

# Netweb Technologies India Limited

## Traction in Sales growth continues; upgrade to LONG

CMP Rs 2,197	Target Price Rs 2,655 Mar 2026
Rating LONG	Upside 21% (↑)

- Netweb reported healthy beat on sales with miss on operating margins in 3QFY25.
- We believe that Netweb's sales growth in medium to long term is likely to remain robust given healthy pipeline/order book (with reported order pipeline excl L1 of INR 38.15bn with order book plus L1 order pipeline worth INR 7.08bn despite healthy sales growth in 9M). We believe that order pipeline/book likely to remain robust ahead as well considering i) Netweb's unique tie up with NVIDIA (after successfully launching Grace CPU Superchip & GH200 Grace Hopper Superchip MGX server design, Netweb now established a roadmap to design and develop AI GPU systems based on advanced NVIDIA Blackwell platform) and increasing AI adoption, ii) Netweb is expected to benefit from GOI's recently announced India AI mission with a budget of Rs. 103.7bn (for 5-years) to create a 'Sovereign AI' computing infrastructure as a service (with services related RFPs already out while hardware related RFPs to be floated in near-medium term as per Netweb) and to be in the pole position given its successful delivery of AIRAWAT – one of India's fastest SPCs for AI workload and its end to end solutions, iii) existing catalysts from increasing adoption of Private Cloud, HPC/SPC and AI Workstations/Servers across many industries besides make in India push and data security norms of GOI and iv) Netweb's expansion plans for export (with export forming 9% of sales in 3Q with plan to increase further vs. insignificant contribution earlier).
- Considering above, its consistent high growth, return ratios and recent stock price correction (c.25% in last 1-month), we upgrade Netweb to LONG (earlier ADD) with Mar'26 TP of Rs.2,655 (Dec'25; Rs.2,885 earlier) set at a fwd. PE of 67x EPS of Rs.39.6 (vs. EPS CAGR of 46% over FY25E-FY27E) vs. earlier at 73.5x EPS of Rs.39.2.

**Beat on Sales continues:** Netweb reported 32% yoy growth in sales in 3Q (EE: +26% yoy). Among offerings, High Performance Computing (HPC)/Pvt. Cloud & HCI/AI Workstation/High Performance Storage (HPS)/Data Centre Server/Software & Services/Other Spares/Network Switches Sales grew +27%/+12%/+92%/-20%/+18%/+297%/+317%/274% YoY, respectively. It is expecting some delay in launching complete 'Make in India' 5G ORAN equipment (with its current expectation to launch in the next 2-3 quarters). Export sales formed 9% of 3QFY25 Sales (with sales to Middle East, Europe and USA) and expects to form 10-11% of sales in near to medium term.

**EBITDA margins lower than expectations:** Netweb reported 21.4%/13.2%/12.2% GM/EBITDA/EBIT margins in 3Q (vs. EE of EBITDA/EBIT margins of 13.7%/12.9%). As per Netweb, due to lumpy nature of business, changing product/project mix qoq and executing large orders (in 3Q it executed material portion of its large deal it won from ISRO worth Rs1.47bn), margins are generally not comparable qoq with its 9MFY25 margins came 13.7% vs 13.6% yoy. For FY25E it now expects EBITDA margins around 14%.

**Reported healthy order intake and pipeline:** Despite strong show in sales on yoy basis (from 2QFY24-3QFY25), order book stood at INR3.6bn (INR3.7bn qoq with likely execution period of 2-4 months). Netweb reported increase in order pipeline ex. L1 to INR38.15bn from INR37.04bn qoq and L1 order pipeline worth INR 3.48bn from INR 3.32bn qoq.

**Valuations:** Our 1-yr target PE is now 20-30% discount to Netweb's mean since its listing. In our view it needs to tighten its margin execution, working capital and FCF generation.

### Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY24A	7,241	1,025	759	13.3	164.9	29.6	118.6	29.4	44.0	14.2
FY25E	10,440	1,465	1,049	18.4	119.3	23.9	83.2	22.2	37.0	14.0
FY26E	14,702	2,111	1,548	27.2	80.9	18.9	57.6	26.1	38.2	14.4
FY27E	20,734	3,058	2,256	39.6	55.5	14.5	39.6	29.5	42.0	14.7

Source: Company, Equirus Securities

### Estimate Revision

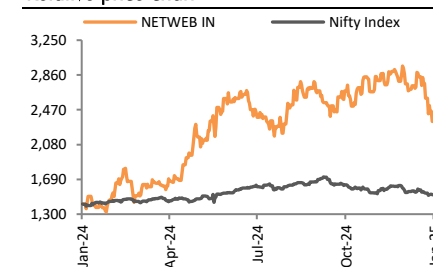
	Forecasts		% Change	
	(Rs mn)	FY25E	FY26E	FY25E
Sales	10,440	14,702	0.3%	0.1%
EBITDA	1,465	2,111	-3.2%	-4.9%
PAT	1,049	1,548	-4.9%	-7.0%
EPS	18.4	27.2	-4.9%	-7.0%

### Stock Information

Market Cap (Rs Mn)	1,23,844
52 Wk H/L (Rs)	3,060/1,294
Avg Daily Volume (1yr)	2,18,513
Avg Daily Value (Rs Mn)	464.4
Equity Cap (Rs Mn)	112.7
Face Value (Rs)	2
Share Outstanding (Mn)	56.4
Bloomberg Code	NETWEB IN
Ind Benchmark	BSE IT

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

### Relative price chart



Source: Bloomberg

### Analysts

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## Exhibit 1: Quarterly performance

Particulars	Q3FY25	Q3FY25E	Q2FY25	Q3FY24	% Change			Comments
					Q3FY25E	Q2FY25	Q3FY24	
<b>Net Sales (Rs Mn)</b>	3,340	3,197	2,511	2,534	4.5%	33.0%	31.8%	Higher than expectations.
COGS	2,625	2,462	1,891	1,983	6.6%	38.8%	32.4%	
Other Expenses	276	296	263	209	-6.8%	5.0%	32.0%	
<b>Total Expenditures</b>	<b>2,901</b>	<b>2,758</b>	<b>2,154</b>	<b>2,192</b>	<b>5.2%</b>	<b>34.7%</b>	<b>32.4%</b>	
<b>EBITDA</b>	<b>439</b>	<b>440</b>	<b>357</b>	<b>342</b>	<b>0.0%</b>	<b>23.0%</b>	<b>28.3%</b>	Largely in line with EE led by higher-than-expected sales offset by lower-than-expected margins.
Depreciation	31	28	26	18	10.9%	17.5%	71.7%	
<b>EBIT</b>	<b>408</b>	<b>412</b>	<b>331</b>	<b>324</b>	<b>-0.8%</b>	<b>23.5%</b>	<b>25.9%</b>	
Other Income	1	14	14	27	-93.9%	-93.8%	-96.8%	
<b>PBT</b>	<b>409</b>	<b>426</b>	<b>345</b>	<b>352</b>	<b>-3.8%</b>	<b>18.8%</b>	<b>16.4%</b>	
Tax	106	108	87	91	-1.5%	21.2%	16.0%	
Profit from JV/Asso and MI	-	-	-	-				
<b>Recurring PAT</b>	<b>303</b>	<b>318</b>	<b>257</b>	<b>260</b>	<b>-4.6%</b>	<b>17.9%</b>	<b>16.6%</b>	Below EE led by higher sales, lower margin and lower other income.
Extraordinaries	-	-	-	-				
<b>Reported PAT</b>	<b>303</b>	<b>318</b>	<b>257</b>	<b>260</b>	<b>-4.6%</b>	<b>17.9%</b>	<b>16.6%</b>	
Recurring. EPS (Rs)	5.4	5.6	4.6	4.6	-4.6%	17.9%	15.9%	
EBITDA Margin	13.2%	13.7%	14.2%	13.5%	-59 bps	-107 bps	-36 bps	
EBIT Margin	12.2%	12.9%	13.2%	12.8%	-65 bps	-95 bps	-57 bps	
PBT Margin	12.3%	13.3%	13.7%	13.9%	-106 bps	-147 bps	-162 bps	
PAT Margin	9.1%	9.9%	10.2%	10.3%	-86 bps	-116 bps	-119 bps	
Tax Rate	25.9%	25.3%	25.4%	26.0%	60 bps	53 bps	-9 bps	

Source: Company, Equirus Securities

## Earnings call takeaways for 3QFY25

- **Revenue:** During 3QFY25 total revenue up 32% yoy / 33% qoq and stood at Rs. 3,340mn. Going forward Netweb expects healthy revenue growth in coming years as well (with its growth outlook of around 30-35% CAGR in next 3 to 4 years remain unchanged) from enterprise as well as government customers.
- **Revenue by Service Offering:**
  - During 3Q among product/solution offering, High Performance Computing (HPC) / Pvt Cloud & HCI / AI Workstation / High Performance Storage (HPS) / Data Center Server / Software & Services / Other Spares/Network Switches Sales grew +27% /+12% /+92% /-20% /+18% /+297% /+317%/274% YoY, respectively. Netweb reiterated their strategic focus on three major offerings (ie. HPC, Private Cloud and AI) which contributes more than 80% of their total revenue.
  - In 3Q AI and Workstation systems formed 14.7% of sales vs. 14.8% qoq/10.1% yoy (11.0% in FY24). Netweb believe, it is uniquely positioned to harness the opportunities of increasing demand of AI and expects AI Systems and Enterprise Workstations' sales contribution to increase ahead as well led by India's flourishing AI research ecosystem, supported by government initiatives and industry partnerships.
  - During 2HFY24 Netweb has launched Network Switches, and which has contributed INR37mn/INR10mn/INR26mn/INR23mn/INR10mn in 3QFY25/2QFY25/1QFY25/4QFY24/3QFY24 respectively.
  - Further on new offering side, Netweb mentioned it is developing a complete 'Make in India' 5G ORAN equipment and it will take one or two more quarters to launch the product and Netweb is targeting private 5G users and not the telcos to sell this offering.
- **Revenue by Application Industry:** In 3Q in terms revenues by application industry, revenues from Higher Education & Research / IT & ITES / Other Enterprises / Space & Défense grew -21% /+6% /-26% /+3387% yoy respectively.
- **Revenue from Exports:** Further Netweb started receiving export orders (aligns with their growth strategy to enter overseas markets including Western markets/Europe and Middle East). Export sales being 9% of 3QFY25 sales (by selling its offerings to Middle east, Europe and USA and within USA it has sold to clients operating in technology vertical).
- **Revenue from Govt customer/non-Govt customer** stood at 59.9%/40.1% in 3Q (vs.37.5%/62.5% in 2QFY25/ vs. 59.2%/40.8% in 1QFY25, 47.3%/52.7% in FY24) respectively.
- **Repeat Revenue:** Repeat revenue for 9MFY25 stood at 84.9% (vs. 69% in FY24, 90.7% in FY23 and 77.7% in FY22). During 9MFY25 Netweb has acquired 103 new customers across industries.
- **Margin Management:** Gross Margin came at 21.4% in 3Q vs. 24.7% qoq/21.8% yoy (FY24:24.8%/9MFY25 at 23.6%). EBITDA margins came at 13.2% in 3Q (vs. 14.2% qoq/13.5% yoy) (FY24:14.2%/9MFY25 13.7%). Netweb expect FY25E EBITDA margin in range of c.14%.
- **Order Pipeline and Oder book:**
  - **Order Pipeline:** Reported order pipeline worth INR 38,149mn besides L1 order pipeline worth INR 3,481mn implying total order pipeline worth INR 41,630mn (vs. in 2QFY25 end it reported INR 37,038mn pipeline besides L1 order pipeline worth INR 3,316mn implying total order pipeline worth INR 40,354mn).
  - **Reported order book** stood at Rs.3603mn (vs. INR 3,697m qoq/ INR 3,391m yoy).
  - As per Netweb their strong business pipeline and order book, coupled with ongoing capability enhancements and product expansion, position them for sustained growth while maintaining technological leadership.

- **Demand environment:** On demand side Netweb expects growth across its focussed segments due to (i) increase in demand for high-end computing system in various industries (ii) rising demand of cyber security solutions (iii) growing demand for AI across various industries, business verticals with rising investments in Generative AI infra by Govt & large enterprises to cater to demand for LLM oriented solutions (iv) rising adoption of private cloud by enterprises (v) various Govt initiative relating high end compute infrastructure building and promotion (including GOI's approval of over Rs. 103bn for the India AI Mission) (vi) Increasing Data centre demand in India.
- **Major Development During 9MFY25: On Capabilities enhancement Netweb mentioned:**
  - (i) During 1QFY25 (in May'24) Netweb has commission, 'State of the art - new manufacturing facility with latest Surface Mount Technology (SMT)' Faridabad. As per Netweb, the new facility represents a substantial leap in its manufacturing capabilities for cutting-edge computing systems, encompassing the entire production process including PCB design, manufacturing, and SMT for high-end servers, storage, and switches, with advanced manufacturing skills.
  - (ii) During 1QFY25, Netweb has unveil new AMD based Make-in-India Servers for data centres AI systems.
  - (iii) During 2QFY25 Netweb won "Outstanding Growth - Data Center & AI Group" award from Intel Corporation. As per Netweb this award is also a testament to the support from the customers and Netweb's ability to deliver the products and solutions around Data Centre and AI.
  - (iv) During 2QFY25, Netweb unveiled Advanced Make-in-India Server Systems. As per Netweb it is designed to handle some of the most demanding tasks, from data centres to AI applications, with required performance and flexibility.
  - (v) During 3QFY25, Netweb expanded its range of NVIDIA MGX platform-based servers. Incorporating NVIDIA MGX-based Grace and NVIDIA GH200 Grace Hopper Superchips, and to be offered by Netweb for off-prem and on-prem AI cloud infrastructure.
  - (vi) During 3QFY25, under OEM partnership with NVIDIA, Netweb has established a roadmap to design and develop AI GPU systems based on the world's most advanced NVIDIA Blackwell platform. Netweb expects to launch this design by mid of CY25E
- **Cash Conversion:** Reported DSO came at 96 days vs 99 days qoq, reported Inventory days at 67 days vs. 82 days qoq, reported payables days at 75 days vs. 82 days qoq, net of three elements net working capital days came at 88 days vs. 100 days. During 4QFY25E Netweb anticipate healthy cash conversion because of collection from government customers generally increases in 4QFY25E.

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

HCS Offering (Rs. in mn)	FY22	FY23	FY24	1QFY25	2QFY25	3QFY25		
	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	% to Revenue	% chg yoy
High performance computing (Supercomputing / HPC) systems	1,030	1729	2,624	576	818	1,274	38%	27%
Private cloud and hyperconverged infrastructure (HCI)	479	1460	2,644	455	1,029	1,064	32%	12%
AI systems and enterprise workstations	243	310	799	218	371	490	15%	92%
High performance storage (HPS/Enterprise Storage) solutions	217	308	339	37	36	120	4%	-20%
Data Centre servers	241	284	337	50	78	127	4%	18%
Software and services for HCS offerings	69	94	176	40	53	119	4%	297%
Network switches	-	-	33	26	10	37	1.1%	274%
Others (spares sales)	192	225	289	91	115	108	3%	317%

Source: Company data, Equirus

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

Application Industry (Rs. in mn)	FY22	FY23	FY24	1QFY25	2QFY25	3QFY25		
	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	Revenue (Rs. in mn)	% to Revenue	% chg yoy
Higher Education and Research	1409	2,060	2,637	759	712	876	26%	-20.6%
Information Technology and Information Technology Enabled Services	526	1,094	2,880	432	398	980	29%	6.2%
Other Enterprises	272	985	1,392	85	1,372	351	11%	-26.2%
Space and Defence	263	272	331	217	29	1,133	34%	3387.9%

Source: Company data, Equirus

**Exhibit 4: Other Operational Matrix**

Other Operational Matrix	FY22	FY23	FY24	9MFY25
Revenue from repeat customers (in %)	77.7%	90.7%	69.0%	84.9%
<b>Customer concentration</b>				
Revenue from Top 5 Customer	38.40%	47.10%	50.30%	60.40%
Revenue from Top 10 Customer	49.50%	57.80%	64.50%	71.90%
<b>New customer acquisition</b>	174	192	171	103

Source: Company data, Equirus

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

Order Pipeline and Order book (Rs.in mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Order pipeline (excluding L1)	22,845	31,479	32,322	34,466	35,477	37,038	38,149
L1 Order pipeline	5,392	3,496	3,024	3,142	3,225	3,316	3,481
<b>Total Order Pipeline</b>	<b>28,237</b>	<b>34,975</b>	<b>35,346</b>	<b>37,608</b>	<b>38,702</b>	<b>40,354</b>	<b>41,630</b>
Order book	994	2,174	3,391	4,112	4,197	3,697	3,603
Order book + L1 Order pipeline	6,386	5,670	6,415	7,254	7,422	7,013	7,084

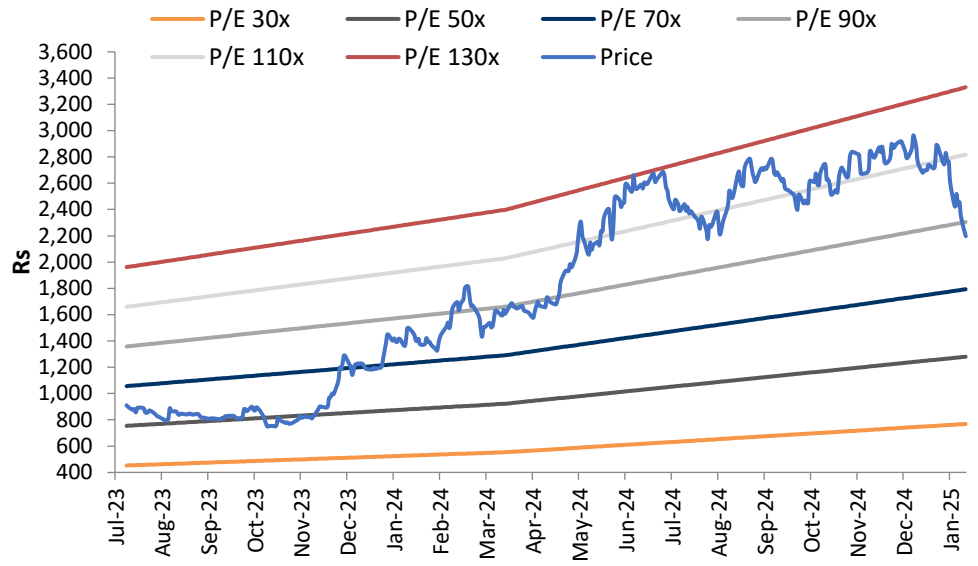
Source: Company data, Equirus

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

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

Source: Company data, Equirus

Exhibit 7: 1-year forward PE chart



Source: Company Data, Equirus, Bloomberg

## Company Snapshot

### How we differ from consensus

Particular (Rs Mn)		Equirus	Consensus	% Diff	Comment
EPS	FY25E	18.5	NA	NA	
	FY26E	27.2	NA	NA	
Sales	FY25E	10,440	NA	NA	
	FY26E	14,702	NA	NA	
PAT	FY25E	1,049	NA	NA	
	FY26E	1,548	NA	NA	

Source: Company data, Equirus

### Key Estimates

	Earlier estimates			Revised estimates			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (Rs mn)	10,406	14,693	20,723	10,440	14,702	20,734	0.3%	0.1%	0.1%
EBITDA (Rs mn)	1,513	2,220	3,222	1,465	2,111	3,058	-3.2%	-4.9%	-5.1%
EBITDA (%)	14.5%	15.1%	15.5%	14.0%	14.4%	14.7%	-50 bps	-75 bps	-80 bps
EBIT (Rs mn)	1,406	2,092	3,064	1,350	1,961	2,872	-3.9%	-6.2%	-6.3%
EBIT (%)	13.5%	14.2%	14.8%	12.9%	13.3%	13.8%	-57 bps	-89 bps	-93 bps
PAT (Rs mn)	1,104	1,665	2,420	1,049	1,548	2,256	-4.9%	-7.0%	-6.8%
EPS* (Rs)	19.4	29.3	42.5	18.5	27.2	39.6	-4.9%	-7.0%	-6.8%

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

### Our Key Investment arguments:

- We believe that Netweb's sales growth in medium to long term is likely to remain robust given healthy pipeline/order book. We believe that order pipeline/book likely to remain robust ahead as well considering i) Netweb's unique tie up with NVIDIA (after successfully launching Grace CPU Superchip & GH200 Grace Hopper Superchip MGX server design, Netweb now established a roadmap to design and develop AI GPU systems based on advanced NVIDIA Blackwell platform) and increasing AI adoption, ii) Netweb is expected to benefit from GOI's recently announced India AI mission with a budget of Rs. 103.7bn (for 5-years) to create a 'Sovereign AI' computing infrastructure as a service (with services related RFPs already out while hardware related RFPs to be floated in near-medium term as per Netweb) and to be in the pole position given its successful delivery of AIRAWAT, iii) existing catalysts from increasing adoption of Private Cloud, HPC/SPC and AI Workstations/Servers across many industries besides make in India push and data security norms of GOI and iv) Netweb's expansion plans for export.
- Considering above, its consistent high growth, return ratios and recent stock price correction (c.25% in last 1-month), we upgrade Netweb to LONG (earlier ADD).

### Risk to Our View:

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

Peer Comparison analysis (Table-I)

Company	Revenue			EBITDA			PAT		
	Rs. mn - FY24	CAGR (FY21-FY24)	CAGR (FY24-FY27E)	% - FY24	CAGR (FY21-FY24)	CAGR (FY24-FY27)	% - FY24	CAGR (FY21-FY24)	CAGR (FY24-FY27)
Kaynes Technology India*	18,046	62%	52%	14.1%	84%	56%	10.1%	166%	54%
Syrma SGS Technology*	31,538	93%	36%	6.3%	62%	41%	3.4%	50%	42%
Dixon Technologies*	1,76,909	40%	54%	3.9%	35%	53%	2.1%	32%	53%
Netweb	7,241	72%	42%	14.2%	92%	44%	10.5%	110%	44%

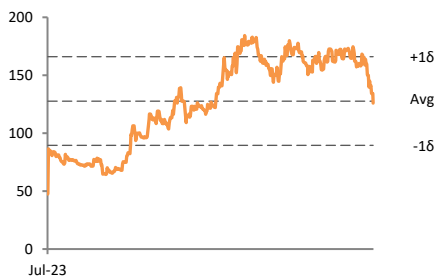
Source: Company data, Bloomberg, Equirus; \* Financials/estimates taken from Bloomberg reported/consensus figures.

Peer Comparison analysis (Table-II)

Company	Sales Growth (%)			EBITDA %			EBIT (%)			PAT Margin (%)			RoE (%)			P/E Ratio		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Kaynes Technology India*	66%	49%	42%	14.7%	14.9%	15.1%	12.8%	13.0%	13.2%	10.6%	10.6%	10.7%	11.7%	14.5%	18.5%	129.5	90.6	66.0
Syrma SGS Technology*	42%	36%	31%	6.7%	6.9%	7.1%	5.2%	5.7%	6.0%	3.3%	3.7%	3.9%	9.1%	12.4%	15.1%	65.3	42.7	30.7
Dixon Technologies*	114%	39%	24%	3.8%	3.8%	3.9%	3.1%	3.3%	3.4%	2.2%	2.3%	2.0%	36.2%	36.2%	34.1%	129.0	89.4	69.5
Netweb	44%	41%	41%	14.0%	14.4%	14.7%	12.9%	13.3%	13.8%	10.1%	10.5%	10.9%	22.2%	26.1%	29.5%	119.0	80.6	55.5

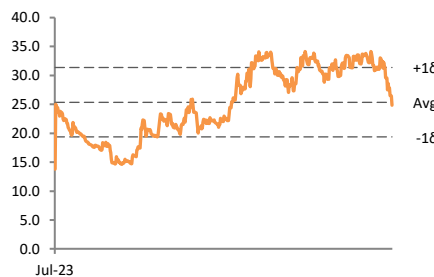
Source: Company data, Bloomberg, Equirus; \* Financials/estimates taken from Bloomberg reported/consensus figures; priced as on 20<sup>th</sup> Jan 2025 closing prices.

Price to earning chart



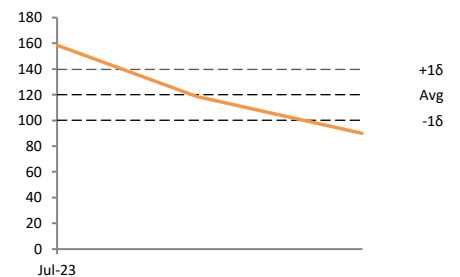
Source: Company, Equirus Research

Price to book chart



Source: Company, Equirus Research

EV-EBITDA chart



Source: Company, Equirus Research



## Quarterly performance

Y/E Mar (Rs mn)	1QFY24A	2QFY24A	3QFY24A	4QFY24A	1QFY25A	2QFY25A	3QFY25A	4QFY25E
<b>Revenue</b>	<b>598</b>	<b>1,450</b>	<b>2,534</b>	<b>2,659</b>	<b>1,493</b>	<b>2,511</b>	<b>3,340</b>	<b>3,096</b>
COGS	376	1,058	1,983	2,028	1,092	1,891	2,625	2,320
Employee Cost	0	0	0	0	0	0	0	0
Other Expenses	135	199	209	226	201	263	276	307
<b>EBITDA</b>	<b>86</b>	<b>192</b>	<b>342</b>	<b>404</b>	<b>200</b>	<b>357</b>	<b>439</b>	<b>469</b>
Depreciation	13	14	18	17	24	26	31	33
<b>EBIT</b>	<b>73</b>	<b>178</b>	<b>324</b>	<b>387</b>	<b>176</b>	<b>331</b>	<b>408</b>	<b>436</b>
Interest Exp.	0	0	0	0	0	0	0	0
Other Income	(5)	24	27	11	31	14	1	11
<b>Profit before Tax</b>	<b>68</b>	<b>202</b>	<b>352</b>	<b>398</b>	<b>207</b>	<b>345</b>	<b>409</b>	<b>446</b>
Tax Expenses	17	51	91	101	52	87	106	112
<b>Profit After Tax</b>	<b>51</b>	<b>151</b>	<b>260</b>	<b>297</b>	<b>154</b>	<b>257</b>	<b>303</b>	<b>335</b>
Minority Interest	0	0	0	0	0	0	0	0
Profit/(Loss) from Associates	0	0	0	0	0	0	0	0
<b>Recurring PAT</b>	<b>51</b>	<b>151</b>	<b>260</b>	<b>297</b>	<b>154</b>	<b>257</b>	<b>303</b>	<b>335</b>
Exceptional Items	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>51</b>	<b>151</b>	<b>260</b>	<b>297</b>	<b>154</b>	<b>257</b>	<b>303</b>	<b>335</b>
Other comprehensive income.	0	0	0	0	0	0	0	0
<b>PAT after comp. income.</b>	<b>51</b>	<b>151</b>	<b>260</b>	<b>297</b>	<b>154</b>	<b>257</b>	<b>303</b>	<b>335</b>
<b>FDEPS</b>	<b>0.9</b>	<b>2.7</b>	<b>4.6</b>	<b>5.2</b>	<b>2.7</b>	<b>4.5</b>	<b>5.3</b>	<b>5.9</b>
<b>Cost items as % of sales</b>								
RM expenses	62.9	73.0	78.2	76.3	73.1	75.3	78.6	74.9
Employee expenses	22.6	13.7	8.2	8.5	13.5	10.5	8.3	9.9
Other expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Margin (%)</b>								
Gross Margin	37.1	27.0	21.8	23.7	26.9	24.7	21.4	25.1
EBITDA Margin	14.4	13.3	13.5	15.2	13.4	14.2	13.2	15.1
PAT Margin	8.5	10.4	10.3	11.2	10.3	10.2	9.1	10.8
<b>YoY Growth (%)</b>								
Sales	(13.7)	96.7	41.9	115.5	149.7	73.2	31.8	16.5
EBITDA	(8.1)	43.8	9.9	151.1	131.8	85.7	28.3	16.0
EBIT	(15.8)	41.1	7.6	160.3	139.4	85.7	25.9	12.6
PAT	(9.2)	65.9	20.0	181.8	203.4	69.8	16.6	12.8

## Key Financials (Consolidated)

## Income Statement

Y/E Mar (Rs mn)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>1,428</b>	<b>2,470</b>	<b>4,450</b>	<b>7,241</b>	<b>10,440</b>	<b>14,702</b>	<b>20,734</b>
COGS	1,062	1,865	3,244	5,445	7,928	11,190	15,828
Employee Cost	0	0	0	0	0	0	0
Other Expenses	222	260	506	770	1,047	1,401	1,847
<b>EBITDA</b>	<b>144</b>	<b>346</b>	<b>700</b>	<b>1,025</b>	<b>1,465</b>	<b>2,111</b>	<b>3,058</b>
Depreciation	15	16	37	63	115	149	187
<b>EBIT</b>	<b>129</b>	<b>330</b>	<b>664</b>	<b>963</b>	<b>1,350</b>	<b>1,961</b>	<b>2,872</b>
Interest Exp.	(22)	(27)	(26)	(50)	(45)	(40)	(35)
Other Income	4	0	(8)	107	102	143	171
<b>Profit before Tax</b>	<b>111</b>	<b>302</b>	<b>630</b>	<b>1,020</b>	<b>1,407</b>	<b>2,064</b>	<b>3,008</b>
Tax Expenses	29	78	160	261	357	516	752
<b>Profit After Tax</b>	<b>82</b>	<b>225</b>	<b>469</b>	<b>759</b>	<b>1,049</b>	<b>1,548</b>	<b>2,256</b>
Minority Interest	0	0	0	0	0	0	0
Profit/(Loss) from Associates	0	0	0	0	0	0	0
<b>Recurring PAT</b>	<b>82</b>	<b>225</b>	<b>469</b>	<b>759</b>	<b>1,049</b>	<b>1,548</b>	<b>2,256</b>
Exceptional Items	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>82</b>	<b>225</b>	<b>469</b>	<b>759</b>	<b>1,049</b>	<b>1,548</b>	<b>2,256</b>
Other comprehensive income.	0	0	0	0	0	0	0
<b>PAT after comp. income.</b>	<b>82</b>	<b>225</b>	<b>469</b>	<b>759</b>	<b>1,049</b>	<b>1,548</b>	<b>2,256</b>
FDEPS	1.6	4.4	9.2	13.3	18.4	27.2	39.6
DPS	0	0	1	2	3	5	7
BVPS	4	9	18	74	92	117	152

YoY Growth (%)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	(8.5)	73.0	80.1	62.7	44.2	40.8	41.0
EBITDA	78.3	140.6	102.4	46.4	42.9	44.1	44.9
EBIT	92.2	154.9	101.3	45.1	40.3	45.3	46.4
PAT	110.7	172.8	109.0	61.7	38.3	47.5	45.7

## Key Ratios

Profitability (%)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Gross Margin	25.7	24.5	27.1	24.8	24.1	23.9	23.7
EBITDA Margin	10.1	14.0	15.7	14.2	14.0	14.4	14.7
PAT Margin	5.8	9.1	10.5	10.5	10.1	10.5	10.9
ROE	46.4	67.8	68.0	29.4	22.2	26.1	29.5
ROIC	24.6	37.5	47.2	28.5	22.5	26.2	29.4
Core ROIC	28.7	42.5	53.2	44.0	37.0	38.2	42.0
Dividend Payout	0.0	0.0	5.4	14.9	16.0	17.0	18.0

CAGR (%)	1 year	2 years	3 years	5 years	7 years	10 years
Revenue	63%	71%	72%	41%	46%	NA
EBITDA	46%	72%	92%	76%	68%	NA
PAT	62%	84%	110%	95%	97%	NA

Valuation (x)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
P/E	1,359.5	498.3	238.4	164.9	119.3	80.9	55.5
P/B	512.8	252.2	119.5	29.6	23.9	18.9	14.5
P/FCFF	(790.0)	(3,321.7)	1,450.9	(1,932.1)	(1,113.6)	233.4	165.2
EV/EBITDA	862.6	358.7	177.1	118.6	83.2	57.6	39.6
EV/Sales	86.9	50.2	27.9	16.8	11.7	8.3	5.8
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.1	0.2	0.3

**Balance Sheet**

Y/E Mar (Rs mn)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Equity Capital	57	57	102	113	113	114	114
Reserves	162	387	835	4,115	5,114	6,524	8,527
<b>Net Worth</b>	<b>218</b>	<b>444</b>	<b>937</b>	<b>4,228</b>	<b>5,227</b>	<b>6,638</b>	<b>8,641</b>
Total Debt	291	336	304	16	20	25	30
Other long term liabilities	15	10	53	80	97	107	122
Minority Interest	0	0	0	0	0	0	0
Account Payables	426	533	1,034	1,266	2,338	2,838	3,695
Other Current Liabilities	153	165	333	535	608	734	873
<b>Total Liabilities</b>	<b>1,102</b>	<b>1,486</b>	<b>2,660</b>	<b>6,125</b>	<b>8,290</b>	<b>10,342</b>	<b>13,360</b>
Gross Fixed Assets	73	107	222	445	601	781	921
Acc. Depreciation	(19)	(11)	(38)	(78)	(172)	(297)	(453)
Net Fixed Assets	54	96	184	367	429	484	468
Capital WIP	0	5	18	6	100	5	50
long term investments	0	0	0	0	0	0	0
Others	39	29	74	152	168	198	222
Inventory	292	383	541	1,147	2,316	2,808	3,674
Receivables	557	778	1,515	1,838	2,624	3,660	5,088
Loans and advances	0	0	0	0	0	0	0
Other current assets	83	111	189	399	643	794	949
Cash & Cash Equivalents.	77	84	139	2,216	2,010	2,394	2,909
<b>Total Assets</b>	<b>1,102</b>	<b>1,486</b>	<b>2,660</b>	<b>6,125</b>	<b>8,290</b>	<b>10,342</b>	<b>13,360</b>
Non-Cash WC	355	575	879	1,583	2,637	3,689	5,143
Cash Conv. Cycle	90.6	85.0	72.1	79.8	92.2	91.6	90.5
WC Turnover	4.0	4.3	5.1	4.6	4.0	4.0	4.0
Gross Asset Turnover	19.6	23.0	20.0	16.3	17.4	18.8	22.5
Net Asset Turnover	26.6	25.8	24.1	19.7	24.3	30.4	44.3
Net D/E	1.0	0.6	0.2	(0.5)	(0.4)	(0.4)	(0.3)
<b>Days (x)</b>	<b>FY21A</b>	<b>FY22A</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Receivable Days	143	115	124	93	92	91	90
Inventory Days	75	57	44	58	81	70	65
Payable Days	146	104	116	85	108	93	85
Non-cash WC days	91	85	72	80	92	92	91
<b>Cash Flow</b>							
<b>Y/E Mar (Rs mn)</b>	<b>FY21A</b>	<b>FY22A</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Profit Before Tax	111	302	630	1,020	1,407	2,064	3,008
Depreciation	15	16	37	63	115	149	187
Others	0	0	23	55	63	30	10
Tax paid	(37)	(75)	(156)	(263)	(356)	(516)	(752)
Change in WC	(212)	(217)	(277)	(668)	(1,075)	(1,096)	(1,495)
<b>Operating Cashflow</b>	<b>(123)</b>	<b>26</b>	<b>256</b>	<b>206</b>	<b>153</b>	<b>631</b>	<b>958</b>
Capex	(18)	(59)	(179)	(271)	(266)	(95)	(200)
Change in Invest.	(11)	(7)	(4)	(1,251)	(41)	(46)	(65)
Others	0	0	0	9	0	0	0
<b>Investing Cashflow</b>	<b>(29)</b>	<b>(66)</b>	<b>(183)</b>	<b>(1,514)</b>	<b>(307)</b>	<b>(141)</b>	<b>(265)</b>
Change in Debt	155	45	(32)	(288)	4	5	5
Change in Equity	0	0	0	2,571	1	1	0
Others	(2)	(4)	9	(150)	(98)	(158)	(248)
<b>Financing Cashflow</b>	<b>152</b>	<b>40</b>	<b>(22)</b>	<b>2,133</b>	<b>(93)</b>	<b>(152)</b>	<b>(243)</b>
<b>Net Change in Cash</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>826</b>	<b>(247)</b>	<b>338</b>	<b>450</b>

Source: Company, Equirus Research



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