

Netweb Technologies India Ltd.

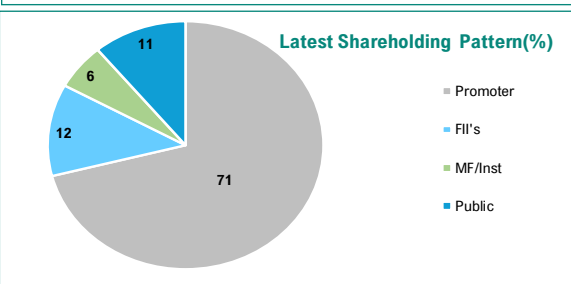
Sector: IT

03rd December 2024

LTP	Recommendation	Target	Stop Loss	Return
Rs. 2,786	Buy between Rs. 2,700- Rs. 2,820	Rs. 3,380	Rs. 2,520	+21%
SENSEX	Market Cap	NSE Code	BSE Code	Time Frame
80,248	Rs. 15,704cr.	NETWEB	543945	3-6 Months

Data as of: 02-12-2024

52W High	52W Low	F&O Listed	Div. Yield	D/E
3,060	878	No	0.1%	0.02
Standalone. (Rs.cr)	FY24A	FY25E	FY26E	
Revenue	724	1,107	1,561	
Change (%)	64.2	52.9	41.0	
EBITDA	103	165	241	
EBITDA Margin(%)	14.2	14.9	15.4	
Adj. PAT	76	121	176	
Change(%)	61.7	59.4	45.1	
EPS	13.5	21.5	31.1	
Change (%)	62.0	59.2	45.0	
RoE (%)	29.4	25.4	29.0	
Valuation	FY24A	FY25E	FY26E	
P/E (x)	201.3	130.3	89.9	
Price/Book Value	37.2	29.7	23.3	
EV/EBITDA	86.2	94.2	64.8	
Price Performance	3 Month	6 Month	1 Year	
Absolute Return (%)	0.0	19.0	210.5	
Absolute Sensex (%)	-3.2	8.0	18.4	



Fundamental View

Netweb Technologies India Ltd. (NTIL) is one of India's leading high-end computing solutions (HCS) providers, with fully integrated design and manufacturing capabilities. HCS offerings comprise High Performance Computing (HPC), Private cloud & Hyper converged infrastructure (HCI), AI systems and enterprise workstations, High performance storage (HPS) and Data Centre Servers. The Supercomputing / HPC Systems contribute 35% of total revenue in H1FY25 while Private cloud & HCI -37% and AI & enterprise workstations - 15% and rest by others.

- In H1FY25, revenue rose 96% YoY to Rs.400.4cr. Consolidated EBITDA margins improved to 14% and EBITDA grew 101% YoY to Rs 55.9cr. PAT rose 103% YoY to Rs 41.2cr in H1FY25 and PAT Margin was 10.1% during the same period.
- The company's order book stood at Rs 369.7cr as of Sep'24 against Rs 217.4cr in Sep'23 showing 70% YoY growth.
- Netweb is eligible to apply for incentives under the IT Hardware PLI 2.0 Scheme for server manufacturing and the Telecom and Networking PLI Scheme for the production of switches and ORAN (Open Radio Access Network).
- Netweb is expanding its geographical footprint, targeting the European, Middle Eastern, and African (EMEA) markets.
- As per Bloomberg consensus, Revenue and PAT are expected to grow 47% and 52% CAGR, respectively, in FY24- FY26E. Currently, the stock is trading at a 1-year forward P/E ratio of 100x, with a strong RoE of 29%.

Technical View

- The stock is currently trending upward in a parallel channel with a higher-peak and higher-trough price structure. It is placed above all its key moving averages, i.e., (50-, 100-, and 200-DMA).
- The multi-timeframe price momentum chart indicates a bullish trend. The daily RSI is placed around 53-54, along with a positive crossover on MACD above central line.
- Quarterly institutional holding data indicates bullish sentiment in stock as institutional sponsorship increased 21.79% in the last quarter.
- The stock is on the verge of breaking out above the trendline (red colour line) on the daily chart.

Price Chart



Disclaimer & Disclosure

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