	1%	1%	1%
Total	19%	33%	37%	35%	23%	17%	23%

Source: I-Sec research, Company data

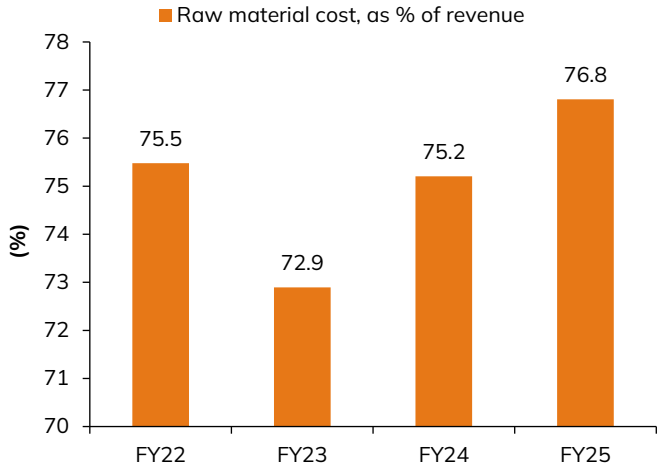
Company financials

Company has consistently grown 1) its top 3 segments - HPC, HCI and AI from 45% FY20-23 CAGR to 77% FY22-25 CAGR, 2) AI and enterprise workstation segment (FY25 growth at 112%). Netweb has guided for 35-40% annual ex-strategic orders revenue growth in the medium term, a long-term EBITDA margin of 14% and PAT margin of 9-10%. Margins are usually aided by AI deals which have a slightly better margin profile. By the end of FY26, AI was expected to form 22% of company's revenue. However, with the INR 21.8bn strategic order by IndiaAI, we expect AI to form 44% of revenue by FY26E. Company had guided to keep its cash conversion cycle between 90-100 days. However, it was able to surpass it and bring it down to 73 days (ex- Q1FY26 where DSOs increased given the jump due to Q1 seasonality).

Stable raw material cost

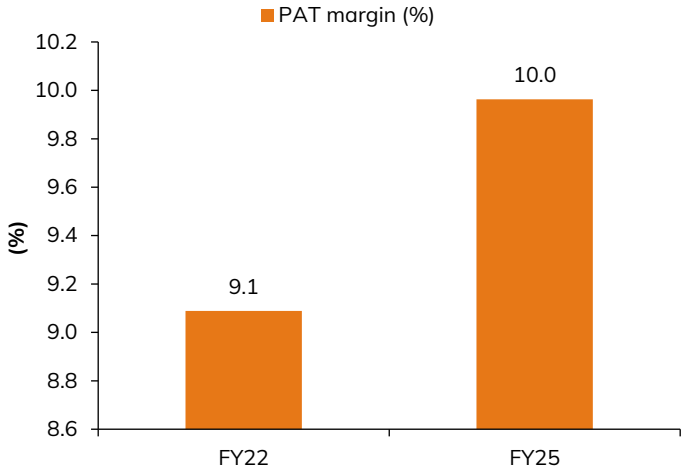
Netweb's raw material cost consists of: 1) Cost of GPUs 2) PCB microprocessors (using surface mount technology), 3) storage and memory modules, 4) switches and interconnect hardware for building HPC clusters and 5) Chassis and the costs incurred in bringing these components to manufacturing location. The company uses NVIDA, AMD and Intel GPU chips for its AI platforms. It has a robust supplier network which includes Indian and overseas vendors. Cost of raw materials was calculated using the FIFO method till CY25. Company shifted to weighted average cost method for inventory valuation on Apr'24. Netweb does not keep an inventory of GPUs. GPUs are ordered on a need basis as per enterprise clients' specifications.

Exhibit 50: Netweb's raw material cost is rangebound at 74-77% of revenue



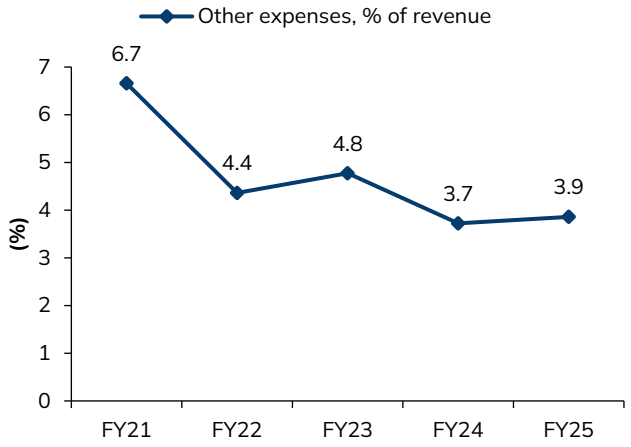
Source: I-Sec research, Company data

Exhibit 51: PAT margin expanded by 90bps from FY22 to FY25



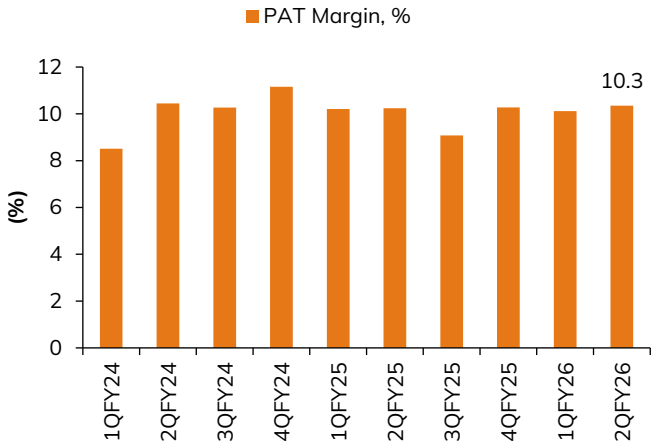
Source: I-Sec research, Company data

Exhibit 52: Consistent reduction in other expenses as % of revenue, down 280bps from FY21 to FY25



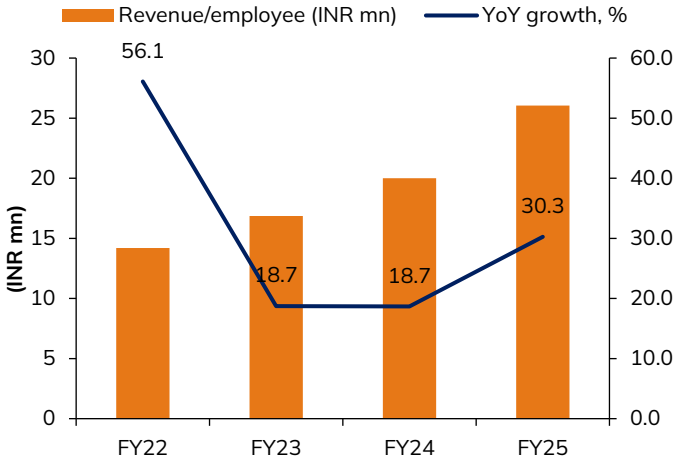
Source: I-Sec research, Company data

Exhibit 53: PAT margin stable at ~9-10% of late; company aims to maintain it at ~9-10% level



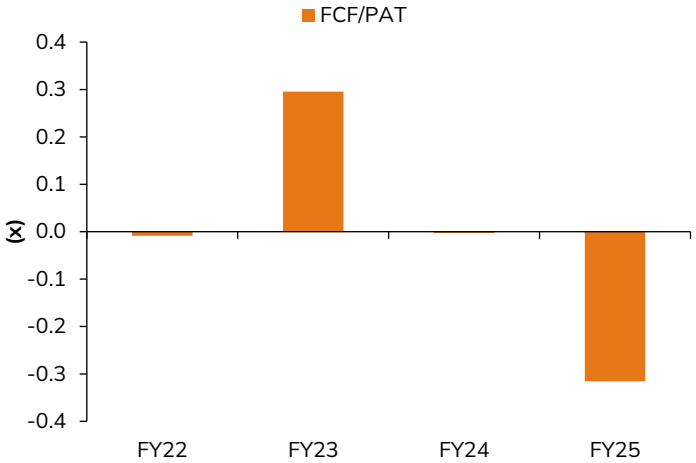
Source: I-Sec research, Company data

Exhibit 54: Revenue/ employee on the rise; headcount addition not proportionate to revenue growth



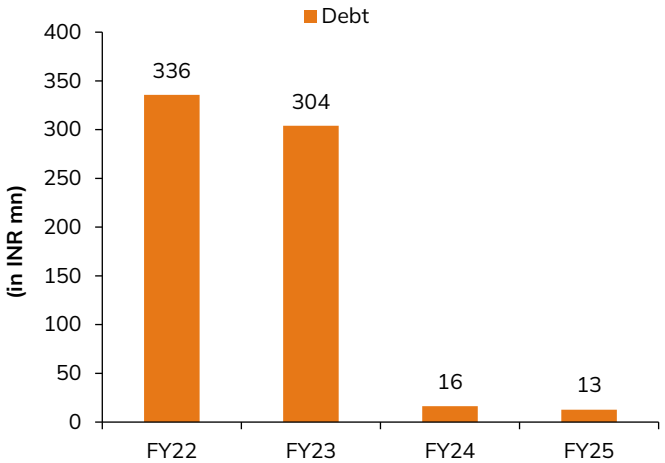
Source: I-Sec research, Company data

Exhibit 55: FCF/ PAT negative



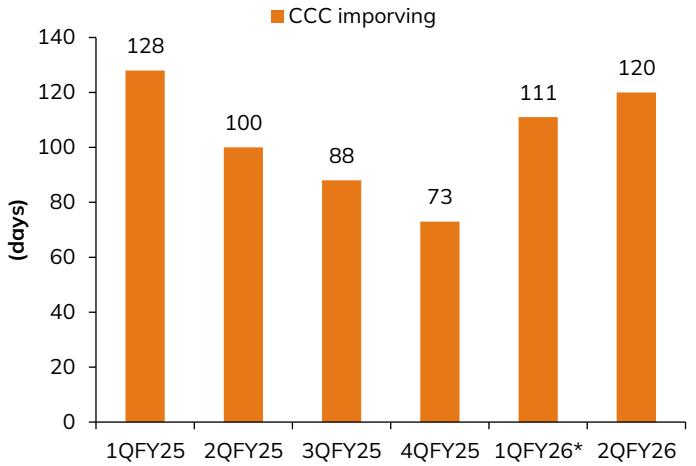
Source: I-Sec research, Company data

Exhibit 56: Consistent debt reduction



Source: I-Sec research, Company data

Exhibit 57: CCC is stable and within the acceptable range despite high % of revenue from govt.; company aims to keep CCC within 80-100 days over the long-term period



Source: I-Sec research, Company data | * the CCC shot up in Q1 because of beginning of fiscal increase in receivables

Peer comparison and valuation

The company's guidance of 35-40% CAGR (ex-strategic orders) seems achievable given its 50%+ YoY revenue growth performance over the last four years. Most of its peers (EMS) have single-digit margin, while Netweb has delivered ~13-14% EBITDA margin over the last two years.

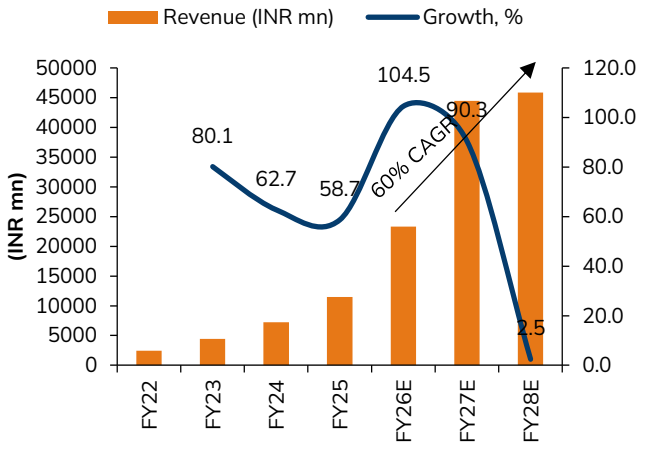
Netweb is a company with full-stack offerings across HPC, HCI, AI and enterprise workstations, data centre and HPS. It designs, manufactures and deploys hardware and software solutions, making it truly unique with no exact comparable. However, in the Indian listed space: Syrma, Zen Technologies, Avalon Technologies, Dixon Technologies are its closest peers in terms of 1) their manufacturing capabilities, 2) being the beneficiaries of Indian government's policies – PLI for hardware, 3) having government department clients and 4) having exposure to sunrise sectors like defence.

Dixon Technologies is the closest peer to Netweb Technologies given: 1) Similar FY26-28E (ex-strategic orders guidance) revenue and EPS CAGRs, 2) being one of the mere 14 beneficiaries of government's PLI scheme for IT hardware, 3) having both design and manufacturing capabilities and 4) specialisation in PCB manufacturing. We value Netweb at 56x one-year forward P/E, in line with lifetime average one-year forward P/E of Dixon Technologies. We initiate coverage with a **BUY** rating on a Dec'26 TP of INR 4,110.

We expect Netweb's growth to be driven by three key segments of HPC, private cloud & HCI and AI systems & enterprise workstations, with AI systems estimated to take the lead.

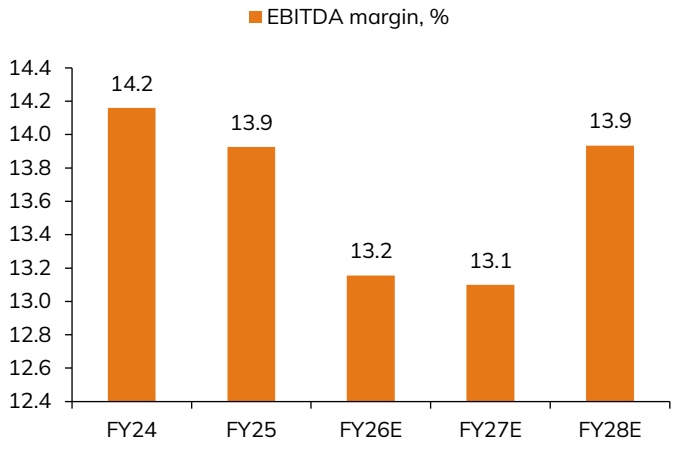
We have factored in INR 21.8bn IndiaAI mission mega deals from Q4FY26 to H1FY27 (including the prior INR17.3bn and second deal worth INR4.5bn) and have built in EBITDA margin compression of 80bps from FY25 to FY27 caused by elevated raw material and other expenses. We have factored in ex-strategic order growth of ~35-40% YoY over FY26–29E.

Exhibit 58: Estimate FY25-28E revenue CAGR of 60%



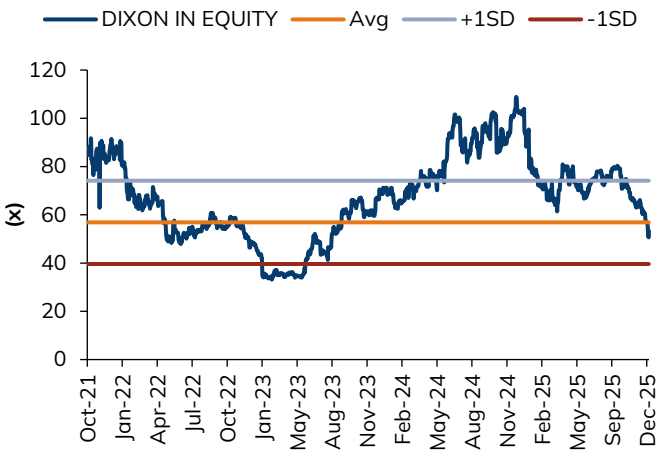
Source: I-Sec research, Company data

Exhibit 59: EBITDA margin to remain rangebound at ~13-14%; estimate ~70bps EBITDA margin impact from IndiaAI mega order execution



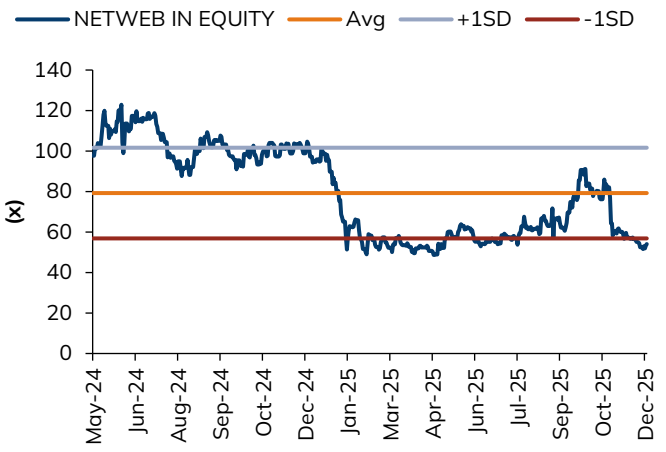
Source: I-Sec research, Company data

Exhibit 60: Dixon Technologies trading at ~50x one-year forward P/E



Source: I-Sec research, Bloomberg

Exhibit 61: Netweb trading at ~54x one-year forward P/E



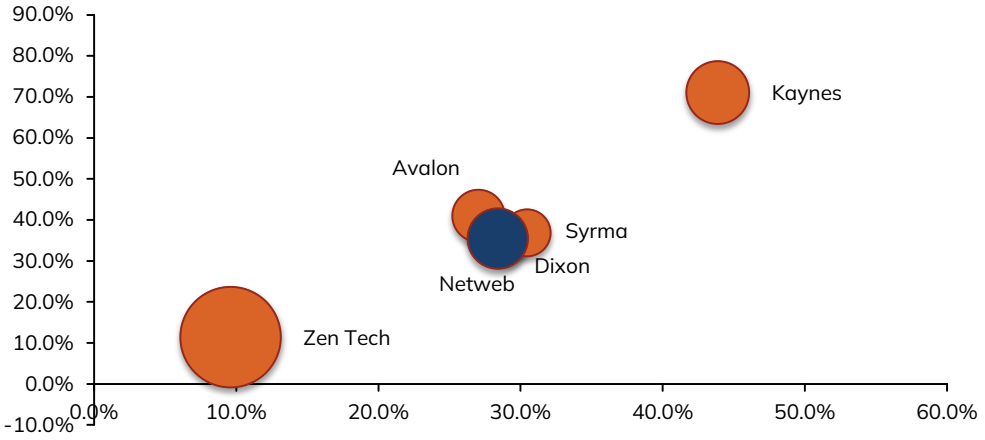
Source: I-Sec research, Company data

Exhibit 62: Peer comparison

Closest listed Indian peers	CMP (INR)	FY26-28 revenue CAGR	FY26-28 EPS CAGR	P/E			Remarks
				FY26E	FY27E	FY28E	
Syrma	739	30.5%	36.8%	54.7	37.8	29.2	A leading Indian EMS company that provides comprehensive design, engineering, and manufacturing solutions to global and domestic OEMs. The company emphasises technology-focused engineering and design, with35+ high speed SMT lines recently establishing a laptop assembly line in collaboration with MSI under the government's PLI scheme to boost indigenous manufacturing.
Kaynes	4,257	43.9%	71.1%	59.7	41.9	20.4	A leading Indian electronics EMS provider that specialises in end-to-end and Internet of Things (IoT)-enabled solutions.
Dixon Technologies	13,365	29.0%	33.3%	69.1	50.9	38.9	The company provides design-focused solutions and manufacturing services for a wide range of electronic products. The company is a major contract manufacturer (OEM and ODM) for top global and domestic brands, including Samsung, Xiaomi, Panasonic, Philips and Google.
Zen Technologies	1,378	9.6%	11.4%	43.6	39.6	35.2	A leading Indian defence technology company that specialises in designing, developing and manufacturing combat training simulators and counter-drone solutions. Commands high margin from the moat created by patents in defence technology. Has focussed on strong indigenous solutions with strong IP and aims to be a leader in AI led defence-tech.
Avalon Technologies	872	27.0%	41.0%	60.3	40.4	30.4	A leading EMS company, specialising in high-value, precision-engineered products. The company provides end-to-end solutions, from printed circuit board (PCB) design and assembly to complete electronic systems integration, referred to as "box build" solutions.

Source: I-Sec research, Bloomberg

Exhibit 63: Netweb is placed in the middle of peer comparison on FY26-28E revenue and EPS CAGRs



Source: I-Sec research, Bloomberg | size of the bubble represents FY25 EBITDA margin

Some competitors in unlisted space include: AT&S India (manufactures electronics using Surface Mount Technology) and Argus systems. E2E Networks is also a peer with capabilities in GPU infrastructure, AI solutions, home grown hyperscaler space, however, has no manufacturing capabilities unlike Netweb.

Exhibit 64: Peers' offerings across top-3 segments

HPC	Key Products and Services	HCI	Key Products and Services	HPS	Key Products and Services
Netweb	Tyrone Camarero DIT400 Series, SDI100 series	Netweb	HCI cloud (Skylus), Kubyts Platform, Skylus Cloud for HCI	Netweb	ParalleStor Velox, Verta, Collectivo
IBM	IBM Power9, storage servers for HPC workloads, IBM Spectrum Conductor, IBM Spectrum Symphony, IBM Spectrum LSF	Vmware	VMWare HCI	HPE	All-flash and hybrid storage, data storage servers, storage networking
ATOS	BullSequana X Series, Nimbix Supercomputing Suite, ThinkAI, Center of Excellence in advanced computing, Mobull	Nutanix	Nutanix Cloud Infrastructure (NCI), Hybrid Multi-cloud Infrastructure	NetApp	lNetApp AFF A-Series, NetApp EF-Series, NetApp AFF C190, NetApp AFF, All SAN Arrays
Lenovo	Lenovo Neptune, Rear Door Heat Exchanger (RDHX), Thermal Transfer Module (TTM), Energy Aware Runtime Software (EAR), ThinkSystem SR675 V3 Rack Server, ThinkSystem SD665 V3 High-Density Server, ThinkSystem SD665-N V3 High-Density Server, ThinkSystem SD650 V2 High-Density Server	RedHat	Redhat Virtualization, Red Hat Gloster Storage, Redhat Ansible	Dell	HCI appliance combines all data centres components—storage, compute, networking and management—within a single, pre-configured hardware box
HPE	HPE Cray EX2500, HPE Cray XD2000	Suse	Cloud-native Hyperconverged Infrastructure, Harvester	Hitachi	Cloud storage for applications, hybrid cloud infrastructure, hybrid cloud with VMware, infrastructure as a service

Source: I-Sec research, Company data

Key risks

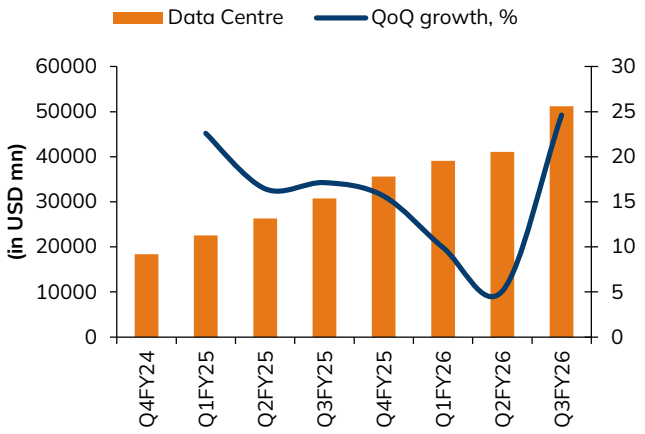
- 1) Negative FY25 free cashflow, 2) lumpy deal wins, 3) non-annuity nature of the business - will need constant pipeline replenishment to maintain its current growth rate.
- Increasing top-5/ 10 client concentration from 41%/ 52% in FY21 to 51%/66% in FY25.
- **Is AI a bubble?**

  There is an increasing narrative that AI-led capex is not justified. As per an IBM 2023 report, the return on investments on AI projects ranges from 5.9% to 10% only. Simply AI-fying with LLMs and data centres without context and nuance may not help in generating the desired returns from the projects. Strong data quality (required to train LLMs/ SLMs) and AI strategy are key going forward.

  However, AI traction has been growing stronger as validated by the following notable developments:

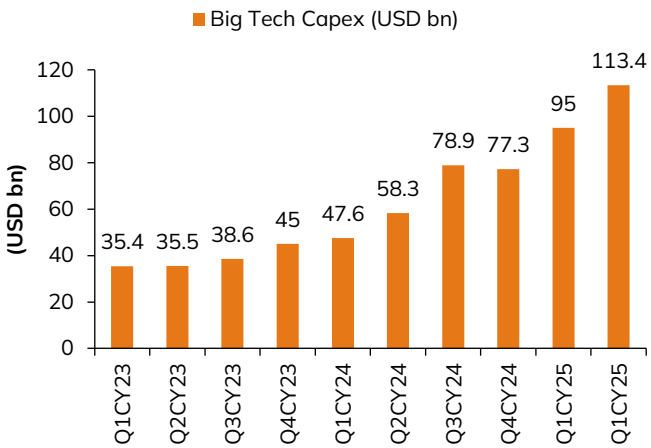
  - For Accenture (Y/E Aug): AI formed 5% of Q4FY25 revenue vs. 3.9% in Q3FY25.
  - NVIDIA's Q3FY26 data centre QoQ growth surged to 24.6% vs. 5.1% in Q2FY26, solidifying the AI-led capex demand runway.
  - NVIDIA has visibility of USD 0.5trn worth of demand for Blackwell and Rubin revenue till end-CY26.
  - Big-tech's AI capex spending has grown 75% YoY in Q3, as per I/O fund.

Exhibit 65: NVIDIA's data centre revenue growth is accelerating



Source: Company data, I-Sec research

Exhibit 66: Big-tech capex up 75% YoY



Source: I/O fund, I-Sec research

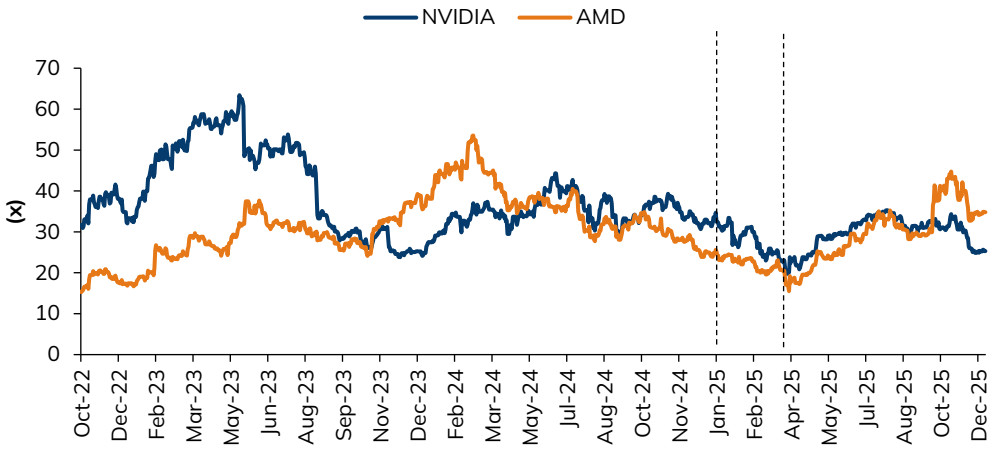
- **Impact of DeepSeek**

  DeepSeek has been able to achieve high computational efficiency with lesser GPUs while maintaining superior reasoning with its - sparse attention mechanism. DeepSeek initially created apprehensions that data centre and GPU usage will go down. DeepSeek's ability to achieve results using less powerful Nvidia H800 chips (due to restrictions on US exports) and innovative optimisation techniques, such as the Mixture-of-Experts (MoE) architecture and low-level GPU programming, raised questions among investors about whether the relentless demand for the most expensive, high-end GPUs would continue unabated.

  However, it led to more enterprises venturing into having more LLMs as 1) the cost went down and democratisation commenced and 2) low-entry barrier from cost efficiency of DeepSeek's models.

  Netweb's AI solutions are compatible with platforms like DeepSeek.

Exhibit 67: DeepSeek (launched in Jan'25) caused a temporary dip in NVIDIA's valuations (one-year forward PE)



Source: I-Sec research, Bloomberg

Company Overview

Netweb was established in 1999 as a sole proprietorship and launched its Tyrone brand of products and solutions in 2005. It is the prime beneficiary of AI-led value creation in the Indian listed space with full stack offerings across: 1) High performance computing- HPC, 2) hyper converged infrastructure- HCI, 3) AI and enterprise workstations, 4) data centre servers and 5) high performance storage- HPS. Netweb went public in Jul'23. It has marquee government and private customers across: Higher education, research, defence, IT & ITeS and finance. The company has a manufacturing facility in Faridabad (in Haryana). Promoters currently hold 71% of company's stake.

Exhibit 68: Timeline of key events

Timeline	Key events
2017	Deployment servers as part of surveillance project at 204 locations across 23 states for a PSU.
2019	Deployed 'PARAM Ambar', at Indian Space Research Organisation, Government of India, which was India's 4th fastest supercomputer at the time of commissioning, (Source: F&S Report).
2020	Received orders for Tyrone HPC Storage, capacity 10500 Terabyte from an R&D organisation of the Ministry of Electronics and Information Technology, Government of India which is involved in carrying out R&D in information technology and electronics and associated areas including supercomputing.
2021	Qualified for 'Production Linked Incentive' scheme of the Government of India for IT hardware.
2022	Deployed 5G cloud for an international telecommunications service provider.
2022	Launched Container Platform enabling rapid deployment of AI & HPC called Kubyts.
2022	Qualified for 'Production Linked Incentive' scheme of the Government of India to promoter telecom and networking products manufacturing in India.
2022	Deployed Tyrone 2 X Intel DDR4 SDRAM at a Government of India agency.
2023	Deployed AIRAWAT which has been ranked 75th in the world and puts India on top of AI supercomputing nations worldwide and has been included in the 61st edition of Top 500 Global Supercomputing List released in Jun'23. It is also India's largest and fastest AI supercomputing system.
2025	Won the INR 17bn landmark order towards strengthening India's AI compute capabilities under IndiaAI Mission, to be completed by Q4FY26- FY27.

Source: I-Sec research, Company data

Exhibit 69: Key management personnel

S. No	Name	Designation	Description
1	Sanjay Lodha	Chairman and Managing director	Founded Netweb Technologies in 1996, which was acquired by Netweb Technologies India Limited in Aug'16. He has spearheaded the strategy and business development function of the company since 2016. He currently serves as the Vice President of the Manufacturers Association of Information Technology (MAIT). He has previously served as Intel's Board of Advisors (2020 & 2022). He has BA (Honours) in Economics from the University of Delhi and PG Diploma in Business Management from the Apeejay School of Marketing, New Delhi.
2	Hemant Agarwal	Chief operating officer	Associated with Netweb Technologies India Limited since 2003. He has 32 years of experience in the tech industry and a Bachelor's degree in Commerce from the University of Calcutta.
3	Hirday Vikram	Chief Sales and Marketing Officer	Associated with Netweb Technologies India Limited since 2013. He has 15+ years of experience in building and marketing products and solutions such as supercomputing, AI GPU systems, AI sovereign cloud, private cloud, data centre servers and high-performance storage systems. He is an expert in solution architecture, market study and product positioning and has Bachelor's degree in Technology (Information Technology) from Punjab Technical University, Jalandhar.
4	Mukesh Golla	Chief Research and Development Officer	Associated with Netweb Technologies India Limited since 2004. He has 21+ years of industry experience and leads the company's product engineering and research and development functions. He has Bachelor's degree in Technology (Computer Science and Engineering) from the Jawaharlal Nehru Technological University, Hyderabad.
5	Ankit Kumar Singhal	Chief Financial Officer	Associated with Netweb Technologies India Limited since Nov'24. He is a qualified CA with 15+ years of experience in financial planning and analysis, business finance, controllership, taxation and strategic project planning and a Bachelor's degree in Commerce (Accounting and Finance) from the University of Delhi.
6	Lohit Chhabra	Company secretary and compliance officer	Associated with Netweb Technologies India Limited since 10 Jan'23. He has 10+ years of experience in secretarial compliances under various corporate laws and listing regulations, and other regulatory compliances and has Bachelor's degree in Commerce from the University of Delhi. He has studied L.L.B, and is an Associate Member of the Institute of Company Secretaries of India (ICSI).

Source: I-Sec research, Company data

Annexure

Exascale computing: This refers to the computing ability to perform 10^18 computations (floating point operations) per second.

GPU Accelerator: A GPU accelerator is a computing technique that uses a GPU to speed up data-intensive tasks, working alongside a computer's CPU.

TPU (Tensor Processing Unit): It is Google's custom AI accelerator for machine learning. It is effective for matrix multiplication, which is essential for training neural networks.

Clusters: Clusters in supercomputers are collections of interconnected individual computers (nodes) working together as a single, powerful system (High-Performance Computing - HPC) to solve massive computational problems through parallel processing.

Container technology: Container technology packages applications with dependencies into portable units that can run in different computing environment. Popular containerisation software includes docker and kubernetes.

Kernel: It is a core component of operating system that acts as a bridge between software and hardware, running crucial resources like CPU memory and peripherals.

Mixture of Experts (MoE) architecture: It is a machine learning technique that improves model efficiency and scalability by dividing a neural network into several specialised sub-networks ('experts'), only a subset of which are activated for any given input. This approach allows for models with a massive total number of parameters to operate with the computational cost of a much smaller model.

Sparse attention mechanism: DeepSeek Sparse Attention (DSA) is a mechanism that makes long-context AI models more efficient by using a two-stage process to reduce computational complexity. It first uses an ultra-light 'Lightning Indexer' to quickly score the importance of all preceding tokens and select a small subset of the most relevant ones.

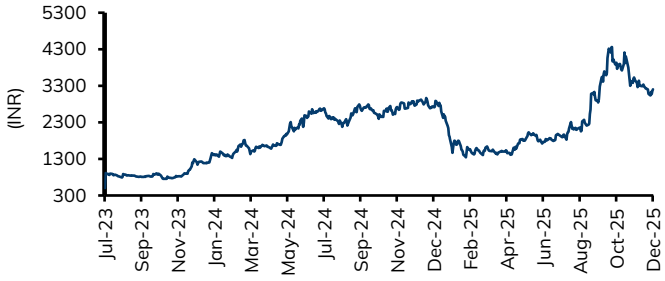
AI Workstation: An AI workstation is a computer system that is specifically designed for AI-related tasks, such as deep learning, machine learning, natural language processing, and computer vision. AI workstations typically feature powerful processors, large amounts of memory, and high-performance GPUs.

Exhibit 70: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	71.0	71.0	71.0
Institutional investors	16.1	13.8	14.4
MFs and others	5.1	4.0	3.3
FIs/Banks	0.0	0.0	0.0
Insurance	0.0	0.0	0.0
FIIs	11.0	9.8	11.1
Others	12.9	15.2	14.6

Source: Bloomberg, I-Sec research

Exhibit 71: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 72: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales (INR. mn)	**11,490**	**23,498**	**44,729**	**45,839**
Operating Expense	9,890	20,407	38,870	39,453
EBITDA	**1,600**	**3,091**	**5,859**	**6,387**
EBITDA Margin (%)	13.9	13.2	13.1	13.9
Depreciation & Amortization	113	149	180	225
EBIT	1,487	2,942	5,679	6,161
Interest expenditure	41	151	300	151
Other Non-operating Income	94	47	47	50
Recurring PBT	**1,540**	**2,838**	**5,426**	**6,060**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	395	724	1,384	1,545
PAT	1,145	2,115	4,042	4,515
Less: Minority Interest	-	-	-	-
Net Income (Reported)	**1,145**	**2,115**	**4,042**	**4,515**
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	**1,145**	**2,115**	**4,042**	**4,515**

Source Company data, I-Sec research

Exhibit 73: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	8,254	17,259	26,621	25,912
of which cash & cash eqv.	1,701	6,832	7,252	5,930
Total Current Liabilities & Provisions	3,534	5,758	11,569	11,935
Net Current Assets	**4,720**	**11,501**	**15,052**	**13,976**
Investments	-	-	-	-
Net Fixed Assets	475	532	552	626
ROU Assets	-	-	-	-
Capital Work-in-Progress	56	56	56	56
Goodwill	-	-	-	-
Other assets	119	139	139	139
Deferred Tax Assets	-	-	-	-
Total Assets	**5,400**	**12,258**	**15,829**	**14,828**
Liabilities				
Borrowings	**13**	**5,000**	**5,000**	**10**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	34	41	49	59
other Liabilities	50	55	60	66
Minority Interest	-	-	-	-
Equity Share Capital	113	113	113	113
Reserves & Surplus*	5,190	7,049	10,606	14,580
Total Net Worth	**5,303**	**7,162**	**10,720**	**14,693**
Total Liabilities	**5,400**	**12,258**	**15,829**	**14,828**

Source Company data, I-Sec research

Exhibit 74: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
CFO before WC changes	1,659	3,089	5,859	6,387
CFO after WC changes	**262**	**1,345**	**2,728**	**6,140**
Tax Paid	(394)	(724)	(1,384)	(1,545)
Cashflow from Operations	(132)	621	1,344	4,594
Capital Commitments	(229)	(150)	(200)	(300)
Free Cashflow	**(361)**	**471**	**1,144**	**4,294**
Other investing cashflow	1,345	67	47	50
Cashflow from Investing Activities	**1,116**	**(83)**	**(153)**	**(250)**
Dividend and Buyback	-	-	-	-
Inc (Dec) in Borrowings	(24)	4,987	-	(4,990)
Others	-	-	-	-
Cash flow from Financing Activities	**(180)**	**4,595**	**(771)**	**(5,667)**
Chg. in Cash & Bank balance	**804**	**5,133**	**420**	**(1,322)**
Closing cash & balance	1,701	6,834	7,252	5,930

Source Company data, I-Sec research

Exhibit 75: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	20.2	37.3	71.4	79.7
Diluted EPS	20.2	37.3	71.4	79.7
Cash EPS	22.2	40.0	74.5	83.7
Dividend per share (DPS)	2.0	3.0	4.0	9.0
Book Value per share (BV)	93.6	126.4	189.2	259.3
Dividend Payout (%)	12.4	12.0	12.0	12.0
Growth (%)				
Net Sales	58.7	104.5	90.3	2.5
EBITDA	56.1	93.2	89.5	9.0
EPS	50.0	84.7	91.2	11.7
Valuation Ratios (x)				
P/E	158.4	85.8	44.9	40.2
P/CEPS	144.1	80.1	42.9	38.3
P/BV	34.2	25.3	16.9	12.3
EV / EBITDA	112.1	58.0	30.5	27.4
P/S	15.8	7.7	4.1	4.0
Dividend Yield (%)	0.1	0.1	0.3	0.3
Operating Ratios				
EBITDA Margins (%)	13.9	13.2	13.1	13.9
EBIT Margins (%)	12.9	12.5	12.7	13.4
Effective Tax Rate (%)	25.7	25.5	25.5	25.5
Net Profit Margins (%)	10.0	9.0	9.0	9.8
Inventory Turnover Days	53.6	44.1	38.9	49.2
Fixed Asset Turnover (x)	23.9	42.0	74.8	71.1
Receivables Days	87	74	70	92
Payables Days	67	58	56	74
Working Capital Days	72	59	51	63
Net Debt / EBITDA (x)	(15.9)	(12.4)	(12.6)	(26.3)
Profitability Ratios				
RoCE (%)	23.1	25.1	30.3	30.2
RoIC (%)	31.7	41.5	50.1	52.4
RoNW (%)	24.0	33.9	45.2	35.5

Source Company data, I-Sec research

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