

IPO Note



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Netweb Technologies India Ltd.

Netweb
TECHNOLOGIES

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Hensex Securities Pvt Ltd
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ABOUT COMPANY:

- Netweb Technologies India Limited ("Netweb") was incorporated on September 22, 1999. Netweb is one of India's leading Indian origin owned and controlled OEM in the space of High-end computing solutions (HCS) providing – Supercomputing systems, private cloud and HCI, data centre servers, AI systems and enterprise workstations and High - Performance Storage solutions.
- As indigenous HPC solutions provider, Netweb widely known for its implementation of the **PARAM Yuva II**, one of India's fastest and largest Hybrid supercomputer till date. Netweb's recent AI Super-computer '**AIRAWAT**', installed at C-DAC, Pune has been ranked 75th in the world and puts India on top of AI Supercomputing nations worldwide. **Three of Netweb's supercomputer have been listed 11 times in the world's top 500 supercomputers.**
- Netweb's HCI cloud offering gives its clients the quickest route to a private or hybrid cloud (For this offering, the company is also focusing on the core cloud and edge cloud.) This help customers scale the cloud easily and have the flexibility to add compute-only GPU nodes dynamically.
- Netweb is one of the 1st Indian OEMs to enter workstations market in India. Netweb provides new generation workstations which has efficient and rugged designs with a wide range of more than 50 models and wide application support across AI, CFD, MD, CAD/CAM
- Netweb has come up with path-breaking innovations in their data center server capabilities. Company's servers suitable for building private cloud solutions, High-Performance Computing Clusters, and modern data centres
- Netweb provides next generation high performance enterprise storage solutions along-with flexible scalability, data protection and redundancy with great ease of integration and management
- Key Products/Services - Tyrone Camarero DIT400 Series, SDI100 series, HCI cloud (Skylus), KUBYTS Platform, Skylus Cloud for HCI.
- Key Partnerships/Mergers/Acquisitions - Netweb collaborates with technology providers such as Intel, AMD, Samsung, Segate, etc to design and develop products based on latest technology. Netweb's Tyrone provides High Performance Servers, File Servers, Clusters, Network Attached Storage Servers (NAS), HPC's & Firewall.

ISSUE BREAK-UP

Investor	No. of Equity Shares		₹ In Cr.		% of Allocation
	Lower	Upper	Lower	Upper	
QIB	6,408,946	6,300,500	304.42	315.03	50%
NIB	1,922,685	1,890,150	91.33	94.51	15%
-NII 1	640,895	630,050	30.44	31.50	
-NII 2	1,281,790	1,260,100	60.89	63.01	
Retail	4,486,263	4,410,350	213.10	220.52	35%
Employee Reservation	20,000	20,000	0.90	0.95	-
Total	12,837,894	12,621,000	609.75	631.00	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Anchor Bid on :Friday, 14th July 2023

Issue opens on : Monday, 17th July 2023

Issue closes on : Wednesday, 19th July 2023

Issue Details	Fresh Issue of Equity Shares aggregating upto ₹206 Crore and Offer for Sale of 8,500,000 Equity Shares
Issue size:	₹ 610 - 631 Cr
No. of shares:	12,837,894 – 12,601,000
Face value:	₹ 2/-
Price band:	₹ 475 - 500
Bid Lot:	30 Eq. Shares and in multiple thereof
Post Issue Implied Market Cap:	₹ 2,673 – 2,803 Cr
BRLM	Equirus Capital, IIFL Securities
Registrar:	Link Intime India Pvt. Ltd.

Listing: BSE & NSE

INDICATIVE TIMETABLE:

Activity	On or about
Finalization of Basis of Allotment	24-07-2023
Refunds/Unblocking ASBA Fund	25-07-2023
Credit of equity shares to DP A/c	26-07-2023
Trading commences	27-07-2023

SHAREHOLDING (APPROX. NO. OF SHARES):

Pre issue	Post issue~	Post issue^
51,943,980	56,281,874	56,064,980

~@Lower price Band ^@ Upper Price Band

SHAREHOLDING PATTERN(%)

Particulars	Pre-Issue	Post-Issue
Promoters	94.88%	75.16%
Promoter Group	2.91%	0.29%
Public –Other	2.20%	24.55%
Total	100.00%	100.00%

KEY FINANCIALS:

₹ in Cr

Particulars	As at Mar' 31,		
	2023	2022	2021
Equity Share Capital	10.19	5.66	5.66
Reserves	83.48	38.71	16.16
Net worth as stated	93.67	44.37	21.82
Revenue from Operations	444.97	247.03	142.79
Revenue Growth (%)	80.13%	73.00%	-
EBITDA as stated	70.69	35.51	15.89
EBITDA (%) as stated	15.89%	14.37%	11.13%
Profit Before Tax	62.96	30.23	11.10
Net Profit for the period	46.94	22.45	8.23
Net Profit (%) as stated	10.55%	9.09%	5.76%
EPS – Basic (₹)	9.22	4.41	1.62
EPS – Diluted (₹)	9.07	4.41	1.62
RONW (%) as stated#	68.01%	67.85%	46.41%
NAV (₹) as stated	18.39	8.71	4.28
ROCE (%)	64.42%	51.63%	35.54%
Debt Equity Ratio	0.30	0.73	1.31

Source: RHP *Restated Consolidated statement, #Other equity excluding Revaluation Reserve and Capital Reserve and other comprehensive Income; EPS calculated on increased capital; EBITDA % on Total Income

OBJECT OF THE ISSUE :

Objects of the Issue	Amount (Rs. In Cr)
Civil construction of the building for the surface mount technology (SMT) line and interior development	9.00
Purchase of equipment/machineries for the new SMT production line (SMT Line)	23.29
Funding the long-term working capital requirement	128.02
Repayment or pre-payment, in full or in part, of certain of their outstanding borrowings	22.50
General Corporate Purposes	[•]
Total	[•]

Details Of Pre- IPO Placement Of ₹ 51 Cr

The company has undertaken a Pre-IPO Placement of **1,020,000 Equity Shares** at a price of ₹ 500/- per share, aggregating to ₹ 51 crore as under:

Name of the Entity	No. of Equity Shares	Amount (Rs. In Cr)
LG Family Trust	20,000	1.00
Anupama Kishor Patil	100,000	5.00
360 One Special Opportunities Fund- Series 8	500,000	25.00
360 One Monopolistic Market Intermediaries Fund	400,000	20.00
Total	10,20,000	51.00

OFFER DETAILS:

The Offer	No. of Shares	
Fresh Issue (₹ 206 Cr)	Approx. upto 4,337,894~ - 4,121,000^ Equity Shares	
The Offer for Sale by:	Upto 8,500,000 Equity Shares	WACA Per Equity Share (₹)
Sanjay Lodha – Promoter Selling Shareholder	Upto 2,860,000 Equity Shares	0.43
Navin Lodha – Promoter Selling Shareholder	Upto 1,430,000 Equity Shares	0.11
Vivek Lodha – Promoter Selling Shareholder	Upto 1,430,000 Equity Shares	0.35
Niraj Lodha - Promoter Selling Shareholder	Upto 1,430,000 Equity Shares	0.84
Sujata Vemuri – Promoter Group Selling Shareholder	Upto 1,350,000 Equity Shares	1.56

WACA = Weighted Average Cost of Acquisition

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoters	49,286,330	94.88%	7,150,000	42,136,330	75.16%
Promoters Group	1,512,675	2.91%	1,350,000	162,675	0.29%
Total for Promoter & Promoter Group	50,799,005	97.80%	8,500,000	42,299,005	75.45%
Public	1,144,975	0.20%		13,765,975	24.55%
Total for Public Shareholders	1,144,975	0.20%		13,765,975	24.55%
Total Equity Share Capital	51,943,980	100.00%	8,500,000	56,064,980	100.00%

* Shares at Upper Band

BACKGROUND:

Company and Directors

The company was originally incorporated as “Netweb Technologies India Private Limited”, on September 22, 1999. Sanjay Lodha, Navin Lodha, Vivek Lodha, and Niraj Lodha are the Promoters of the Company. Currently, the Promoters hold 49,286,330 Equity Shares, which constitutes 94.89%* (*Rounded off) of the issued, subscribed, and paid-up Equity Share capital of the company.

Further, the company acquired the business undertaking of the sole proprietorship of their Promoter and Chairman and Managing Director, Sanjay Lodha, i.e., M/s Netweb Technologies on August 16, 2016

Brief Biographies of Directors

Sanjay Lodha is the Promoter and the Chairman and Managing Director of the company. He has been associated with the company as a director since September 22, 1999. He was the sole proprietor of the proprietorship, M/s Netweb Technologies since 1996 which was acquired by the company in August 2016.

Navin Lodha is the Promoter and the Whole Time Director of the company. He has been associated with the company as a director since September 22, 1999. He has over 15 years of experience in sales and marketing. Prior to joining the company, he was associated with the erstwhile proprietorship of their Chairman and Managing Director, M/s Netweb Technologies since 2008 until its acquisition by the company in August 2016.

Vivek Lodha is the Promoter and the Whole Time Director of the company. He has been associated with the company as a director since April 13, 2015. He has over 15 years of experience in sales and marketing. Prior to joining the company, he was associated with the erstwhile proprietorship of their Chairman and Managing Director, M/s Netweb Technologies since 2008 until its acquisition by the Company in August 2016.

Niraj Lodha is the Promoter and the Whole Time Director of the company. He has been associated with the company as a director since April 13, 2015. He has over 15 years of experience in sales and marketing. Prior to joining the company, he was associated with the erstwhile proprietorship of their Chairman and Managing Director, M/s Netweb Technologies since 2008 until its acquisition by the Company in August 2016.

Mrutyunjay Mahapatra is the Independent Director of the company since February 23, 2023. He has over 40 years of experience in banking and finance sector. He is presently associated with T A Pai Management Institute as a professor.

Jasjeet Singh Bagla is the Independent Director of the company since February 23, 2023. He has over 23 years of experience in research and academia.

Romi Jatta is the Independent Director of the company since February 23, 2023. She has over 20 years of experience.

Vikas Modi is the Independent Director of the company since February 23, 2023. He is partner in Doogar and Associates, a Chartered Accountant firm since 2006.

Key Managerial Personnel

Prawal Jain is the Chief Financial Officer and the Chief Human Resource Officer of the company. He has been associated with the company since January 13, 2023. He has an experience of over 24 years in accountants and finance.

Lohit Chhabra is the Company Secretary and Compliance Officer of the company. He has been associated with the company since January 10, 2023. He has over 8 years of experience in secretarial compliance.

BUSINESS OVERVIEW:

Netweb Technologies India Ltd ("**Netweb Technologies**") is one of India's leading High-end Computing Solutions (**HCS**) provider, with fully integrated design and manufacturing capabilities. Their HCS offerings comprises (i) high performance computing (**Supercomputing / HPC**) systems; (ii) private cloud and hyperconverged infrastructure (**HCI**); (iii) AI systems and enterprise workstations; (iv) high performance storage (**HPS / Enterprise Storage System**) solutions; (v) data centre servers; and (vi) software and services for their HCS offerings. NetWeb Technologies is one of India's leading Indian origin owned and controlled OEM in the space of HCS providing Supercomputing systems, private cloud and HCI, data centre servers, AI systems and enterprise workstations, and HPS solutions.

In terms of number of HPC installations, they are one of the most significant OEMs in India amongst others. Since the inception of the erstwhile sole proprietorship, one of their Promoters, Sanjay Lodha, M/s Netweb Technologies, which the company had acquired in August, 2016, until February 28, 2023, they have undertaken installations of (i) over 300 Supercomputing systems, (ii) over 50 private cloud and HCI installations; (iii) over 4,000 accelerator / GPU based AI systems and enterprise workstations; and (iv) HPS solutions with throughput storage of up to 450 GB/ sec.

MARQUEE CUSTOMER BASE

The company caters to marquee Customers across various end-user industries such as information technology, information technology enabled services, entertainment and media, banking, financial services and insurance (**BFSI**), national data centres and government entities including in the defence sector, education and research development institutions (**Application Industries**) such as Indian Institute of Technology (**IIT**) Jammu, IIT Kanpur, NMDC Data Centre Pvt Ltd (**NMDC Data Centre**), Airmatrix Pvt Ltd (**Airmatrix**), Graviton Research Capital LLP (**Graviton**), Institute of Nano Science and Technology (**INST**), HL Mando Softtech India Pvt Ltd (**HL Mando**), Dr. Shyam Prasad Mukherjee International Institute of Information Technology, Naya Raipur (**IIIT Naya Raipur**), Jawaharlal Nehru University (**JNU**), Hemvati Nandan Bahuguna Garhwal University (**HemvatiUniversity**), Akamai India Networks Pvt Ltd (**Akamai**), A.P.T. Portfolio Pvt Ltd (**A.P.T.**), and Yotta Data Services Pvt Ltd (**Yotta**), Centre for Computational Biology and Bioinformatics, Central University of Himachal Pradesh (**CUHP University**).). The company also caters to an Indian Government space research organisation and an R&D organisation of the Ministry of Electronics and Information Technology, Government of India ("**Gol**") which is involved in carrying out R&D in information technology and electronics and associated areas including Supercomputing.

The company design, manufacture and deploy their HCS comprising proprietary middleware solutions, end user utilities and precompiled application stack. They develop homegrown compute and storage technologies, deploy supercomputing infrastructure to meet the rising computational demands of businesses, academia, and research organisations, particularly, under India's National Supercomputing Mission. Further, thus far, **3 of their supercomputers have been listed 11 times in the world's top 500 supercomputers.**

Over the years they have designed, developed and deployed some of India's most powerful Supercomputing systems as set out below:

Super Computer	Year of development	User	Speed in teraflops		Particulars
			(Rpeak)	(Rmax)	
AIRAWAT#	2023	Centre for Development of Advanced Computing, India (CDAC)	13,169.86	8,500.00	Ranked 75 th in the world and puts India on top of AI Supercomputing nations worldwide and has been included in the 61 st edition of Top 500 Global Supercomputing List released in June 2023. It is also India's largest and fastest AI supercomputing system.
Agastya	2020	IIT Jammu	256.00	161.00	At the time of commissioning, it was India's 27 th fastest supercomputer
PARAM Ambar	2019	Indian Space Research Organisation (ISRO), GoI	1,384.85	919.61	At the time of commissioning, it was India's 4 th fastest supercomputer
Hartree	2018	National Institute of Science Education and Research (NISER), Bhubaneswar	51.90	38.87	At the time of commissioning, it was India's 29 th fastest supercomputer
Kalinga upgrade	2016 & 2020	NISER, Bhubaneswar	249.37	161.42	At the time of commissioning, it was India's 26 th fastest supercomputer
Kohinoor 3	2016	TIFR-TCIS Hyderabad	70.85	43.59	At the time of commissioning, it was India's 20 th fastest supercomputer
PARAM YUVA-II	2013	Centre for Development of Advanced Computing, India (CDAC)	529.38	386.71	At the time of its commissioning, it was the 69 th most powerful super-computer in the world
Kabru	2004	The Institute of Mathematical Sciences, Chennai	1.38	1.00	The first supercomputing system which was, then, one of the Top-500 most powerful supercomputing systems in the world

Rpeak – maximum theoretical performance; Rmax – maximum performance achieved; 1 teraflop = one trillion (10¹²) floating-point operations per second Other than #, the content of the above table is sourced from F&S Report

Recently, in Fiscal 2023, they have forayed into developing new product lines, viz., **Network Switches** and **5G ORAN Appliances**. Network Switches and 5G ORAN Appliances are critical to the data centre industry for enterprise IT, and the telecommunication industry for enabling 5G services, and are expected to (i) address the dearth in Indian network switch market which has significantly fewer Indian network switch OEM; and (ii) reduce India's dependency on foreign OEMs. Adoption of high throughput – low latency network switches in data centres and 5G networks has been proliferating at a very high pace which further necessitates higher security, reliability, and greater operational efficiencies with lower latencies. They have recently introduced 5G cloud on core and edge for an international telecommunication service provider. Netweb Technologies operates their manufacturing facility located in Faridabad, Haryana (**Manufacturing Facility**) which is equipped with capabilities to (i) design, develop, manufacture and test their products, and (ii) cater to their software and service portfolio. In addition to their registered office in Faridabad, they have 16 offices across India. Their Manufacturing Facility has received ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO/IEC 27001:2013 (Information Security Management System) certificates from International Benchmarking & Certifications. Their R&D facilities located in Faridabad and Gurgaon, Haryana, and Hyderabad, Telangana (**R&D Facilities**). As at May 31, 2023, their R&D team comprised 38 members.

Netweb Technologies is compliant with the 'Make in India' policy of the GoI and is also one of the few OEMs in India eligible to seek production linked incentives in terms of the GoI's Production Linked Incentive Scheme for IT Hardware (**IT Hardware PLI Scheme**) for the manufacture of servers and the Production Linked Incentive Scheme for Promoting Telecom and Networking Products Manufacturing in India (**Telecom and Networking PLI Scheme**) for the manufacture of networking and telecom products.

The company collaborates with various technology partners, such as Intel Americas, Inc. (**Intel**), Advanced Micro Devices, Inc. (**AMD**), Samsung India Electronics Pvt Ltd, Nvidia Corporation (**Nvidia**), and Seagate India Pvt Ltd to design and innovate products and provide services tailored to specific customer requirements. They also independently design and innovate their products and solutions offerings and provide services tailored to specific customer requirements.

Company's Order Book value as at March 31, 2022, March 31, 2023 and May 31, 2023 was ₹ 48.56 crore, ₹ 71.19 crore, and ₹ 90.21 crore, respectively.

Company's HCS Offerings **Tyrone**

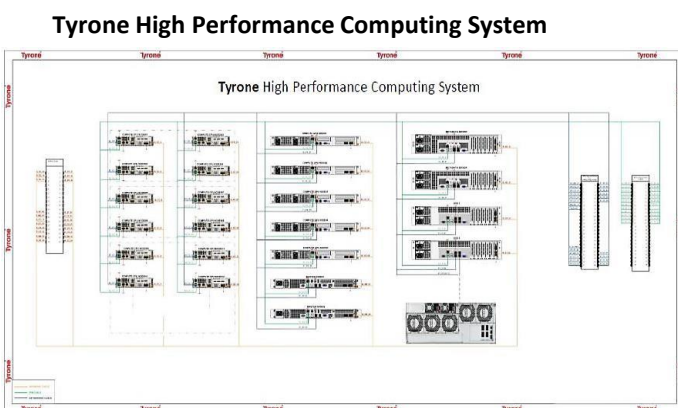
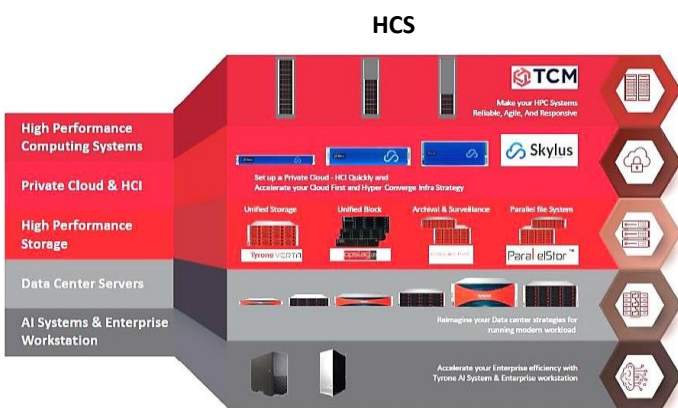
Company's products and solutions offerings are sold under **Tyrone** brand.

The bouquet of HCS offerings under the 'Tyrone' brand is wide-ranging and has expanded over the years and, at present, their solutions portfolio comprises:








- **Supercomputing system:** Company's Supercomputing systems are bespoke and tailored with specialised hardware designs and architecture and cater to varied customer specifications. Their Supercomputing systems use 'Tyrone' cluster management suite which is an integrated set of software components that can be deployed in a variety of configurations. They have deployed diverse Supercomputing systems ranging from 10 nodes to 400 nodes, catering to different requirements of their customers, and their Supercomputing systems are scalable up to 1,000 nodes. They have established a Supercomputing testing facility where they test parallel computing codes to *inter alia* check the integrity of the system. Further, the Indian Supercomputing systems market size in Fiscal 2022 (E) was USD 493 million.
- **Private cloud and HCI:** Company's private cloud and HCI offering, which is built and sold under the Tyrone brand, offers hyper-converged capabilities i.e., combining compute, storage, and network, thereby enabling the company to provide a bespoke hardware and curated software stack. Their private cloud and HCI offerings comprise (i) private cloud; (ii) hybrid cloud; (iii) cloud tools; (iv) HCI; and (v) cloud native storage. Tyrone based private cloud and HCI offerings are efficacious product offerings which in a short time frame has enabled them to compete with foreign HCI OEMs, virtualization Independent Software Vendors (**ISVs**), private cloud platforms and general computing rigs. Further, the Indian private cloud and HCI market size in Fiscal 2022 (E) was USD 236.92 crore.
- **AI systems and enterprise workstations:** Company's AI systems and enterprise workstations address requirements of Supercomputing, machine learning and deep learning, and are equipped with their proprietary containerised Application solution (viz., Tyrone) to address standalone parallel compute intensive applications. Their AI systems and workstations are designed to support a wide range of applications such as computational fluid dynamics (**CFD**), computer aided design (**CAD**) and computer aided manufacturing (**CAM**). They have recently deployed their **first blockchain based AI systems-based facility**. Further, the Indian AI systems and enterprise workstations market size in Fiscal 2022 (E) was USD 26.16 crore.
- **HPS solutions:** The company provides high throughput and high IOPS storage for enterprise computation users. Their HPS solutions comprise unified storage solution (viz., **Tyrone VERTA**, an upgraded version of Opslag FS2), cloud native storage (viz., Tyrone), parallel file system storage (viz., Tyrone **COLLECTIVO**), surveillance, archival and object storage (viz., Tyrone **COLLECTIVO**) with Fluid Input Output). Other salient features of their HPS solutions include 'no single point of failure' (i.e., a system will not fail if an individual part or component fails), scalability up to Exabytes (1 exabyte = 1 trillion megabytes), and high availability. Their HPS solutions are capable of being integrated into private and public cloud environment. Further, the Indian HPS solutions market size in Fiscal 2022 (E) was USD 67.8 crore.
- **Data centre servers:** The company has designed and built an extensive range of over 200 dual processor server models under the brand 'Tyrone Camarero', catering to disparate customer needs from entry level servers to high-end 'mission-critical' servers. Their ability to design the systems platform enables them to constantly improve and customise their offerings to address specific requirements such as low rack space consumption, high energy efficiency, wide accelerator/GPU support, high in-built storage capability (up to 1 petabyte, i.e. 1 million gigabytes (1015)) and 'all flash storage servers' (i.e., a storage infrastructure containing only flash memory drives instead of spinning-disk drives). Further, the Indian data centre servers market size in Fiscal 2022 (E) was USD 326.5 crore.

- **Software and services for HCS offerings:** The company provides private (on-premises and off-premises) cloud software stack designed for managed Kubernetes, open stack services, AI-machine learning and deep learning as a service, containers as a service, and handle complex workloads (including 5G enterprise cloud, 5G edge compute, private 5G and enterprise IT). Their 'Big Data' centric solutions use Tyrone Camarero dense systems, Tyrone Cluster Management Suite and Tyrone Collectivo range of specialized storage systems. The 'Big Data' centric solutions are designed to cater to data intensive distributed applications under a single umbrella.

The pictorial representation of HCS and Tyrone high performance computing system



PRODUCT & SOLUTION OFFERING UNDER **Tyrone**

Product name	Descripti on	Engineered Solutions Bundled with
 TCM™	Tyrone Cluster Manager	Simplified Cluster Deployment and Unified Management
 KUBYTS	KUBYTS	Container Optimized Utility for AI (Machine learning and Deep learning) Workloads.
 Tyrone VERTA	VERTA	Unified, Flexible, High-Performing Storage Solution (an upgraded version of Tyrone Opslag FS2)
 ParallelStor™	ParallelStor	High-Performance Storage Solution for HPC, AI and Container workloads
 COLLECTIVO™	Collectivo	Highly Efficient Storage Solution for Archival and Surveillance
 Skylus	SKYLUS	Private Cloud Solution, HCI Appliance and Private Cloud utility.
 CAMARERO	Tyrone Camarero	Dual/ Multi processor server, AI Systems and Enterprise Workstation models
		Tyrone Camarero range of Data centre servers, Enterprise workstations and AI Systems are supplied with multiple engineered solutions.

INTELLECTUAL PROPERTY RIGHTS

Particulars	Total	Approved	Applied/Pending	Remark
Trademarks	19	7	12	Registered: TCM, Collectivo, Parallelstor, Tyrone, Camarero, EDRA, Janus, Tyrone NXT, Verta and Applied: Skulus, Tyrone
Patent	2	1	1	
Design	3	1	2	

REVENUE FROM OPERATIONS:

Details of Revenue from Operations:

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue (₹ Cr)	% of Total	Revenue (₹ Cr)	% of Total	Revenue (₹ Cr)	% of Total
Sale of products	431.54	97.85%	240.18	97.22%	140.29	98.25%
Sale of service	9.47	2.15%	6.85	2.78%	2.50	1.75%
Sub Total	441.00		247.04		142.79	
Other Operating Revenue	3.97	0.89%	-	-	-	-
Total	444.98	100.00%	247.03	100.00%	142.79	100.00%

Revenue from Operation – Industry-wise:

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue
Higher education and Research	205.91	46.69%	140.95	57.06%	59.76	41.85%
Space and Defence	27.13	6.15%	26.29	10.64%	12.86	9.01%
IT & ITES	109.49	24.83%	52.62	21.30%	42.66	29.88%
Others	98.47	22.33%	27.17	11.00%	27.50	19.26%
Total	441.00	100.00%	247.03	100.00%	142.79	100.00%

Revenue from Operation – Business vertical:

Business Verticals	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue
Supercomputing system	172.84	39.19%	103.00	41.70%	13.88	39.19%
Private cloud and HCI	146.11	33.13%	47.88	19.38%	40.54	33.13%
AI systems and enterprise workstations	30.93	7.01%	24.31	9.84%	14.57	7.01%
HPS solutions	30.81	6.99%	21.68	8.78%	33.62	6.99%
Data centre server	28.33	6.42%	24.12	9.76%	16.82	6.42%
Software and service -HCS offerings	9.47	2.15%	6.86	2.78%	2.50	2.15%
Spare and others	22.52	5.11%	19.18	7.76%	20.87	5.11%
Total	441.00	100.00%	247.03	100.00%	142.79	100.00%

COMPETITIVE STRENGTH:

- **One of India's leading Indian origin owned and controlled OEM for HCS with integrated design and manufacturing capabilities**

The Indian Supercomputing systems market has grown consistently from USD 378 million in Fiscal 2019 to USD 493 million in Fiscal 2022 (E) at a CAGR of 9.3%. Further, the Indian Supercomputing systems market is expected to grow from USD 539 million in Fiscal 2023 (F) to USD 919 million in Fiscal 2029 (F) at a CAGR of 9.3%. Further, Government measures aimed at driving digital infrastructure growth include the Digital India initiative. Some of the Digital India initiative programmes are DigiLocker, E-hospitals, E-Pathshala, Bharat Interface for Money (BHIM) etc.

Netweb is one of India's leading Indian origin owned and controlled OEM for HCS with integrated design and manufacturing capabilities. Their deep expertise in system design and architecture, has helped them innovate and build bespoke solutions. Further, their proprietary designs are cloud native which, in addition to technological benefits, are capable of catering to the evolving needs of Customers. They are one of the few players in India who can offer a full stack of product and solution suite with comprehensive capabilities in designing, developing, implementing, and integrating high performance computing solutions. They are also an Indian origin OEM to build Supercomputing systems, private cloud and HCI, data centre servers, AI systems and enterprise workstations, and HPS solutions under the 'Make in India' initiative of the Government of India. They have consistently focused on developing products that start with made-in-India servers. They are also one of the few OEMs in India eligible to seek production linked incentives in terms of the Govt's IT Hardware PLI Scheme and Telecom and Networking PLI Scheme for manufacture of servers

- **Long standing relationship with a marquee and diverse customer base**

Netweb design, develop, and implement their entire solutions package which helps them engage with their customers in a more holistic manner. This enables them to embed themselves within the institutional framework of their customers and helps in customer retention and repeat business. The diverse customer base spread across different Application Industries demonstrates the suitability of their systems, design, and architecture across disparate applications. Their customer accretion between April 1, 2020, and March 31, 2023, had grown at a CAGR of 11.26%.

The revenue from operation from the Top-10 Customers and Top-5 Customers:

Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue
Top-10 Customers	254.88	57.80%	122.20	49.47%	74.63	52.26%
Top-5 Customers	207.56	47.06%	94.92	38.42%	58.15	40.73%

Further, during Fiscal 2023, they catered to 2,011 Customers of which 317 repeat Customers have been associated with them for over a period of 4.86 years, using Fiscal 2016 as the base year. Repeat Customers contributed ₹ 399.90 crore, ₹ 192.02 crore and ₹ 125.50 crore amounting to 90.68%, 77.73%, 87.90% of their revenue from operations for Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively.

- **Significant product development and innovation through R&D**

The industry in which Netweb operates is R&D intensive and relies significantly on technically qualified resources. They have endeavoured to inculcate a culture of innovation in the company and instil a firm belief that R&D is a key element of their growth and will continue to remain so. They have continued to strive towards innovation in their product range and have continued to build their R&D capabilities by continuously developing the R&D team to improve their systems design and architecture and to expand their products and solutions suite.

Netweb has dedicated R&D Facilities which, as at May 31, 2023, comprised a 38 member technically skilled R&D team based in Faridabad, Hyderabad and Gurgaon, comprising 34, 1 and 3 members, respectively.

Their dedicated R&D Facilities have enabled them to increase their product lines to 8 viz., Tyrone Cluster Manager, KUBYTS, VERTA, ParallelStor, Collectivo, SKYLUS and Tyrone Camarero AI Systems and GPU System.

- **One of India's leading HCS provider and operates in a rapidly evolving and technologically advanced industry with high entry barriers**

The nature of the industry and the rapidity of technological advancement necessitates continual innovation, improvement, and customisation of their solutions. Modification of designs and changes in implementation of the offerings requires technical skill set and expertise which is a significant entry barrier in the industry for new entrants.

The company has the capabilities of manufacturing servers that are suitable for building private cloud solutions, Supercomputing systems clusters, and modern data centres. The modification of designs and changes in implementation of the offerings require technical skill set and expertise which is a significant entry barrier in the industry. Netweb has through the technical and technological expertise that they have built over time, the experience gained from executing various projects across sectors, large collection of problem sets, wide range of problem-solving solutions, surmounted these entry barriers.

- **Experienced Board and Senior Management**

Netweb has an experienced board and strong management team led by persons with significant experience in the information technology industry. Their Senior Management group have an average tenure of over 9 years with the company.

Considering developing their product and solutions offering requires technical skill set and experience, Netweb has a workforce of 48 number of technical staff as on May 31, 2023, and 84 number of engineers. Their workforce of trained and skilled engineers facilitate them in meeting the constantly evolving demands of the industry.

- **Track record of financial performance and consistent growth**

Company's revenue from operations have increased from ₹ 142.79 crore in Fiscal 2021 to ₹ 444.97 crore in Fiscal 2023, at a CAGR of 76.53%. Also, during the same period Profit Before Tax has increased from ₹ 11.10 crore in Fiscal 2021 to ₹ 62.96 crore in Fiscal 2023 at a CAGR of 138.16%. The EBITDA, increased from ₹ 15.89 crore in Fiscal 2021 to ₹ 70.69 crore in Fiscal 2023 at a CAGR of 110.95%. The return on capital employed was 35.54%, 51.63% and 64.42% in Fiscal 2021, Fiscal 2022 and Fiscal 2023, respectively.

The company has able to grow both their revenue and the profit, without any external equity funding from strategic investors or private equity funds and without high leverage from lenders. Their Net Debt - Equity ratio was 0.30 times, 0.73 times and 1.31 times during Fiscal 2023, Fiscal 2022, and Fiscal 2020, respectively.

KEY BUSINESS STRATEGIES

- **Expanding and augmenting company's product portfolio**

Currently, Netweb has a manufacturing agreement with a third-party entity pursuant to which such entity has been appointed as a contract manufacturer for the purpose of manufacturing server motherboards and related printed circuit board (PCB) assemblies using surface mount technology (SMT), for their products. In order to manufacture their products, without any reliance on any third-party entity, they propose to set up a manufacturing unit at Faridabad, Ballabgarh, Haryana towards setting up their new SMT line. They also propose to continue to expand their product portfolio including by offering 5G and private 5G solutions and Network Switches. They have already demonstrated their expertise in deploying 5G cloud solutions for an international telecommunication service provider. They propose to now expand the range of their product offerings in the 5G space and, in particular to focus on the BFSI segment which is expected to emerge as the largest industry vertical for enterprise networking in India by 2027.

Blockchain and artificial intelligence is transforming industries across globe. Blockchain is a solution to provide insights into AI's framework and model to meet the challenge of transparency and data integrity may be through the immutable digital records. Netweb has in Fiscal 2023 deployed their first order by establishing a centre of excellence wherein they *inter alia* supplied, installed, and configured the required hardware and software for blockchain based AI systems. Currently they are working primarily with Intel, Nvidia and AMD.

- **Expanding geographic footprints in EMEA (i.e., Europe, Middle East and Africa)**

The 5G market in European and Africa countries is expected to grow at a CAGR of 45.7% between Fiscal 2023 and Fiscal 2029 and Netweb proposes to focus on 5G IT infrastructure roll-outs that require their specialised solutions and leverage their existing strengths. They already cater to a number of Indian multinational companies that have operations overseas and they propose to start by leveraging their existing relationship to expand their business and cater to the international operations of such companies. 5G is expected to drive growth in businesses globally.

While, thus far, company's growth has been organic and through developing their product and service portfolio, they may also, in future, consider and evaluate inorganic growth opportunities, in India or overseas, if and when commercially viable opportunities arise.

- **Deepen the penetration across verticals**

Currently, company's HCS offerings cater to various Application Industries such as information technology, information technology enabled services, entertainment, and media, BFSI, and government entities including the defence, education and research development institutions, national data centres such as NMDC Data Centre. The company strives to expand verticals namely oil and gas in India and deepen their penetration across sectors such as the automobile sector particularly in western and southern region of India, BFSI clusters in the western region of India, and multi-sector corporates in order to expand their customer base.

Company's Tyrone ParallelStor and Dense Camarero systems with integrated private cloud plug-ins already to cater to the BFSI sector. To cater to the increasing infrastructure-related security needs of the BFSI sector, Netweb proposes to leverage their existing expertise with parallel file system (PFS) solutions and cloud native designs and design additional products in line with the evolving needs of the BFSI sector.

INDUSTRY OVERVIEW:

High-end computing solutions industry is a rapidly evolving and technologically advanced industry that requires the vendors to stay abreast of the developments and improve & customise their designs, and hardware and software offerings. High-end computing solutions make it possible for organizations to create more efficient operations, reduce downtime and improve worker productivity. High-end computing solutions, such as HPC, HCI, AI&EW, Data Center Servers etc., are expected to witness growth during the forecast period leading to increased adoption of technology in various end use industries plus increased investment by public and private players in these solutions.





KEY PERFORMANCE INDICATORS

Particulars	Fiscal		
	2023	2022	2021
Cost of goods sold (COGS) (in ₹ Cr)	324.37	186.46	106.16
Gross margin (in %)	27.10%	24.20%	2.57
Return on equity (ROE) (in %)	68.01%	67.85%	46.41%
Return on capital employed (ROCE) (in %)	64.42%	51.63%	35.54%
Total borrowings (in ₹ Cr)	35.60	34.48	30.54
Net debt (in ₹ Cr)	28.51	32.46	28.51
Net debt - equity ratio (in times)	0.30	0.73	1.31
Net debt – EBITDA (in times)	0.40	0.91	1.79
Asset turnover ratio (in times)	17.69	22.69	21.68

The details of certain operational metrics of the company:

Particulars	As on and for the Fiscal ended Mar'31, 2023		
	2023	2022	2021
Total Customers serviced (in number)	2011	1,819	1,645
Total Customers contributed to revenue from operations (in number)	509	474	458
New Customers acquired (in number)	192	174	185
Inventory outstanding (in days)	38	50	52
Sales outstanding (in days)	94	99	94
Payables outstanding (in days)	84	89	86
Customer advance days	4	4	4





COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company				
	Netweb Technologies India Ltd	Peer Group		
		Syrma SGS Technology Ltd	Kaynes Technology India Ltd	Dixon Technologies (India) Ltd
Face Value	2	10	10	2
Closing Price on Jun'30, 2023 (₹)	NA	447.9	1,505.40	4,388.60
Total Income for Fiscal 2023 (₹ Cr)	445.65	2,092.14	1,137.51	12,197.62
EPS	Basic	9.22	19.84	42.92
	Diluted	9.07	19.61	42.62
EV/ EBITDA	NA	35.25	46.86	50.64
NAV per Equity Share	18.39	87.28	165.17	215.69
P/E	[•]	59.72	76.77	102.97
RoNW (%)	68.01%	11.58%	16.36%	22.36%

Source:RHP; All the financial information for the company is based on the Restated Financial Statements for the year ended March 31, 2023; For Syrma SGS Technology Ltd, Kaynes Technology India Ltd and Dixon Technologies, financial information is taken from their respective audited consolidated financials for Fiscal 2023

KEY OPERATIONS AND FINANCIAL PERFORMANCE WITH LISTED PEERS

(in ₹ Cr, expect %)

Key Performance Indicators				
	Netweb Technologies	Syrma SGS Technology	Kaynes Technology India	Dixon Technologies (India)
	Financial Year ended March 31, 2023			
Revenue from operations	444.97	2048.39	1126.11	12192.01
Cost of Goods Sold (COGS)	324.37	1540.49	780.08	11020.74
Gross Margin (in %)	27.10%	24.80%	30.73%	9.61%
EBITDA	70.69	231.49	179.72	519.98
EBITDA Margin (in %)	15.89%	11.30%	15.96%	4.26%
Profit for the year	46.94	123.08	95.20	255.08
Profit Margin (in %)	10.55%	6.01%	8.45%	2.09%
Return on equity (ROE) (in %)	68.01%	11.58%	16.36%	22.36%
Return on capital employed (ROCE) (in %)	64.42%	14.59%	21.15%	23.54%
Total borrowings	35.60	374.72	154.74	453.09
Net debt	28.51	328.23	126.71	236.05
Net debt - Equity Ratio (in times)	0.30	0.21	0.13	0.18
Net debt – EBITDA Ratio (in times)	0.40	1.42	0.71	0.45
Asset Turnover Ratio (in times)	17.69	4.76	7.10	9.15

HENSEX OUTLOOK:

Rating: Apply for Listing Gain as well as for Long Term Investment

- ✓ *The company witnessed an increased growth rate of 109%, as the Net Profit surges to 46.94Cr in FY23 from 22.94 Cr in FY22*
- ✓ *The company has maintained its Debt back to FY21 Levels. However the Debt to Equity ratio decreased to 0.03.*
- ✓ *The company is one of India's leading HCS provider and they operate in a rapidly evolving and technologically advanced industry with high entry barrier*
- ✓ *The company has planned to open a manufacturing facility in Faridabad, this will be done In order to manufacture our products, without any reliance on any third-party entity*
- ✓ *The company in the RHP states it has not raised any bridge loans.*
- ✓ *Netweb is widely known for its implementation of the PARAM Yuva II, as an indigenous HPC solutions provider, one of India's fastest and largest Hybrid supercomputer till date.*
- ✓ *Three of Netweb's supercomputer have been listed 11 times in the world's top 500 supercomputers.*
- ✓ *Netweb is one of the 1st Indian OEMs to enter workstations market in India. Netweb provides new generation workstations which has efficient and rugged designs with a wide range of more than 50 models and wide application support across AI, CFD, MD, CAD/CAM*

MAJOR RISK FACTOR:

- ✓ *The company currently uses 9 intellectual property by third parties. In absence of registration of trade marks, the use of such intellectual property by third parties could adversely affect the company's reputation and business, which could in turn adversely affect their financial performance and the market price of their Equity Shares. The company in the RHP states, that it cannot assure investors that the said intellectual property will be registered in Netweb's name, and it will continue to enjoy uninterrupted use of such intellectual property*
- ✓ *The Company is heavily reliant on our top 10 Customers and generally do not , enter into long term contracts with Customers. Any reduction or loss of these customers may lead to substantial revenue deficit. Also Delay in customer payments may adversely impact their profits and affect their cash flows*
- ✓ *Netweb derive a majority portion of their revenues from operations from a select few of our HCS offerings. Loss or decline in the demand of such offerings may result in an adverse effect on the company's business*
- ✓ *The company does not enter into hedging transactions in respect of their foreign currency exposure. Any losses, on account of foreign currency exchange rate fluctuations may adversely affect the company's business*
- ✓ *A significant proportion of the company's orders are from government related entities which award the contract through a process of tender. Tenders, typically, are awarded to the lower bidder once all other eligibility criteria are met. Netweb's performance could be adversely affected if the company is not able to successfully bid for these contracts or required to lower their bid value.*
- ✓ *Netweb has a high working capital requirement and if the company fails to raise sufficient working capital their operations will be adversely affected*

Our Branches

JODHPUR

2, Keshav Bhavan, 9th Chopasani Road, Near HDFC Bank, Jodhpur, 342003

MUMBAI

12 A, 2nd Floor, Sonawala Building, Opp. Bombay Stock Exchange, Fort Mumbai, 400001

JAIPUR

5th Floor, Okay Plus Tower, Government Hostel Circle, Ajmer Road, Jaipur, 302001 (Raj).

UDAIPUR

210, Daulat Chamber, 2nd Floor, Sardarpura, Near Meera Girls College Udaipur, 313011(Raj.)



AHMEDABAD

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VADODARA

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BENGALURU

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Source: RHP (Red Herring Prospectus)
(For Additional & Detailed information, please refer RHP.)

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