



## IPO DETAILS

#IPOology

# Netweb Technologies India Ltd.



### Issue Opens

17 July, 2023 Monday

### Issue Closes

19 July 2023, Wednesday

### Min. Lot Size

30 Shares

### Issue Price Band

₹475 - ₹500

### Industry

Information Technology (IT)

### Issue Size

Fresh Issue: 4.12mn  
Eq Shares (2,060mn)

### OFS:

8.50mn Eq Shares  
(4,250mn)

### Face Value

₹2

### Listing at

NSE, BSE

## Rationale

Considering the FY23EPS of Rs 8.37 on a post issue basis, the company is going to list at a P/E of 59.72x with a market cap of Rs.28,032mn whereas its peers Syrma SGS Technology, Kaynes Technology India Ltd and Dixon Technologies Ltd are trading at a P/E of 72x,106x,101x.

We assign "Subscribe" rating to this IPO as the company is one of India's leading HCS providers, operating in a rapidly evolving and technologically advanced industry with high entry barriers. This advantageous position is further reinforced by the company's impressive track record of financial performance and consistent growth. Also it is available at a reasonable valuation compared to its peers.

## Objectives of the issue

Funding capital expenditure requirements for Civil construction of the building for the surface mount technology (SMT) line and interior development; and Purchase of equipment/machineries for their new SMT production line (SMT Line).

Funding their long term working capital requirement;

Repayment or pre-payment, in full or in part, of certain of their outstanding borrowings; and

General corporate purposes

## Rating

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Netweb Technologies India Ltd.

## Company Overview

The company is one of India's leading high-end computing solutions (HCS) providers, with fully integrated design and manufacturing capabilities.

### Undertaken Installations

Over 300 Supercomputing systems

Over 50 private cloud and HCI installations

Over 4,000 accelerator / GPU based AI systems and enterprise workstations

HPS solutions with throughput storage of up to 450 GB/ sec.

Their HCS offerings comprises (i) high performance computing (Supercomputing / HPC) systems (39% of Revenue); (ii) private cloud and Hyper converged infrastructure (HCI) (33% of Revenue); (iii) AI systems and enterprise workstations (7% of Revenue); (iv) high performance storage (HPS / Enterprise Storage System) solutions (7% of Revenue); (v) data centre servers (7% of Revenue) ; and (vi) software and services for our HCS offerings (2% of Revenue) (vii) Spare and Others (5% of Revenue).



## Strategic Technology Collaboration

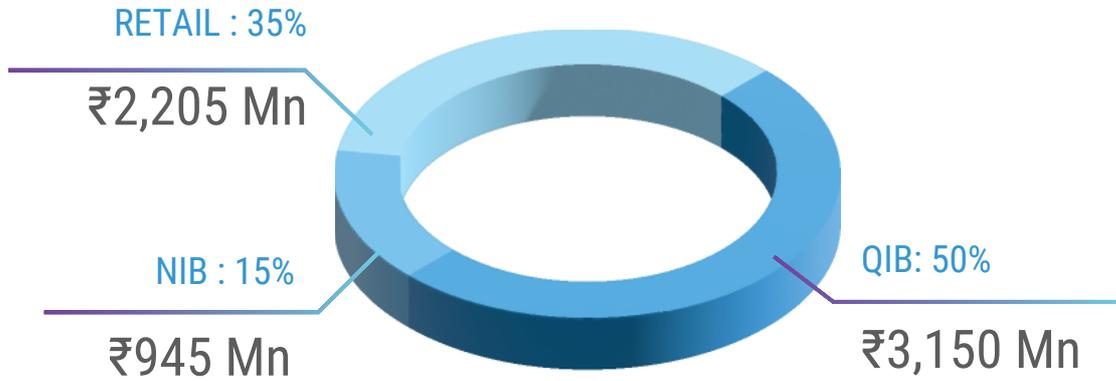
They collaborate with various technology partners, such as Intel Americas, Inc. (Intel), Advanced Micro Devices, Inc.(AMD), Samsung India Electronics Private Limited, Nvidia Corporation (Nvidia), and Seagate India Private Limited to design and innovate products and provide services tailored to specific customer requirements.



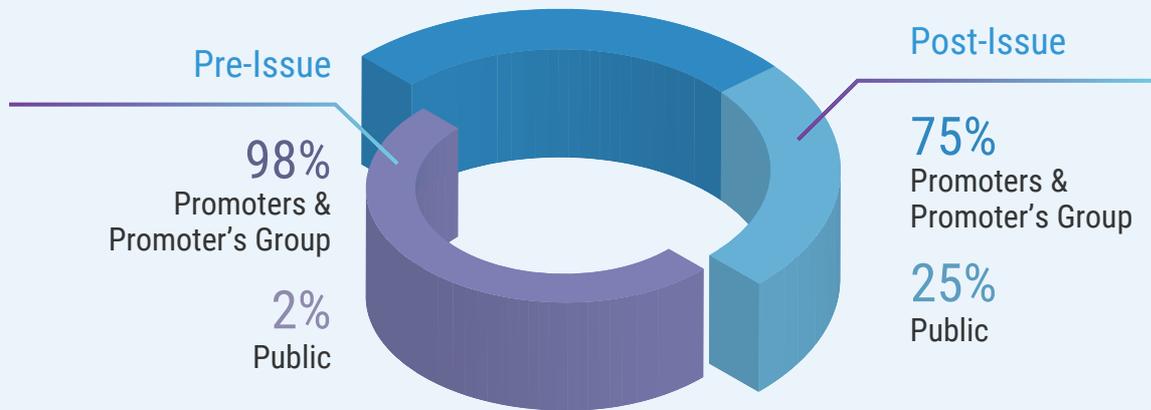
Netweb Technologies India Ltd.

# Issue Details

## Issue Break-Up



## Shareholding Pattern



## Capital Structure (in ₹)



**150 Mn**

Authorised Equity Share Capital



**103.89 Mn**

Paid-Up Capital (Pre-Offer)



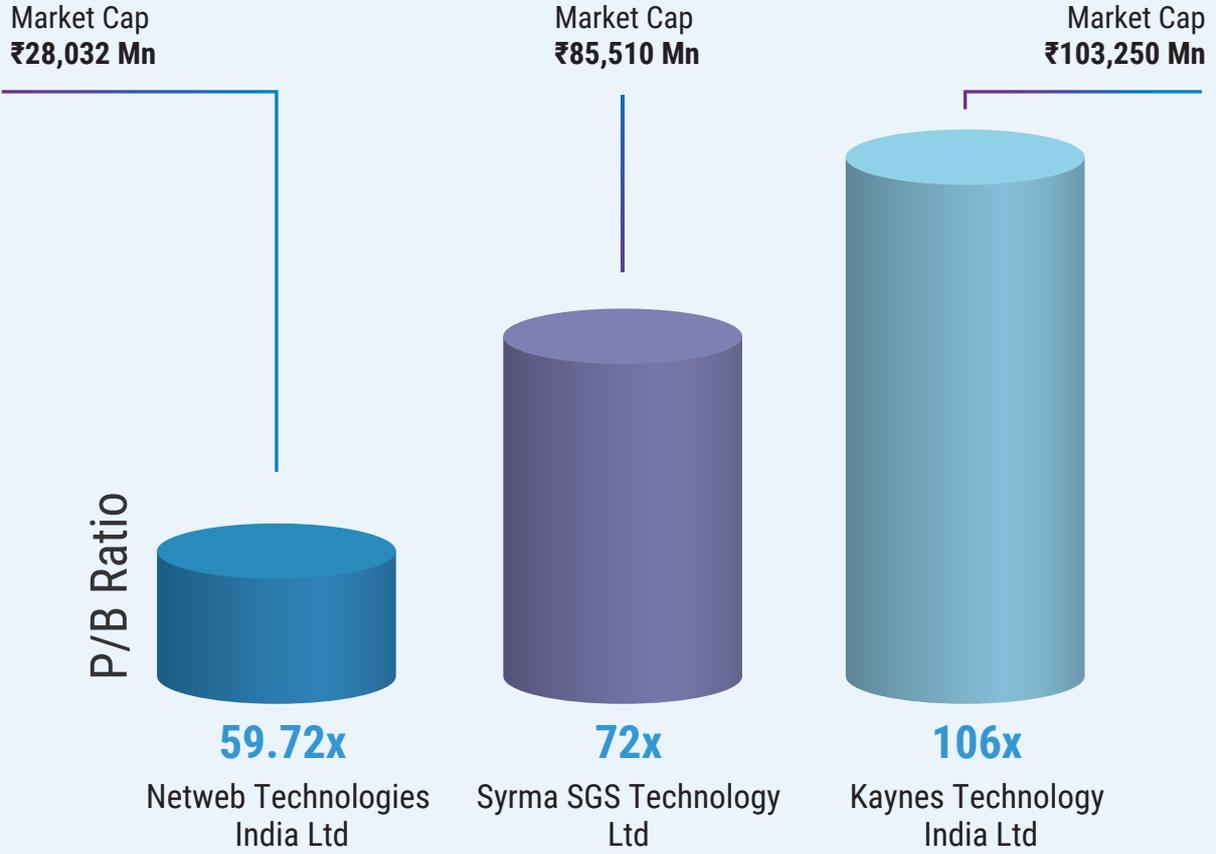
**112.13 Mn**

Paid-Up Capital (Post-Offer)



Netweb Technologies India Ltd.

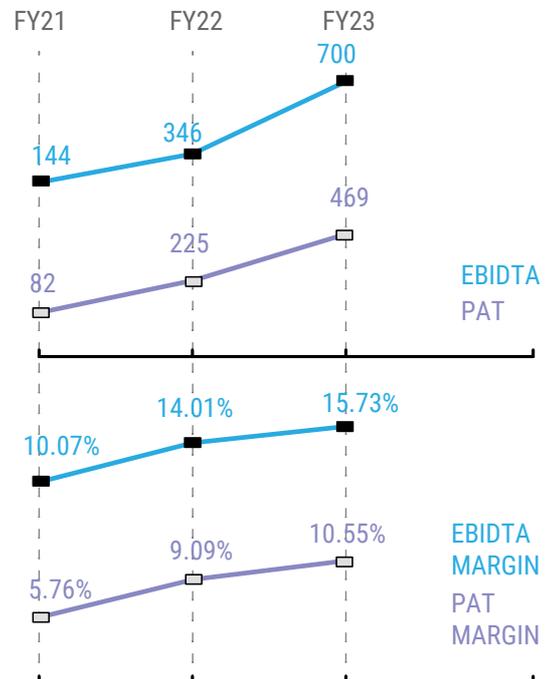
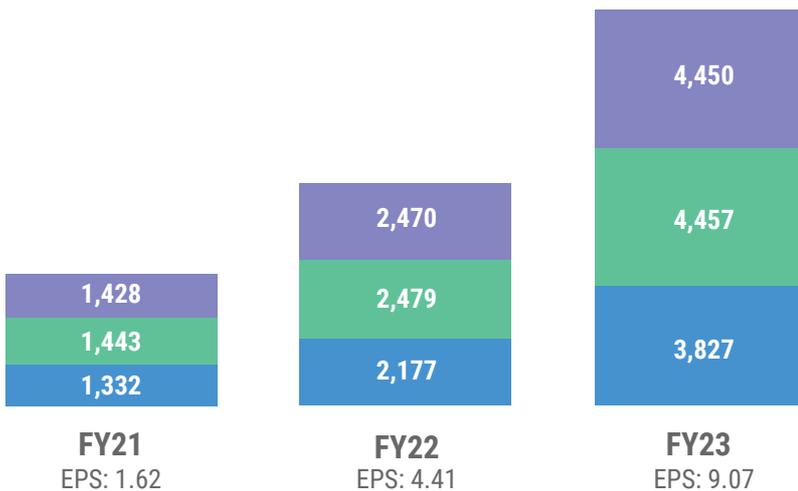
# Valuations and Peer Comparison



Market Cap data of listed securities as on July 14, 2023

## Financial Snapshot (in ₹ Mn)

- Revenue
- Total Income
- Total Expenses





Netweb Technologies India Ltd.  
**Business Insights**



## Competitive Strengths

- One of India's leading Indian origin owned and controlled OEM for HCS with integrated design and manufacturing capabilities.
- Long standing relationship with a marquee and diverse customer base.
- Significant product development and innovation through R&D.
- They are one of India's leading HCS provider and they operate in a rapidly evolving and technologically advanced industry with high entry barriers.
- Track record of financial performance and consistent growth.



## Business Strategy

- Expanding and augmenting their product portfolio.
- Expanding geographic footprints in EMEA (i.e., Europe, Middle East and Africa).
- Deepen their penetration across verticals.



## Risks

- The company's long-term relationship with its customers is critical to its success. They rely substantially on their top ten customers in particular. They do not typically sign into long-term contracts with customers, which expose them to risks associated with inability to maintain established customers as clients.
- They derive a majority portion of their revenues from operations from a select few of their HCS offerings. Loss or decline in the demand of such offerings may result in an adverse effect on their business, revenue from manufacturing operations and financial condition.
- They have had low-capacity utilisation in Fiscals 2023, 2022 and 2021. Reduction in their actual production or inability to consistently achieve higher production could adversely affect their installed capacity utilization.

## Promoters and Management Details

Sanjay Lodha - Chairman and Managing Director

Navin Lodha - Whole Time Director

Vivek Lodha - Whole Time Director